

Jim Graham
Chief Executive
Warwickshire County Council
Shire Hall
Warwick
CV34 4RL

October 2014

Dear Jim

**Warwickshire County Council
Corporate Peer Challenge 9th – 12th September 2014**

On behalf of the peer team, thank you for the invitation 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 Warwickshire were:

- Tony McArdle, Chief Executive, Lincolnshire County Council
- Councillor Keith Glazier, Leader of East Sussex County Council
- Councillor Alan Rhodes, Leader of Nottinghamshire County Council
- Jo Walker, Director – Strategic Finance, Gloucestershire County Council
- Lorna Gibbons, Director, Dorset LEP
- Simon Edwards, Director, County Councils Network
- Jay Gascoigne, Strategic Economic Programmes Manager, Wiltshire Council
- Judith Hurcombe and Satvinder Rana, Programme Managers, LGA (Peer Challenge Managers)

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?
6. Health and Social Care
7. Economic growth
8. Future sustainability of the council

We have considered these in the context of your plans to fundamentally consider and define the future purpose of the Council. We hope the feedback provided will help stimulate further debate and thinking about the future and how your plans and practice might develop and evolve further.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 4 days onsite at Warwick, during which we:

- spoke to more than 75 people including a range of council staff together with councillors, external partners and stakeholders
- gathered information and views from more than 35 meetings, visits to key sites in the area and additional research and reading
- collectively spent more than 320 hours to determine our findings – the equivalent of one person spending nearly 9 weeks in Warwickshire

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 our on-site visit (9th- 12th

September 2014). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors.

Summary of feedback: overall messages

Warwickshire County Council has a number of strengths, including good political leadership and positive working relationships between elected members across the political groups. There is trust and mutual respect between councillors and officers. Staff morale is better than might be expected given the scale of the budgetary savings achieved so far. There is a good degree of self-awareness about current issues and the range of challenges ahead.

Alongside every other council in the country, it faces significant cost pressures and substantial budgetary savings of around £92m need to be made by 2018, on top of those already achieved since 2010. Finances and risks are well managed. Planning for future transformation is through the One Organisational Plan 2014-2018. Further work is needed to explore the interdependencies and interrelationships of future budgetary savings and service realignments as the council moves to a commissioning approach, so that risks are minimised and maximum efficiencies are achieved.

Attention needs to be paid to issues of external relationships with important partners across the area. As the council and other public sector bodies continue through this era of unprecedented upheaval and change it will be important to build mutual trust and confidence with some partners, particularly where the council seeks to provide leadership to a developing agenda. This view is developed further elsewhere in this letter, particularly in respect of health and social care integration, on economic development and over joint working with the voluntary sector.

There are strained relationships between the county council and the district councils in Warwickshire. In part at least this results from the open declaration by the council of an approach to local government reorganisation that the districts find threatening. While it is of course up to the council to prioritise and promote whatever policy initiatives that it wishes, it will need to have regard to any potential negative consequences that may arise, and have plans in place to address these. It is event that, despite the difficulties apparent at senior level, at operational level there are some good working arrangements between the county council and district councils. This is encouraging, and the council should keep these, and opportunities to add to them, under review.

Relationships with key partners in your priority areas of economic growth and health also require development and nurturing. In common with other upper tier councils this is partly because of the relative newness of the Health and Wellbeing Board arrangements, but also because of increasing cost pressures and demand in social

care, and expectations of what health integration will achieve. The Warwickshire health economy is complex, largely inherited and not entirely co-terminus with the county council's boundaries: these particular circumstances mean greater effort and determination than usual is required, as the council should play a pivotal role in bringing partners together so that progress can be made.

Economic growth is a clear ambition for the political leadership of the council, and this is widely accepted and welcomed. There is an expectation from external partners that the council will play a greater leadership role than at present, to ensure that everyone gets the best out of the Coventry and Warwickshire LEP arrangements and opportunities are maximised, both at county and district levels. There are concerns that failure to step up to this expectation will lead to everyone losing out from investment and prosperity. Improved co-ordination across the two tiers of councils would enable a much clearer picture of Warwickshire opportunities to be available to the LEP and central government.

Becoming a Commissioning Council is at the forefront of future plans, but what that means for the future role, functions and shape of the council is not yet widely and consistently understood by everyone. More work is needed amongst elected members and officers to develop an understanding of what Warwickshire would do and not do if that aspiration is achieved, and some of that work needs to focus on the organisation's culture as it moves forward. Developing this concept and model will enable people to think ahead and be innovative, and help to realise the potential of the ambitions outlined in the One Organisational Plan.

The council is facing significant challenges ahead, so taking some time now to invest in building critical relationships will be an important factor for future success. .

Summary of feedback: good political leadership, explore and define Commissioning Council, and examine the potential of offering leadership to partnership agendas.

Understanding of local context and priority setting

Warwickshire has a clear sense of identity and place, coupled with a strong sense of heritage. The area is well placed geographically, and has good communication and transport links that give it competitive advantage over many other areas. Standards of living are generally high, and although there is widespread affluence, there are also pockets of deprivation, not just confined to the north of the county's area.

Understanding of the key issues facing the council and its communities is widespread, as are the council's 5 key priorities, and this understanding is shared by key partners too.

Although priorities are clearly stated, and appear to be at the forefront of discussions, they are harder to see consistently across and down the organisation through a clear 'golden thread' at service delivery level, and a number of stakeholders who feel clear about the overall ambition, are less clear about how it will be achieved. The One Organisational Plan is a key strategy for future sustainability and its development and the delivery of its objectives should be an absolute must if success is to be achieved.

Some stakeholders have concerns that the distribution of services is still largely universal across the geography of the county. Others suggest there is a north-south divide, with relatively too much provision in the south relative to the degree of disadvantage presented and not enough provision in the north, as reflected in available data.

Service users are generally positive about their engagement with the council and feel able to influence policies as a result of their communication with you. Improvements however could be made in the feedback loop once service users have been communicated with, as not all were clear about what changes had been made as a result. They also expressed some frustration at not being able to raise issues of concern without being directed towards making a formal complaint, rather than being able to illustrate where genuine improvements could be made, over and above their individual interests.

Financial planning and viability

There is a sound 4 year financial plan in place, backed by an action plan. Alongside other councils, Warwickshire is facing significant budgetary challenges since 2011 and up to 2018 and beyond. The funding gap figure of £92m is widely known, and the 4 year plan is helping to provide some sense of stability for staff, as reflected by an increase in staff morale recorded through the staff survey.

Underspends on the council's budget for the past two years may be as a result of prudent financial management or they could be an indication of a need to improve in year reporting arrangements. The underspends have enabled reserves to be increased.

The financial plan has been risk assessed for years one and two, and further action is needed to risk assess for the remaining 2 years. Although the plan appears to be soundly developed, there is a need to ensure it is sufficiently flexible to accommodate future unknown challenges that may occur before 2018. As the plan appears to have been developed on a departmental basis, and to an extent being a bottom up rather than top down approach, there may be further opportunities to explore overlaps and interdependencies, particularly as the council's shape and role changes over the next 4 years.

In this context interdependencies are particularly important. The consequences of savings and their impact on services' ability to deliver in the future need to be planned for, and the degrees of understanding need to be improved about how a change in service delivery or an increase in service demand may have an impact a number of months or years ahead. Not understanding or exploring such interdependencies and not planning for them, at political and managerial level, creates risks that become harder to manage and may be more expensive to contain once they are in the system.

Such risks are, by their very nature, corporate problems which require collective corporate responses that need to rise above tendencies to only be concerned about departmental budgets. This is because decisions should not be taken in isolation, but need to be regarded more widely as a series of consequences and interconnections. In simple terms this means that, if the council is to either cut or protect an area of budget or service delivery, the impact of that change needs to be thought through on a council wide, strategic basis e.g., is it clear what impact that decision may have in 2 years' time on either the same service or a different service area? Will bringing about this change have a detrimental effect on your future expenditure, staff capacity to deliver or create greater demand?

Although there is an action plan in place for the delivery of the savings for the first 2 years, there does not yet appear to be a widespread consistent understanding about how some of those savings will be achieved, although some of this may be down to work in progress.

Political and managerial leadership

We saw evidence of strong, visible and engaged political leadership, recognisable across the council's political groups, and relationships between political leaders are positive and constructive too. In particular, the efforts made by the new Leader to listen and engage widely, both inside and outside of Shire Hall, are welcomed. There are clearly good working relationships between elected members and senior officers, based on mutual trust and respect.

At operational level there are many good examples of how the county and district councils work well together, e.g., on legal and internal audit arrangements, customer service through Warwickshire Direct, the reconfiguration of libraries, and community safety. However, both county and district representatives acknowledge that at strategic level working relationships with district councils are variable and in some instances could be significantly better. The recent debates about the overall future of Warwickshire, in the context of potential future unitary councils and the uncertainty that creates, have not improved working relationships either. There is a risk of poor relationships being detrimental to future progress if key projects or initiatives are

delayed or restricted to making progress at the speed of the slowest decision makers or having to wait for consensus.

The council has stated a clear ambition to become a commissioning council, and this is widely talked about. However, we found it difficult to find a consistent and clear view about what this means for the future role of the organisation, other than as a future intention. We suggest that some work exploring what that means will be an aid and investment towards transformation. An element of that exploration should include developing a consistent understanding of commissioning and what a commissioning authority would look like, for example:

- what Warwickshire as a commissioning council would do and not do
- its focus on outcomes rather than discrete services
- joint commissioning
- developing an understanding of issues such as outsourcing, and what procurement is and is not
- alternative models of service delivery.

There are also more opportunities for you to take a more prominent leadership role in economic development across the county, and in health and social care, despite the challenges of being 2-tier and the complexities of the local health landscape. Greater visibility in both areas would be welcomed by partners.

A greater degree of corporate ownership of the broad scale issues facing the council is needed to help see the organisation through over the next 4 years. Some of the ways that the council functions indicates a degree of silo working. This in part relates to a later comment about interdependencies but also to our observation that the detailed delivery of the large scale savings seem, to a certain extent, to have been developed in isolation from each other, rather than from a clear sense of corporate shared ownership and responsibility. At senior management level capacity is stretched now, and as the council moves towards the Commissioning Council model, it is likely to be stretched further due to the challenges that the transition will present. Consideration needs to be given to ensuring the right level of capacity and skills is in place at strategic level to help the council move forward during this transitional phase.

Efforts to improve internal communication with staff have been noticed and welcomed by staff, who value the openness and frankness of the dialogue, particularly the face to face opportunities with the Leader and Chief Executive, and the fortnightly Chief Executive's newsletter.

Governance and decision-making

The overall approach to governance is sound, decisions appear to be made in the right place at the right time, and we did not discover any major concerns, although there appear to be higher numbers of call-ins to executive decisions than might be expected.

On Overview and Scrutiny there are some positives to note, including stakeholders feeling listened to, the development of joint working with Coventry and Warwickshire health colleagues, and on a practical level, scrutiny chairs encourage other members to attend and engage. However, overview and Scrutiny could be further strengthened to add value to outcomes for local people, given mixed views about its current impact. There are some frustrations expressed by some councillors that scrutiny is ineffective and concerns from some officers that scrutiny members believe their role to be more of an executive rather than scrutiny function in approving items before they are received by Cabinet.

There is an emerging view from some, but not all, members that more added-value could be achieved by encouraging more scrutiny work to take place at a pre-decision stage. However, care would need to be taken to ensure that this is genuine scrutiny activity, using the Forward Plan to structure the work plan, and not as a substitute for opposition.

If such an approach were to be adopted, there should be clear and explicit agreement between Cabinet and Overview and Scrutiny members about which decisions are appropriate for pre-scrutiny review. Those issues would be clearly defined in the Forward Plan of Decisions and be strategic and significant in their impact and reach. This would ensure that the speed and flow of executive decision making currently in place is maintained: to pre-scrutinise everything would slow down decision making in meetings. Neither does it automatically follow that the Cabinet would or should have to follow the recommendations of Overview and Scrutiny reports. What information and how they come to making decisions would still be the prerogative of Cabinet to determine.

Elsewhere in this letter we make reference to high level commissioning: developing an understanding of what this means for Warwickshire, including by reference to what other councils and public bodies are doing. Exploring this in more detail and developing such an understanding of key concepts and how others are delivering under different models, however similar or different from your current arrangements, could be an opportunity for elected members to add some considerable value to thinking and policies through the scrutiny process.

The council's approach to safeguarding appears to have the right elements in place, and there is a good evidence of effective working with partners on children's safeguarding issues. However, in light of the extent of the forthcoming significant

savings that need to be made across the council, it will be important to keep an eye on cost pressures.

Organisational capacity

There is clear pride from staff about working for the council and delivering good services, reflected in low staff turnover numbers, as well as employees recognizing they receive good training and development opportunities, and that career progression can be realised.

Recent changes to working practices such as the move to Google technology for ICT management as well as a move towards flexible working practices such as working from home and hot-desking have had a positive impact on the resilience of the workforce.

Relationships with the voluntary sector are good, although they would welcome more opportunities to be able to influence decision making at the right time. Sometimes they feel that consultation takes place largely after the issue has been decided. Further consideration should be given to the role the sector will play and how the council engages with it, as you move more towards the Commissioning Council approach.

The aspiration to become a Commissioning Council is clearly set out amongst a number of key documents, and was a key feature of the self-assessment document. However, whilst it was a consistent point of discussion during the peer challenge, we heard a variety of views about what commissioning means, including some interpreting it to be simply about outsourcing, others interpreting it as meaning there isn't a presumption that the council will deliver all of its services, and some believing it means a mixture of all of these. Those working in social care for example can see further opportunities for integrated and joint commissioning. Overall we did not gain a consistent view of what it means for the future, so further work is needed to clarify what Warwickshire as a Commissioning Council will do and not do. Developing the model to fit your aspirations and situation will require exploration and debate about the various aspects related to commissioning that often can cause confusion, for example the difference between commissioning and outsourcing, and where procurement fits in.

The council, along with many others, has embarked on a journey towards a new relationship with its citizens and tax payers, and is in a hybrid situation of still largely delivering what it has traditionally done, but with an eye to the future. Inevitably, as the range and scale of the forthcoming financial challenges are delivered, there will be a need to begin to do some things differently, and sooner or later that will affect the shape and size of the workforce. We are not saying that the council needs to undertake a restructure now in order to be able to deliver for the future, but in the medium to long term, you need to plan ahead to ensure that form follows function.

In other words, how the council is organised by 2018 may well be different from now, particularly since staff capacity is already tight. You need to plan ahead for potential changes, particularly as your commissioning model develops, your structures and processes may be quite different from now. Preparing for the future will require new skills and capacity to bring about those changes, and one area for consideration should be whether you have the right officer capacity to make that transition, particularly as a number of officers reflected that they and their colleagues are working at full capacity already. On a day to day level, for example, there are concerns about whether there are sufficient contract monitoring skills now, and this would be of concern for the future, if services are to be delivered differently.

As your approach to commissioning develops and matures, particularly if you create a clear split between commissioning and service delivery, this may pave the way for some improved engagement and synergy with local health partners.

Health and Social Care

You are well placed to take a stronger leadership role in the delivery of the Health and Wellbeing Strategy for Warwickshire. There appears to be a great deal of activity at frontline service level, and thought is being given to how this can be more joined up to provide improved outcomes for local residents. This gives the impression that you are relying on this activity in order to deliver the strategy, whereas we think you can take a stronger role, as you are the only organisation that has the whole Warwickshire remit.

Local geography and structures, many of which are outside of your control, for example hospital provision and access, are inherited factors that you have to live with, to a certain extent. But health partners are keen to work with you in order to bring about change and integration on health and adult social care, and the financial pressures facing you are another factor in the push towards integration. This is a good opportunity to be grasped and developed, as there are a number of factors in your favour:

- you have strong political and managerial leadership and a strong presence in this field
- you have good staff who are capable of driving through change, particularly as they do not have the same drivers as NHS colleagues
- your plan is ambitious

There is good awareness of the Care Act 2014 and its consequences on both service delivery and finances, and how you will meet those challenges is being considered. You face risks, along with other areas, that your ambition as reflected in the HWB strategy will not be realised and the resources available through the Better Care

Fund may be under-utilised if there is not a clear strategy for the pooling of the BCF resource. In respect of all the major issues facing the county, this one offers the greatest potential for positive change should the council wish to seize it. Health partners would welcome such an intervention from the council.

Economic Growth

Economic growth is clearly at the forefront of the council's stated priorities and this is widely understood both internally and externally. The relationship with the Local Economic Partnership (LEP) is regarded by some as improving, despite occasional perceptions that "the LEP is a Coventry thing" rather than being something of significant importance to the future of the area.

Revisions to the procurement process for small and medium sized businesses and micro businesses has helped them tender more easily for public contracts and this has been welcomed by the business community.

There is a perception that you can add value to the working and impact of the LEP by taking a greater degree of involvement in it, and working more with others to bring about positive benefits for the common good of the sub-region. This would help to address concerns voiced by partners that everyone may miss out if you are not more closely involved with its business, and helping it to focus on a common agenda for growth.

You are well placed to gain more advantage and outcomes for Warwickshire. Being ready to deliver is of paramount importance, for example having projects defined, worked up and ready to deliver will help to achieve maximum benefit. There should be a prioritised list of housing and transport projects, clearly owned and ready to take forward when opportunities arise. The county council could also take a stronger leadership role in key areas identified by partners, by taking a brokerage role to bring together interested parties together and develop clearer intentions, for example:

- In skills development WCC could lead work with others to help identify how to plan for skills development in the future, for example with schools, local colleges and university in terms of supply and businesses in terms of identifying emerging need.
- A common issue appears to be frustration with the local transport infrastructure and the difficulties of traversing the county if relying on public transport, especially if travelling to and from the south of the county and the Bedworth and Nuneaton areas.
- The development of a housing working group, working closely with districts, would help to address widespread concerns voiced by partners about affordable

housing and where it is sited across the county, and its links to strategic transport priorities.

- Being clear about who the key leads and contacts are for key growth themes will help partners to engage and develop projects, and ensuring internal communications about the LEP are clear and timely for members and officers will help improve awareness of what it means.

The geographic, economic and social makeup of the county allows for a north-south split in the economic activity and the growth opportunities of various different locations. Identifying the trends, skills needs and investment opportunities within smaller community areas will help to map the strands of growth that are needed in individual communities as opposed to the county as a whole. A more targeted approach in different areas of the county would also produce improved outcomes, for example, placing greater emphasis on skills development and uplift in the north of the county would enable those residents to take greater advantage of potential growth opportunities that provide higher paid and higher value jobs to the locality.

Future sustainability of the council

The creation of the 4 year financial plan has helped thus far to give some confidence for the future, and steps have been taken to deliver services economically and efficiently. Now is the time to think about a significant transformational plan that will not only help to deliver those savings, but bring about transformation at the same time. It would also need to reflect the more detailed work you need to do to develop your approach to commissioning and as part of that thinking, it should consider demand management and how services will be delivered in the medium to long term.

We suggest that your overall ability to deliver would be considerably enhanced by taking an overarching corporate strategic programme management approach to transformation. This would need to ensure that the skills required for transformation are being identified and being planned for, as well as linkages and interdependencies being understood and managed.

The long term future of the Fire and Rescue Service is being explored through a shared project with Hereford and Worcestershire. This is positive because it shows a willingness to deliver services differently, due to recognition that the size and scale of the service is not sustainable for the medium to long term.

Key suggestions and ideas for consideration

We suggest that the following recommendations will help you to make best use of your undoubted skills, capacity and experience going forward and deliver some quick wins:

1. Develop your 'golden thread' to ensure that the identified priorities, roles and purpose drives everything that you do, and that every member of staff can see how the activities they undertake make a difference to delivering outcomes.
2. Commit to playing a stronger role in the development of the LEP.
3. Nurture relationships with health partners, and offer a leadership role to the integration of health and social care services.
4. Explore and clarify what commissioning and being a Commissioning Council will mean for the future delivery of your plans, and the role and function of the council.
5. Focus any pre-decision scrutiny on outcomes for local people and align this work to the council's Forward Plan to add value to strategic decision making.
6. Develop a corporate programme management approach for transformation, that is properly resourced and ensures key linkages, interdependencies and overlaps are understood.

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 provide contact details for Howard Davis who, as you know, is our Principal Adviser (West Midlands). Howard can be contacted via email at howard.davis@local.gov.uk (or tel. 07920 061197). He is the main contact between your authority and the Local Government Association. Hopefully this provides you with a convenient route of access to the Local Government Association, its resources and any further support.

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

Yours sincerely

Judith Hurcombe - Programme Manager, North East, Yorkshire & the Humber, and the East Midlands
Local Government Association
Tel. 07789 373624
Email Judith.hurcombe@local.gov.uk

On behalf of the peer challenge team:

Tony McArdle, Chief Executive, Lincolnshire County Council
Councillor Keith Glazier, Leader of East Sussex County Council
Councillor Alan Rhodes, Leader of Nottinghamshire County Council
Jo Walker, Director – Strategic Finance, Gloucestershire County Council
Lorna Gibbons, Director, Dorset LEP
Simon Edwards, Director, County Councils' Network
Jay Gascoigne, Strategic Economic Programmes Manager, Wiltshire Council
Judith Hurcombe and Satvinder Rana, Programme Managers, LGA (Peer Challenge Managers)