Corporate Peer Challenge

Canterbury City Council

14th to 17th January 2013

Report
1. Background and scope of the peer challenge

On behalf of the team, I would just like to say what a pleasure and privilege it was to be invited in to Canterbury City Council to deliver the recent corporate peer challenge. The team very much appreciated the efforts that went into preparing for the visit and looking after us whilst we were on site and the participation of elected members, staff and partners in the process.

This was one of the early tranche of corporate peer challenges delivered by the Local Government Association as part of the new approach to sector led improvement. Peer challenges are managed and delivered by experienced elected member and officer peers. The peers who delivered the peer challenge were:

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<th>Name</th>
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<tr>
<td>Laura McGillivray, Chief Executive, Norwich City Council</td>
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<td>Councillor Paul Middlebrough, Leader of the Council, Wychavon District Council (Conservative)</td>
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<td>Councillor Cec Tallack, former Leader of the Council, Milton Keynes Council (Liberal Democrat)</td>
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<td>James Drury, Assistant Director – Change, City of Bradford Metropolitan District Council</td>
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<td>Vanessa Campisi, National Graduate Development Programme trainee, London Borough of Bexley (shadowing)</td>
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<td>Chris Bowron, Peer Challenge Manager, Local Government Association</td>
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It is important to stress that this was not an inspection. Peer challenges are improvement-orientated and tailored to meet individual councils’ needs. Indeed they are designed to complement and add value to a council’s own performance and improvement focus. The peers used their experience and knowledge to reflect on the evidence presented to them by people they met, things they saw and material that they read.

The guiding questions for all corporate peer challenges are:

- Does the council understand its local context and has it established a clear set of priorities?
- Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- Does the council have effective political and managerial leadership and is it a constructive partnership?
- Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

You were looking for a constructive challenge and to be able to use what came out of it for a debate with middle managers over the next year or so about how the council will continue to change and transform itself. You also saw the outcomes from the challenge as providing an opportunity to engage elected members in a debate regarding how important decisions about the future of the council are made and how the political and managerial leadership works together to implement those over the period to 2015 (when the council’s next set of elections will be held) and beyond. Specifically, you asked us to look at the progress the council has made over previous years and the approach being taken to change and transformation and performance management.

As you will recall, we undertook to write to you to confirm the team’s findings, building on the feedback provided to you on the final day of the peer challenge and, in particular, expanding upon those areas that we highlighted as likely to benefit from some further attention. This report sets out those findings.

2. Executive summary

Canterbury City Council is an ambitious local authority, acting as a ‘champion’ and enabler, as well as a deliverer, of what it knows is important to local people and what they want to see being improved. The council is highly valued as a partner and there is strong leadership, both of the council and the district, being shown by the Leader. There is clearly a strong relationship between the Leader and Chief Executive and, both within the council and amongst partner organisations, the Chief Executive is seen as integral to much of what happens locally and is held in very high regard. The council has committed and enthusiastic staff that it values, with those we spoke to demonstrating a passion for their roles and the district and emphasising the council as a good place to work. There is good elected member engagement in local issues - we were impressed by the commitment they demonstrated to their residents, the passion with which they spoke about wanting to make a difference and their knowledge of their immediate locality and the issues within it.

There is understandable pride within the organisation over what the council has achieved over recent years. It has traditionally been seen as a well-led and well-managed authority with good management of its resources. It has enhanced its reputation significantly recently through its hosting of major events, its role in the redevelopment of Whitstable Castle and the town centre in Herne Bay, the building of the Marlowe Theatre and the modernisation of the Beaney Museum.

The council’s current financial position, compared to many other local authorities nationally, is still relatively good. However, it has had to achieve significant savings over recent years and has done so successfully. A further funding gap has been identified over the medium term but the council has projected that successful delivery of the Customer Focus Review (CFR) programme, entailing an internally-led review of each of the council’s services with a view to improving the delivery of services, changing how customers access services and securing 20 per cent savings, will largely address the gaps of the first two years concerned. The two pilot reviews that have been undertaken represent an excellent start and demonstrate that savings and change can be delivered under the programme.
However, we see significant risks – with major budgetary implications – around the wider programme that is currently underway, although it is acknowledged that the council has identified this risk and put arrangements in place to limit the risk of CFR savings not being delivered. It has also created financial contingencies within the council’s budget for 2013/14 should there be a shortfall against the savings target.

Despite the successes and the positive feel of Canterbury City Council, the authority has shown a recognition of the need for the organisation to change and develop, as reflected in the change and transformation programme that has been put in place and the development of two shared services arrangements with other East Kent councils. It has identified some of the key aspects of the type of organisation that it wants to become and some in-roads have been made in some of these areas. However, there is a long way to go before they become established and the reality reflects the ambitions and intentions. Fulfilling this requires the council to really gear itself up.

The position that the council is currently in provides it with an excellent opportunity to deliver meaningful change in a well-planned and strategic way. With the council being relatively well-resourced and having created time for itself by identifying the way in which it can address its budget gaps for the next two financial years, the authority is in a position that would be the envy of many. It now needs to capitalise on this. There are choices and options around the future organisation, with no obvious factors forcing the council either to go down a particular route or to act before it is ready. Perhaps the key choice facing the authority in relation to change is whether to ‘adapt’ by making small revisions over time to the way the council operates or to ‘transform’ by moving to do things very differently in the future. A decision to ‘transform’ to a new operating model would need to be translated into actions and delivery through adequate investment. The authority has done its best to date based on relatively limited change and transformation resources and strategic capacity. Delivering genuine transformation will require dedicated resources.

Irrespective of what decisions the council makes around whether to ‘adapt’ or ‘transform’, there are a number of areas that we are clear will need to be addressed by the council over the coming months in order to increase effectiveness. These include ensuring the opportunities and risks around the CFR programme are seized corporately and managed to a successful conclusion, strengthening the council’s client and business relationship management capacity around its existing shared services arrangements, establishing a more proactive approach to external communications and expediting work on performance management to deliver a real performance culture.

There is a specific style of governance and decision-making in the authority that is reflected in various ways. The first is a very clear demarcation between the roles of officers and elected members, although the way things are split out in Canterbury places a strong emphasis on officers. There is also a strongly collegiate approach between elected members, with what seemed like a natural tendency towards inclusivity and consensus within and between the political groups, although there is clearly still active political debate and ‘cut and thrust’ in the district. The council also clearly has a very extensive range of forums, bodies, panels and representation on outside bodies that, whilst providing maximum opportunity for councillors to engage in issues, also sees significant amounts of their time and effort being absorbed and places a set of requirements on officers to support and contribute to them.
A governance review has been embarked upon by the council at what feels like an opportune moment. Clearly it is the council’s prerogative to determine the most appropriate governance arrangements for it going forward. However, it is important that the governance review is conducted in a way that enables widespread debate and discussion across and beyond the elected membership. It also needs to balance financial drivers, in the form of the need the council has to make savings, with ones of democracy and citizen representation and lead to the development of a model that meets the challenges of the future, including the need for swift decision-making and an ability to focus on council performance.

3. Detailed findings

3.1 Track record

- Canterbury City Council is an ambitious local authority, reflected in the ‘Pledges’ it has made in its corporate plan. These are commitments that the council has made to deliver for local people, with the ambition being reflected in the fact that they extend beyond those aspects of life in the district that the council has a direct responsibility for, including the economy and transport and highway matters. In doing so, the council demonstrates the clear understanding it has of what is most important to local people and what they want to see being improved, which has been established through regular and extensive consultation activity over a period over several years. The approach reflects the council as a ‘champion’ and enabler on behalf of local people, rather than an authority that concentrates on what it has direct control over.

- It is clear from the conversations that we had with people from other organisations linked to the authority that the council is highly valued as a partner. There is also a strong focus within the council, demonstrated and led by the Administration, on doing “what is right for local people” even where that may set the council on a different path to the likes of the county council or government. A very clear example of this, that was being played out whilst we were in Canterbury, was the council’s push to have traffic diverted away from the historic Westgate Towers in order to try and preserve them - which was bringing the authority in to conflict with Kent County Council. The proposed council tax increase for 2013/14, aimed at maintaining a stable financial base for the years ahead, is another example, as is the sale of the Kingsmead field for development. These and other examples demonstrate the strength of leadership, both of the council and the district, being shown by the Leader. The fact he is also actively engaged at the county level stands the council in good stead as it seeks to deliver on its ambitions. There is clearly a strong relationship between the Leader and Chief Executive. Both within the council and amongst partner organisations, the Chief Executive is seen as integral to much of what happens locally and is held in very high regard.

- There is understandable pride within the organisation over what the council has achieved over recent years. It has traditionally been seen as a well-led and well-managed authority with good management of its resources – as reflected in the ‘Excellent’ judgement it received under Comprehensive Performance Assessment...
in 2004. It has enhanced its reputation significantly since then through its hosting of major events such as the Tour de France and the Tour of Britain cycle races, its role in the redevelopment of Whitstable Castle and the town centre in Herne Bay, the building of the Marlowe Theatre, the modernisation of the Beaney Museum and the establishment of the Leisure Trust. The council has committed and enthusiastic staff that it values. Elected members talked about the high calibre of officers they have within the organisation and we were struck by the passion with which people spoke of their work and roles within the council.

- Despite the successes and the positive feel of Canterbury City Council, the authority has shown a recognition of the need for the organisation to change and develop, as reflected in the change and transformation programme that has been put in place and the development of two shared services arrangements with other councils within East Kent to deliver housing management (East Kent Housing) and core support services including ICT, customer services and HR (EK Services).

### 3.2 Financial challenge

- Canterbury City Council has a net General Fund budget of £18.8m for the current financial year and a capital budget of £4.2m. It is seen as a council that has been well-resourced traditionally and it recognises that its current financial position, compared to many other local authorities nationally, is still relatively good. Despite a slight downturn in the income streams they provide, the council’s commercial property portfolio and revenue from car parking contribute around £10m annually between them to the budget. However, along with all local authorities, the council has had to face up to a reduction in funding from central government and in order to address the gaps that have emerged has successfully delivered £3m savings since 2010, through restructurings (involving a number of positions being deleted and staff being made redundant) and revised ways of working.

- Looking forward, a further funding gap of £1m has been identified for each of the four years from 2013/14. The council has projected that successful delivery of the Customer Focus Review (CFR) programme, with the 20 per cent savings across all services that this entails, will largely address the budget gaps in the next two years. Some people we spoke to had an understanding that this programme would actually address the gap across the four years but this did not seem to be the official position. Indeed, in the course of our various discussions, we noted the lack of a clear shared understanding of the financial scenario facing the council, with various figures being cited for the budget gaps over varying numbers of years along with a range of savings targets and a range of views on how it was intended to achieve them.

- There were clearly a proportion of people who still believed that the requirement to make further savings would disappear, or be achieved by others within the organisation, or an upturn in the economy would start relatively soon which would rescue the situation. Furthermore, the authority generally seemed to struggle with the lack of certainty that exists around its financial position. It is important for people across the council to recognise that the financial situation will remain extremely challenging for the public sector for the foreseeable future and that, within
this scenario, the funding of councils by central government will remain fluid. Whilst financial projections, by definition, can never have certainty around them, it is important for the council to establish the clearest picture it can and ensure that this, along with the proposed means to address the projected financial gaps, is effectively communicated within the organisation in order to ensure everybody is working to the same end.

3.3 Change and transformation

• The council has identified a number of new avenues to pursue as it seeks to adapt and change. We have already cited the moves that it has made in relation to sharing some services on an East Kent basis. The council also talks about the need to operate as commercially and as much like the private sector as possible, with this forming a key strand of what the authority terms a ‘commissioning council’. Our understanding of this concept is that, whilst the council will continue to operate with a ‘mixed economy’ of service provision, it will look to maximise the amount of provision that is retained ‘in-house’ – meaning it will be seeking to commission as much as possible from within. In adopting this approach, the council must be clear that it will need to be able to demonstrate that retaining services is fully justifiable when council provision is compared to what is being offered by other potential providers – meaning robust and transparent means of testing will need to be in place and council services will need to be equipped to pass such tests better than anybody else.

• Following public consultation, the council has also established a number of ‘budget principles’ for the years ahead that are designed to shape and influence how the council operates, the way in which services are delivered and to whom and how citizens relate to the authority. The ‘user pays’ is one such principle, based upon the notion that the full cost of delivering certain discretionary services will be met from charges levied upon only those who use them. Another strand is of differential service levels being made available to citizens, with the financial contribution they make increasing in line with the level of service they opt for. There is also the intention to increase the charges levied for some services in order to try and influence citizen behaviour and, in so doing, address issues facing the district such as traffic congestion. A final strand is that of increasing the range of services delivered by other providers in order to reduce costs – although this principle seems to go against what we outlined earlier as the stated intention of the council to maximise in-house provision.

• Whilst these budget principles have been established, our conclusion is that they are at a very early stage of being implemented and they do not yet seem to have widespread application. Another couple of areas that are important to the council’s finances and which appear to have a way to go are the rationalisation of council premises, in terms of office accommodation and sites services are delivered from, and the disposal of council assets. In saying this, we recognise that work is currently underway to move third party organisations in to the council’s main offices at Military Road and that the authority will wish to take a strategic approach to releasing its assets in order to maximise the benefits to be gained from doing so.
• ‘Channel shift’, involving moving the way customers access services away from face to face or telephone contact to on-line methods and maximising their ability to ‘self-serve’ is another concept that the council has said it is seeking to bring about, along with that of ‘managing demand’. However, whilst work is being undertaken to develop the authority’s website and the council’s understanding of how its customers currently, and in the future would prefer to, interact with the council and its services, there was no sense of ‘channel shift’ either already occurring or being reflected in a planned and managed programme of work. The customer relationship management (CRM) system that the council has already, and which could provide very useful information on current customer usage and contact, is not being used to much, if any, extent and the ‘customer insight’ tool, to help the council understands citizens’ contact and communications preferences going forward, is not being exploited at all yet.

• Thus it can be seen that, whilst the council has identified some of its primary characteristics, ways of operating and key tools for the future, and some in-roads have been made in some of these areas, there is a long way to go before they become established and the reality reflects the ambitions and intentions. Fulfilling this requires the council to really gear itself up. This will involve building significantly on the initial aspects of ‘change and transformation’ that the council has demonstrated a willingness to invest in under its CFR programme. These include the programme management and ‘Lean process’ expertise and skills that have been established and the leadership development programme that has been put in place as part of equipping people with the necessary skills for the future.

• The CFR programme entails an internally-led review being undertaken of each of the council’s services with a view to:
  
  - Improving the delivery of services from a customer perspective
  - Increasing customer access to services through the website or customer contact centre
  - Achieving 20 per cent expenditure reductions

• Two pilot reviews were undertaken in the service areas of Enforcement and Development Management, with this delivering savings across the two areas totalling more than £500,000 whilst also improving customer satisfaction. This represents an excellent start and demonstrates that savings and change can and are being delivered under the programme. However, we see significant risks – with major budgetary implications – around the wider programme that is currently underway, which we outline in the following three paragraphs.

• The way the programme has been devised means that all services are being exposed to their review at the same time and are moving at roughly the same pace – meaning the implementation of re-designed services will also happen simultaneously and see demand on core support services including ICT, customer services and HR peaking at the same time. Not only will this place a significant
demand upon the capacity of those support services as they currently exist but they are also likely to be being asked to provide more innovative services and solutions than at present - which will take them beyond what they have been traditionally accustomed to providing and which they may not have the strategic capacity to deliver.

- The programme also seems to have a strong service-based focus to it, with cross-cutting aspects and the opportunity to explore and exploit synergies between services and across the authority appearing only to have been considered relatively late in the day. Whilst some such opportunities may already have been missed there are likely to be others that the council can still seize hold of corporately.

- With the 20 per cent expenditure reductions that the programme is expected to deliver representing the means by which the council will address its budget gaps in 2013/14 and 2014/15, the authority faces a potentially major budget problem should any significant difficulties arise in implementing aspects of the programme.

- However, it is acknowledged that the council has recognised the risks and has in place arrangements, in the form of the regular monitoring and review of progress in relation to the CFR programme and the projects within it, to reduce the risk of non-delivery of CFR targets. In addition, for 2013/14, the council’s budget proposals refer to the potential use of any year-end underspend as a contingency against savings not being achieved, with an ability to supplement this further with reserves if necessary.

3.4 Organisational design

- The council is clear it needs to change and has identified some of the key aspects of the type of organisation that it wants to become – including where it delivers services directly it ensures they are comparable with that of alternative providers and having a revised relationship with citizens in terms of what it delivers for whom, at what cost, and how people access the council. However, such concepts are a long way from becoming a reality and they represent only a very basic outline of how the council will look, feel and operate in the future. Such initial thinking needs to develop much further on the back of more debate and discussion within the organisation. The leadership of the council had the foresight to recognise this and commissioned the peer challenge to take place at a key point in time and act as something of a catalyst for those conversations.

- The position that the council is currently in provides it with an excellent opportunity to deliver meaningful change in a well-planned and strategic way. With the council being relatively well-resourced, not least in terms of access to capital funding and what that provides in the way of an ability to ‘invest to save’, and having created time for itself by identifying the way in which it can address its budget gaps for the next two financial years, the authority is in a position that would be the envy of many. It now needs to capitalise on this. There are choices and options around the future organisation, with no obvious factors forcing the council either to go down a particular route or to act before it is ready. Perhaps the key choice facing the authority in relation to change is whether to ‘adapt’ or to ‘transform’. To ‘adapt’
would involve the council making small revisions over time to what is working fairly well already, for example:

- Keeping largely the same operating model but perhaps looking to deliver more through the likes of shared services, contracts with the private sector, Trusts and community organisations
- Improving the customer experience through the delivery of ‘channel shift’, use of the CRM system and the revision of processes similar to those seen already in the likes of Revenues and Benefits and Development Management
- Maintaining distinctly separate services although endeavouring to reduce the amount of silo working

- To ‘transform’ would entail doing things very differently, for example:
  - A fundamental reconsideration of what the council exists to do and how it does it
  - Developing a ‘one council’ approach with seamless interfaces for citizens between services based on corporate working
  - Dramatic revision of the customer experience through the establishment of a very different customer service model supported by more advanced technology
  - Rather than looking to learn from other councils and adopt their ways of working, really push the boundaries and become ‘leading edge’ by drawing on the innovations of other sectors and global organisations

- Integral to the thinking around this, and in order to help the authority decide which avenue to pursue, there needs to be consideration of how the council wants to serve local people in the future and how to secure maximum benefit for them from the authority’s reducing resources. A decision to ‘transform’ to a new operating model would need to be translated into actions and delivery through adequate investment. We highlighted earlier our view that there is a long way to go before much of what the council has been aspiring to, such as ‘channel shift’, becomes established and the reality ‘on the ground’ reflects its ambitions - and that fulfilling those ambitions requires the council to really gear itself up.

- The authority has done its best to date based on relatively limited change and transformation resources and strategic capacity. Delivering genuine transformation will require dedicated resources. It will also necessitate the council capitalising on current opportunities – not least the two year time frame it has created for itself around its budget challenge.

### 3.5 Addressing immediate issues

- Irrespective of what decisions the council makes around whether to ‘adapt’ or ‘transform’, there are a number of areas that we are clear will need to be addressed by the council over the coming months in order to increase effectiveness. The first is what we have already outlined regarding ensuring the opportunities and risks
around the CFR programme are seized corporately and managed to a successful conclusion.

- The second is concerned with strengthening the council’s client and business relationship management capacity around its existing shared services arrangements – particularly those involving ICT, customer contact and HR given how vital they are to the council’s change and transformation agenda. The council deserves credit for having moved to develop shared services arrangements within East Kent and achieving a certain level of savings and increased resilience through doing so. However, the sense is that the services are continuing to deliver largely as before albeit ‘under new management’ and that the relationship the council has with them is a relatively informal one with people talking about the services concerned still being ‘part of the family’. We noted the limited governance arrangements involving elected members around the shared services set-up and developed a sense of a rather ‘hands off’ management of the relationship from a client perspective – both in terms of managing performance and incentivising the provider to deliver increased efficiency or innovation.

- As an example, we understand performance measures and targets tend to roll over from one year to the next without major review and, whilst the authority might seek savings from year to year, there is nothing to motivate the provider to bring forward new ideas or suggest alternative ways of operating. We contrast this with what we understand to be vigorous and robust management of what are perceived to be more formal contractual relationships with the likes of SERCO and Active Life. As another example, council staff spoke of their concerns that, with the CFR programme identifying opportunities to deliver services differently through ICT, the shared service provider would operate in a reactive way – simply endeavouring to provide what is requested by council officers within individual services – rather than proactively helping to shape the strategic approach of the council to ICT on a cross-cutting basis or being involved at the outset of thinking and injecting ideas and innovations. We therefore feel it is important for the council to move away from seeing shared services as ‘part of the family’ in order to ensure maximum benefit is gleaned from the arrangement. The same principles that apply to the council, around aiming to operate as commercially and as much like the private sector as possible and determining whether to ‘adapt of ‘transform’, could be seen to also apply to shared services arrangements. There would be benefit in the council, both on its own and also with the other councils involved, developing a vision and plan, reflecting key priorities, to shape the development of the shared services arrangements.

- A third area that we believe needs to be addressed is that of enhancing the procurement and commissioning capacity of the council by adopting a corporate approach. As we understand it, at present there are pockets of procurement and commissioning expertise in various places within the council but it does not all come together as one to maximise the influence of the authority – either in terms of ‘buying power’ or utilising expertise.

- A fourth area is establishing a more proactive approach to external communications. Whilst the council feels it has a good relationship with the media locally, the approach of the authority appeared to be one of reacting to issues and
being ‘on the back foot’ rather than strategically planning communications to secure maximum benefit for the authority or being more robust in its approach when presented with an issue by the media.

- Whilst many people we met spoke of a good atmosphere and ‘family feel’ within the council as a place to work, they also spoke of significant silos existing amongst services and teams and this is the fifth area that we have identified the council as likely to benefit from considering over the coming months. There appeared to be resigned acceptance of this as simply the way things are in the authority with little inclination or drive to address the issue. Whilst the council could continue to operate in this way without major problems emerging, it does not represent the most efficient, effective or customer-focused approach. Whilst addressing the silos is not something that can be done in a matter of months, we do feel the council would benefit from ensuring widespread recognition of the issue amongst staff, investing in trying to understand the factors behind the situation that exists and then, in line with this, developing the means to address it.

- Expediting work on performance management to deliver a real performance culture (which is outlined in more detail in the next section of this report) represents a sixth aspect the council could benefit from focusing on over the coming months whilst financial management at the level of individual managers represents the seventh aspect. Whilst the council has underspent on its budget in nine out of the last ten years, we understand the total budget position masks significant variations at the individual service level. The council appears to be in a state of transition, with managers only recently having become expected to manage budgets for themselves and, in seeking to do so, demonstrating that they are at different stages of their development in taking on that responsibility. We also noted that financial reporting within the authority at a range of levels, including to the Executive, happens on a less frequent basis than would seem ideal, rendering budget monitoring less rigorous and limiting the scope around corrective action/s that could be undertaken.

- Finally, and as an eighth strand, we gleaned from our discussions with people that the financial pressures facing the council are stimulating thinking across the organisation regarding the most effective way of addressing those pressures through reducing expenditure. There would appear to be two main points of view – the first being for the council to undertake a prioritisation exercise over the coming months in order to identify where the authority needs to focus its resources, whilst the second entails doing that only once every effort has been made to secure all possible remaining efficiencies across all services. It is clearly positive that people are giving consideration to the best way forward but there is also a risk that uncertainty around the route to be taken either causes instability or results in people failing to seize the initiative and put forward ways of achieving savings within their services in the hope that another solution will emerge from elsewhere. Thus we see benefit in the council enabling an open debate to take place to determine which option it should pursue.
3.6 Performance management

- The council has recognised the need to enhance its performance management focus and this has led to the revision of some of its arrangements, including the creation of ‘scorecards’ for service areas that give managers an overview of key aspects of what they are delivering, work to revise performance indicators and the setting up of a Performance Board. The work on performance indicators is seeing an emphasis being placed on measuring what is most important to local people, assessing outcomes and identifying the impact council actions and activities are having on those outcomes. The Performance Board, comprising the Chief Executive and two Directors, meets with each Head of Service on a bi-monthly basis to consider how their services are performing, identify barriers and opportunities around improvement and discuss ways forward. The view of managers is that the Performance Board, whilst it has still further to develop, is a constructive process that is leading to an enhanced performance focus within the council. Overall on performance management, there is still a long way to go and we would encourage the council to expedite other work it is undertaking around performance management in order to deliver a real performance culture.

- We have already outlined elsewhere what we see as a need to enhance the performance management of shared services. Another element is developing understanding within services of performance and cost issues together so that the council can make informed decisions on the future provision and funding of services by, for example, identifying where services sit on a spectrum, when compared to similar authorities nationally, of high performance with low cost through to low performance with high cost.

- We noted in the Corporate Performance Monitoring Report to Scrutiny Committee in December such commentary as:

  - “The majority of performance is showing a ‘green’ status meaning that performance is meeting agreed targets”;
  - “There are no performance indicators or actions with a ‘red’ alert status”; and
  - “Customer contact, both face to face and on the telephone, is performing within agreed targets

- What is unclear to us (and therefore presumably other readers) from commentary such as this is what sits behind those judgements. It may be that there is a level of detail behind them involving a shared understanding between elected members and managers regarding how each council service needs to be performing relative to similar authorities and the council’s ambitions for that service. Equally, however, it may be that performance management is largely seen as the responsibility of officers, with them making judgements around the standard that ‘green’ entails, and elected members being satisfied so long as performance reporting reflects a positive picture. If the latter scenario is the case then work needs to be undertaken to ensure target-setting within the authority is robust, by basing it on comparator data. We would also encourage the council to establish clear roles and responsibilities for elected members in relation to performance. For example, we
gleaned from our discussions with the Executive that they view performance monitoring as a responsibility of the Scrutiny Committee when, in our view, they both have a role to play, albeit different ones.

- In talking with staff, there is clearly a view that the existing performance appraisal and development process for individuals is not valued. They talked about it in a way that suggests the process is overly bureaucratic and unwieldy, the appraisals are undertaken sporadically if at all and they do not make a tangible difference. If the authority is to get value from such a process then that process needs to be fit for purpose and embedded. That said, staff did indicate that they felt poor performance in the council was managed effectively and that those more regular and informal discussions they had with their managers about their roles and how they were performing were valuable and helped to get issues addressed.

3.7 Governance, leadership and decision-making

- There is good elected member engagement in local issues. In meeting with a range of councillors we were impressed by the commitment they demonstrated to their residents, the passion with which they spoke about wanting to make a difference and their knowledge of their immediate locality and the issues within it. They also emphasised the importance of the district being seen ‘in the round’ and avoiding the city of Canterbury coming to dominate thinking at the expense of Whitstable, Herne Bay and the rural areas. Clearly efforts have been made over many years to ensure a balance has been maintained across all of these geographical areas in terms of amenities and investment. One aspect that we believe could be strengthened, however, is elected members, led by the Executive, ensuring they give consideration, as individuals, to borough-wide issues as much as they do local issues within their wards.

- The councillors we met spoke very positively about the training and development opportunities available to them and the council is clearly proud of its elected member development activity. We noted the commitment being demonstrated in around half of councillors attending monthly briefings on key issues for the borough or local government generally – a proportion that many councils can only aspire to. There is, however, a challenge to the authority in ensuring the training and development provided is tailored to meet different councillors’ needs, for example taking into account the differential levels of the likes of IT, chairing and media skills that exist across the elected membership and the constraints an increasing proportion of councillors are under, through employment and other commitments, to attend day-time meetings and events.

- There is a specific style of governance and decision-making in the authority that is reflected in various ways. The first is a very clear demarcation between the roles of officers and elected members, which is positive in terms of there being none of the blurring of roles and responsibilities that occurs in some authorities. However, the way things are split out in Canterbury places a strong emphasis on officers with, for example, Executive members very much leaving ‘managers to manage’ even where they as Portfolio Holders have a role to play in either taking a political lead on an
issue or at least assuring themselves that things are progressing satisfactorily, such as budget spend and performance against targets. Linked to this, and as we have already outlined, they also clearly saw the monitoring of council performance as a responsibility of the Scrutiny Committee rather than theirs. Another example would be around the extent to which officers are fielded to speak to the media on issues, including those where there would ideally be political leadership being shown. As a further example, in attending the Herne Bay Area Member Panel, we noted the way in which the room was laid out to have officers facing the public, whilst most councillors sat side on to them, and took a lead on responding to issues being raised by the public – in a way that risked causing confusion in the eyes of those attending regarding who was leading the session. The specific style of Canterbury is also reflected in a strongly collegiate approach between elected members, with what seemed like a natural tendency towards inclusivity and consensus within and between the political groups, although there is clearly still active political debate and ‘cut and thrust’ in the district. The collegiate style is very much embodied in the way the Executive functions – with it comprising the maximum possible number of councillors and those who sit on it being keen to ensure their group colleagues are fully involved in decisions.

• We also noted the way in which the council separates the Overview Committee from the Scrutiny Committee, which is not something any of the peer challenge team had come across before. In talking to elected members we were not clear how much demarcation there was between the two committees and we detected a strong preference amongst councillors to engage in focused pieces of working group-type activity looking at specific issues, such as cycling safety and allotments, rather than scrutinising decisions taken by the Executive, monitoring budget spend or looking at council performance. The council also clearly has a very extensive range of forums, bodies, panels and representation on outside bodies that, whilst providing maximum opportunity for councillors to engage in issues, also sees significant amounts of their time and effort being absorbed and places a set of requirements on officers to support and contribute to them.

• A governance review has been embarked upon by the council at what feels like an opportune moment. This will consider a range of issues, including the potential to combine currently distinct committees with one another, for example Overview with Scrutiny and Audit with Standards, and potentially abolishing some others. The council has also decided to seek an Electoral Review, with a view to reducing the number of councillors. Clearly it is the council’s prerogative to determine the most appropriate governance arrangements for it going forward. However, it is important that the governance review is conducted in a way that enables widespread debate and discussion across and beyond the elected membership. It also needs to balance financial drivers, in the form of the need the council has to make savings, with ones of democracy and citizen representation and lead to the development of a model that meets the challenges of the future, including the need for swift decision-making and an ability to focus on council performance.
3.8 Organisational development

- Canterbury City Council clearly has committed and enthusiastic staff, with those we spoke to from a range of levels within the organisation demonstrating a passion for their roles and the district and emphasising the council as a good place to work. They see internal communications as being effective and particularly value the staff sessions that the Chief Executive delivers. Reward and recognition initiatives, including the annual staff awards ceremony, are in place and staff feel that, whilst funding is tight and the nature of the organisation means the opportunities to progress upwards within it are limited, development opportunities are available to them in the form of taking on new areas of responsibility, moving sideways within the organisation and undertaking training. However, we did outline earlier in this report the need for the council to have a performance appraisal and development process for individuals that is fit for purpose and embedded across the organisation. Also, whilst people highlighted to us ways in which they have sought to learn from other councils, we feel engagement in this, particularly at a time when the organisation is seeking to identify new ways of doing things as part of the CFR process, could be more extensive.

- There has been significant structural change within the council recently, with many service areas seeing a reduction in staffing numbers and people leaving the organisation, although the council has taken a proactive approach in an attempt to minimise the number of compulsory redundancies. Staff that we met demonstrated a good understanding of this situation and the reasons behind it and it is testimony to them that they have not been destabilised by events. With an increasing squeeze on the council’s finances and the reductions in staffing, there is clearly a need to maximise the efficiency with which the organisation works and we outlined earlier in this report the importance of the council better recognising itself as one where there are significant silos, developing a clear understanding of why this is the case and then developing the means to address it.

- Also, as new processes and ways of operating are developed on the back of the CFR process, it is essential that on-going compliance with them is achieved. There was some evidence from the changes that have been made around, for example, the processing of planning applications, the way Revenues and Benefits operate and new arrangements in the way HR support is provided to the organisation, that compliance has not been universally maintained. We heard of some people reverting to previous ways of working for their convenience. It is important for compliance to be maintained if the benefits of new ways of working are to be secured and the council’s effectiveness is to be maximised. There would also be benefit in the council addressing what would appear to be areas of duplication across some of the council’s functions in order to maximise effectiveness. As examples, there are what we touched on earlier in the way of pockets of expertise around procurement and commissioning in various places in the organisation that could be rationalised, and the communications, consultation and marketing functions, which are currently separated out, could perhaps be better linked.
Through the peer challenge process we have sought to highlight the many positive aspects of the council but we have also outlined some difficult and challenging messages. It has been our aim to provide some detail on them through this report in order to help the council consider them and understand them. The council's senior managerial and political leadership will therefore undoubtedly want to reflect further on the findings before determining how they wish to take things forward.

Members of the team would be happy to contribute to any further improvement activity in the future and/or to return to the authority in due course to undertake a short progress review. Heather Wills, as the Local Government Association's Principal Adviser for your region, will continue to act as the main contact between the council and the Local Government Association, particularly in relation to improvement. Hopefully this provides you with a convenient route of access to the organisation, its resources and packages of support going forward.

All of us connected with the peer challenge would like to wish the council and the district every success in the future.

Yours sincerely

Chris Bowron
Programme Manager – Peer Support
Local Government Association