

Corporate Peer Challenge **City of Lincoln Council**

21-23 February 2017

Feedback Report

1. Executive Summary

There is a huge amount of pride in Lincoln and a tangible commitment to the city among councillors and staff. There is a clear vision for the city and its community, which demonstrates a balance between the need for growth and enhancing the history and environmental value of its rich assets. There is excellent information and data available to help understand the challenges that the communities of Lincoln face and this provides the council with good quality information to help inform priority setting. There is a clear understanding within the council that focusing on achieving growth and a commitment to addressing need are not mutually exclusive of each other.

The Leader and Chief Executive are highly respected by all members and staff that the team engaged with. The new senior management structure is seen as positive, saving money, providing stability, flexible, aligning with vision and with a clear focus on supporting delivery.

There is a high level of respect from the business community for the work the council is doing. The council is viewed to be having a positive influence on public sector reform. We found evidence that City of Lincoln Council is willing to take difficult decisions.

Ownership of Vision 2020 at the top of the council is very clearly and visibly demonstrated by the Leader and the Chief Executive. Vision 2020 has been really well received by staff and created a sound base and 'launch pad' for empowering managers to deliver.

There is strong evidence of the positive relationship between members and officers and the scrutiny function works effectively. There is a supportive culture for ideas and innovation which stimulates involvement of staff.

The council's Medium Term Financial Strategy (MTFS) is relatively stable with strong delivery of savings targets in previous years and a focus on prudent and sustainable financial management. We found effective use of borrowing to fund projects such as the Transport Hub based on well-evidenced business cases. City of Lincoln Council has taken an effective and prudent approach to future financial risks such as business rate volatility, business rate retention, and pension scheme liabilities.

The council appears to be more commercial than it thinks it is and there are a number of positive examples of where a commercial approach is being taken. There is already a common understanding of what the council means when it talks about commercialisation.

Going forward City of Lincoln Council will need to continually balance the opportunities for growth and income generation with the need to provide for more vulnerable residents and to ensure that all sectors of the population are being catered for. Alignment and clarity will be important in ensuring effective delivery of an ambitious programme within a limited time frame.

There may be opportunities for the council to build upon existing external relationships and partnership working. There may also be more to do to ensure the Vision 2020 is more widely communicated to and shared with external partners prior to prioritisation of projects.

The council may wish to consider how it articulates what success for the Vision 2020 looks like and how this will be measured.

At an appropriate time in the future it may be of benefit to review the success of the revised senior management structure. The council may also find value in considering the restructuring of political portfolios to better align with the Vision 2020 themes as a means of strengthening leadership and focus.

There is a perception that internal governance processes, necessary in local government, are perceived as holding back the full potential for innovation and commercialisation within the council. The two are not mutually exclusive and there is strong evidence of a positive approach to adapting processes and procedures to maximise the potential for success. This needs to be clearly communicated.

The council might consider how it could incentivise further income production and commercialisation through reinvestment in the service producing the income. City of Lincoln Council may also wish to consider further whether all the potential opportunities for efficiency have actually been realised. The council may wish to explore further whether it is taking every opportunity to meet the demand for employment land over the Local Plan period.

The council will need to balance commercial aspirations with meeting the needs of their community on a case by case basis. There may be benefit in publishing a standard definition which crystallises what is already a good understanding of the importance of commercialisation.

There may be value in further reflection on whether the current emphasis on internal recruitment and the benefit of experience is allowing the council to fully utilise knowledge and ideas which can be brought to the organisation by recruiting externally.

There is recognition within the council of the need to streamline processes and minimise bureaucracy as a means of achieving the right balance between process and delivery.

2. Key recommendations

The main section of this report contains a range of suggestions and observations that inform some quick wins and practical actions. Many of these came from the onsite conversations, which provided insight into the organisations, and are informed by ideas and examples of practice from elsewhere.

The following are the peer team's key recommendations to the Council:

1. Celebrate success and what you have achieved – it is a lot.
2. Coordinate the initiatives that are addressing capacity fears, including People strategy and prioritisation of projects in Vision 2020 and ensure staff concerns on this are being monitored and addressed.
3. Eliminate any superfluous processes procedures and reporting lines to make sure no opportunity is missed, that staff feel empowered to deliver and that process does not hamper progress.

4. Continue to foster and develop effective partnership working with neighbouring councils, business community, VCS and residents to maximise opportunities, resilience and efficiencies.
5. Work on clarifying priorities so that the right things are measured to establish what success looks like.
6. Take confidence from the difficult decisions and issues already made and addressed as there will be more!

3. Summary of the Peer Challenge approach

The peer team

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 City of Lincoln Council were:

- Diane Tilley (Chief Executive, Lichfield District Council)
- Cllr. Simon Greaves (Leader, Bassetlaw District Council)
- David Barnes (Strategic Director, Christchurch Borough and East Dorset District Councils)
- Ernest Opuni (Local Government Association Review Manager)

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. 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?

5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, you asked the peer team to consider/review/provide feedback on the further questions:

- Is the council achieving and planning to achieve its ambitions for the City?
- How is the council progressing on income generation and commercialisation?
- How is the council developing into a more flexible, adaptable and innovative organisation?

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. The process is 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.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 3 days onsite in Lincoln, during which they:

- Spoke to 80 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from 28 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 200 hours to determine their findings – the equivalent of one person spending more than 6 weeks in Lincoln.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (21-23 February 2017). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

4. Feedback

4.1 Understanding of the local place and priority setting

There is a huge amount of pride in Lincoln and a tangible commitment to the city among councillors and staff. Councillors and staff are highly ambitious for the city and the area and are excellent ambassadors. The council is clear it is here to deliver services for the community and improve their quality of life.

There is a clear vision for the city and its community, which demonstrates a balance between the need for growth and enhancing the history and environmental value of its rich assets. There is therefore a good balance being achieved between the keen desire for modern regeneration and active preservation of public realm. We found a real confidence in how people felt about the council and the city, evidenced by the response to recent proposals by the County Council for local government reorganisation. This could have had a more destabilising impact on a less self-assured council.

There is excellent information and data available to help understand the challenges that the communities of Lincoln face and this provides the council with good quality information to help inform priority setting. Consideration needs now to be given to identifying these priorities, and in establishing how outcomes will be measured and reported to demonstrate the effectiveness of the Vision 2020. In this priority setting the underlying needs of the community (for example low wage economy, low educational attainment) should be strong influencing factors.

There is a clear understanding within the council that focusing on achieving growth and a commitment to addressing need are not mutually exclusive of each other. Whilst still delivering the support to the community that is needed for example through the Anti-Poverty strategy, the focus on growth and its value to the city and its residents as a whole will ensure sustainability. The Western Growth Corridor is viewed as an opportunity to deliver on a range of priorities which can impact positively on this overall vision for the city. The multi-sector Forum being established to take this forward involving key partners such as the University, County Council and developers is essential to ensure a shared sense of focus and in setting and demonstrating progress against a clear set milestones to maintain confidence and momentum.

There will still be difficult choices to make. Not unlike other councils, City of Lincoln Council will need to continually balance the opportunities for growth and income generation with the need to provide for more vulnerable residents and to ensure that all sectors of the population are being catered for. This will particularly manifest itself in choices between maximising land values and ensuring affordable housing provision.

The team fully appreciate that prioritising the projects in Vision 2020 and ensuring that the outcomes are addressing the most pressing challenges for the community is a work in progress. We feel that alignment and clarity will be important in ensuring effective delivery of an ambitious programme within a limited time frame. It will be important that statistical evidence of place strongly informs what the council prioritises so that Vision 2020 better aligns with the council's performance management arrangements.

4.2 Leadership of Place

The Leader and Chief Executive are highly respected by all members and staff that the team engaged with. The Leader is well respected across the county and has a reputation for championing the interests of the city effectively. The political and officer senior leadership teams are also highly regarded across the county by all partners across various sectors.

There is a high level of respect from the business community for the work the council is doing. The shared vision of growth and the council's appetite for taking managed risks is regarded as an important enabler for the success of schemes such as the Transport Hub. Setting clear milestones for future projects such as Western Growth Corridor and meeting them will assist in maintaining the commitment and shared sense of purpose.

The council is viewed to be having a positive influence on public sector reform. We picked up a very strong and positive view that the council is considered open and accessible. The Public Service Hub in particular was mentioned by residents and community groups as evidence of this reform and is a contributing factor to them feeling the council values and involves them.

We found evidence that City of Lincoln Council being willing to take difficult decisions. In particular the proposal to review neighbourhood working was not a decision taken lightly and demonstrates that the council is well able to review priorities and change models of delivery if and when appropriate.

Working from a strong base of collaboration, there may be opportunities for the council to build upon existing external relationships and partnership working. There may also be more to do to ensure the Vision 2020 is more widely communicated to and shared with external partners prior to prioritisation of projects; it is clear that partners from other sectors feel they could add further value if they are clear on these priorities and their role in them at as early a stage as possible.

4.3 Organisational leadership and governance

Ownership of Vision 2020 at the top of the council is very clearly and visibly demonstrated by the Leader and the Chief Executive. Their personal commitment and strong leadership were cited as the main reasons for staff and members fully committing to this vision. They both took personal responsibility for the communication of clear messages to ensure staff understood their role in the vision being realised and how they contribute to its delivery. The key messages relating to the Delivery, Brand, Pride and Behaviours within Vision 2020 are well understood and embraced by members and staff alike.

There is strong evidence of the positive relationship between members and officers.

The Leader and portfolio holders are at the heart of driving good performance and service improvement. Members more widely are contributing positively to the organisation's capacity and delivery through their engagement with scrutiny and good levels of attendance at meetings and committees.

The scrutiny function works effectively. It is thorough and wide ranging and involves partners and members of the community members in a process that is highly valued by all involved. The structure of the scrutiny function adds a one council focus and its success is further evidenced by external awards

There is a supportive culture for ideas and innovation which stimulates involvement of staff and the regular and effective senior and middle management meetings are an arena for this being progressed.

The council may wish to consider how it articulates what success for the Vision 2020 looks like and how this will be measured. It will be important to monitor the impact of the emerging initiatives such as the Service Managers' forum and People Strategy which will support the delivery of the Council's ambitions – a stronger link between the Vision 2020 'destination' and activity will be important to develop a clearer vision for the type of organisation the council aspires to be.

At an appropriate time in the future it may be of benefit to review the success of the revised senior management structure. The council may also find value in considering the restructuring of political portfolios to better align with the Vision 2020 themes as a means of strengthening leadership and focus.

We found a perception among some we spoke to that internal governance processes, necessary in local government, are perceived as holding back the full potential for innovation and commercialisation within the council. While the governance of council's does have an impact on whether some things can be done or not and it is clear that the success of the council's aspirations will depend to a significant degree on its ability to innovate. The two are not mutually exclusive and there is strong evidence of a positive approach to adapting processes and procedures to maximise the potential for success. This needs to be clearly communicated.

4.4 Financial planning and viability

The council's Medium Term Financial Strategy (MTFS) is relatively stable with strong delivery of savings targets in previous years and a focus on prudent and sustainable financial management. There remain some savings still to be made and it will be helpful for the council to maintain a clear focus on efficiency.

We found effective use of borrowing to fund projects such as the Transport Hub based on well-evidenced business cases. This demonstrates the council's ability to assess and manageable risks which will ensure positive outcomes for the community. There are positive examples of accessing funding from external sources to meet aspirations (e.g. HCA bid for extra care scheme).

City of Lincoln Council has taken an effective and prudent approach to future financial risks such as business rate volatility, business rate retention, and pension scheme liabilities. There is effective provision for some future challenges such as business rate appeals and pension scheme liabilities. The council, like many other authorities around

the country, should consider the impact of no longer having New Homes Bonus and how this could be replaced by alternative funding streams. It will be important to manage risks of having NHB within the revenue budget ahead of the changes in local government finance from 2019/2020 relating to the loss of RSG and the expectation that this will be replaced by business rates. The council performs extremely well on business rate collection and there is effective budget management and monitoring through management team and scrutiny processes.

The council might consider how it could incentivise further income production and commercialisation through reinvestment in the service producing the income, building on the success of the Invest to Save programme.

The council may wish to consider further whether all the potential opportunities for efficiency have actually been realised; further investigation of the potential for shared services to deliver efficiencies and resilience, and benchmarking with similar authorities could be beneficial. The council is well placed to build on existing successful examples.

The council may wish to explore if it is taking every opportunity to meet the demand for employment land over the Local Plan period. Funding of Western Growth Corridor likely to be challenging to deliver

4.5 Capacity to deliver

There is clearly a concern about the capacity to deliver on what is a very ambitious plan with many of the 101 projects in Vision 2020 being seen by staff as additional to work they are already undertaking. Although it is early days, the People Strategy, Performance Management toolkit and Staff Charter will improve capacity by tackling sickness absence levels, managing staff performance and providing appropriate training and development. These were issues also identified in last employee's survey in 2014 demonstrating a commitment to delivery and an emphasis on investment in leadership development incorporating staff and members will provide benefits. The member training programme which has been put in place is well attended and there is clear staff buy-in to utilising the opportunities made available for personal development.

There is clear evidence of a shift to online transactional services such as 'My info' and 'E-billing' which will release capacity through the channel shift agenda. It will be important to ensure that that residents and communities continue to be made more aware of such facilities and options and encouraged and supported to use them.

The council's focussed approach to scrutiny aids capacity and there are some positive outcomes being delivered in relation to the anti-poverty agenda and addressing rough sleeping concerns in the city.

There is a recognition that the vision cannot be achieved alone and the benefits of positive relationships with partners and stakeholders is accepted. The council is committed to building relationships in order to better achieve objectives and can point to examples of good influencing and working relationship with the Local Enterprise partnership, which they seek to improve on through a bid for the Leader to be a Board

member; given the status and impact of the City of Lincoln on the economy of the County and LEP geography that would seem a positive step for LEP and City alike.

There may be more to do to free up and better use capacity. Not all growth related functions are managed in the same directorate and there are examples such as business support (Management of the “Managed Workspaces” such as The Terrace) coming under the finance directorate.

The themes of the Vision 2020 do not yet seem to map accurately against all of the key issues such as tackling the low wage economy and low educational attainment. This alignment will be important to ensure the correct prioritisation of the 101 projects is developed and agreed. There may be scope in the future, where capacity allows, to strengthen the profile of health and wellbeing within that exercise in order that that wider ambition for tackling inequalities can be fulfilled.

Whilst the ability to retain a settled workforce has clear benefits and is a testament to the council being a good employer, we would encourage the council to look further at what it does to bring in new ideas and experiences from outside the authority.

NB Given the nature of the following three themes there is inevitably duplication in some of the comments and observations made, but for completeness all relevant comments are referenced again

4.6 Is the council achieving and planning to achieve its ambitions for the City?

Vision 2020 and the way in which it has been launched is a clear demonstration of how the council is planning to deliver its ambitions. The level of growth, development of the university and waterfront areas and the positive atmosphere and activity in the city itself are evidence that achievement of that vision is underway.

There is evidence of member development and a strong culture of members’ skills adding to the capacity of the organisation through scrutiny and effective leadership.

There is a clear consensus within the council about the importance of stimulating growth. Businesses and Business groups are fully engaged and supportive of this leadership.

City of Lincoln Council is building momentum on development of the Western Growth Corridor which is key strategic site for the district and neighbouring councils. This progress is welcomed after significant delays in the past however there remain barriers to overcome and risks to manage before this vital part of the plan for the city can be delivered. It will be important to set clear milestones for the project achievement of which will maintain confidence, trust and support from business community. In this part of the council’s business there may need to be further consideration as to how further partnership relationships and arrangements could be developed and improved. It might also be prudent to consider confidentially what alternative plans could be implemented to address growth needs should circumstances conspire to prevent the aspirations of WGC being realised in the time frame identified; i.e. a Plan B.

The council will need to ensure that in focussing on growth the evidence base on reducing wage levels, and educational attainment are incorporated into priority setting.

4.7 How is the council progressing on income generation and commercialisation?

The council appears to us to be more commercial than it thinks it is and there are a number of positive examples of where a commercial approach is being taken. These include asset reviews and rationalisation to raise finance, partnerships working on shared services, developments around the crematorium service and investing in infrastructure to deliver growth and income such as the Transport Hub.

The council appears well placed to build on this sound basis as staff are clearly prepared to challenge more and change now Vision 2020 has been successfully launched.

There is already a common understanding of what the council means when it talks about commercialisation. There are well-understood messages about increasing income, creating opportunities to make money and selling what the organisation is good at. The council can also demonstrate examples of looking outward to see what other councils are doing as part of building its capacity in this area further.

However there may be benefit in publishing a standard definition which crystallises what is already a good understanding of the importance of commercialisation. The council may wish to consider using a Commercial Maturity model shared with them to review its current position both corporately and specifically within teams. This will reinforce understanding of and commitment to the changes needed to maximise commercial opportunities for income generation.

The perception that a Commercial Strategy is needed should be considered carefully; the council already has a strong and positive story to tell. In the team's opinion there may be more value in the council being better able to tell a more compelling story about what it is already doing and thus encouraging more of the same, rather than seeking to devise a strategy.

The council will need to balance commercial aspirations with meeting the needs of their community on a case by case basis. There is for example, an inherent tension between maximising land values and delivering the clearly stated aspiration for developing greater levels of affordable housing.

In addressing the perception that local government procedures frustrate commercial activity and the development of a commercial culture the council may wish to consider developing parameters and criteria which can enable staff to self-assess whether an initiative can work and overcome the perceived constraint of rules and procedures on innovation. Sharing things that have not worked will be just as valuable in ensuring staff feel comfortable in taking risks, in challenging the status quo, and in shared learning

As mentioned previously, the council may wish to consider some incentivisation for departments becoming more commercial. One way of doing this might be to return some income generated to the service area responsible for securing this income.

4.8 How is the council developing into a more flexible, adaptable and innovative organisation?

The new senior management structure is seen as positive, saving money, providing stability, flexible, aligning with vision and with a clear focus on supporting delivery. It also addressed potential conflicts of interest as the council moves to develop more of its own sites. As mentioned previously there may be some value in the council testing its success against these outcomes in 12–18 months' time. The current arrangements work because of the particular people in senior roles and the level of trust and experience they have in each other; any change of personnel in these posts could lead to additional resource pressure particularly on the Chief executive with 6 direct reports.

Vision 2020 has been really well received by staff and created a sound base and 'launch pad' for empowering managers to deliver. City of Lincoln Council can boast of having excellent staff who are proud of each other, the council and the city. They are a workforce who are confident of their future even in the face of the latest headlines on local government reorganisation which could have caused uncertainty.

There is recognition within the council of the need to streamline processes and minimise bureaucracy. The layers of decision making and reporting are a perceived and actual barrier which could potentially undermine trust and cause unnecessary delay, frustration and missed opportunities. The council should consider the balance between process and delivery. There may be some value in looking once again at the role and value of governance structures for project management and performance reporting. It is important that the amount of reporting does not become a burden.

There may be value in further reflection on whether the current emphasis on internal recruitment and the benefit of experience is allowing the council to fully utilise knowledge and ideas which can be brought to the organisation by recruiting externally. Strategies to address low staff turnover and high sickness absence that have persisted for some time will need to be considered as part of the cultural change needed to ensure City of Lincoln Council continues to thrive in the future.

5. Next steps

Immediate next steps

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions to determine how the organisation wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Mark Edgell, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). His contact details are: Email mark.edgell@local.gov.uk and Tel: 07747 636910

In the meantime we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

Follow up visit

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next 2 years.

Next Corporate Peer Challenge

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the Council will commission their next Peer Challenge before November 2021.