

Corporate Peer Challenge **Medway Council**

20th to 23rd November 2017

Feedback Report

1. Executive Summary

Medway Council demonstrates a strong commitment to, and has achieved many successes through, partnership working. This has made a real impact on place. As a consequence of the approach that it has taken and what has been achieved, the council enjoys a high level of respect amongst its partners. The track record of delivery that has been established engenders confidence in others.

The council enjoys good governance, with positive relationships at all levels that are founded upon mutual respect and a very clear understanding of respective roles and responsibilities. There is strong and stable leadership both politically and managerially, providing the council with continuity of vision and ambition and a strong 'corporate memory'. There is a strong sense of belonging amongst council staff, in terms of them feeling both part of the organisation and that they are playing their part in its contribution to the place. Staff very much feel valued and the council is seen both as a supportive employer and being willing to invest in staff and their development. The way in which people across the council work together and how teams function is felt to be very good. The council prides itself on its 'flat structures' and people feel it operates in a very non-hierarchical way.

The council has delivered successfully to date against the financial challenge. Whilst doing so it has demonstrated its determination to retain discretionary aspects of its offer because of their importance locally. There is a willingness to embrace commercial opportunity and an appetite corporately for appropriately managed risk-taking. However, the financial challenge is on-going, with a projected gap of £17.7m by 2021/22. Just over £4m of this needs to be found from the budget for next year but there is absolute confidence throughout the council that this challenge will be met.

There is a need for the council to address certain areas of service delivery and performance. This includes continuing the improvements that have been delivered in adults' and children's social care and addressing the issues which have arisen in Housing Benefits performance. Addressing certain other issues regarding the functioning of the council would also deliver benefit. The most significant of these relates to the IT capability. There has been limited investment in this area in recent years and that is having an impact. We understand that investment is now starting to be made to enhance the capability.

The £4.1m financial gap that the council has identified for next year is predicated upon £5m transformation savings being delivered. The council has shown its commitment to delivering transformation, reflected in the allocation of £6m to invest in securing the necessary changes, and some good transformation activity has already been delivered. A fresh start, under new leadership, has been made to the transformation programme in recent months and this now needs to be built upon. A review of the programme has helpfully been commissioned. We would encourage the council to take the opportunity, in the review process, to clarify the objective/s of 'transformation' and the extent of the ambitions for the programme. There is also a need for the council to reassure itself that the £5m savings for 2018/19 are firmly on track and that they will come from true transformation activity. Whilst next year is inevitably acting as the primary focus for

transformation thinking currently, it is important to ensure that the transformation programme has a horizon several years into the future.

The council is demonstrating its commercial ambitions through a variety of approaches that it has adopted. This includes the sharing of some services with other councils, three commercial vehicles which have been established and the property investment portfolio that has been created. Many aspects of the commercial initiatives put in place so far are sound but there are some aspects of governance that it would be good to re-visit. The council is keen to extend its commercial ambitions but we suggest that the authority should first define more clearly what is meant by 'commercial' and follow this with the development of a commercial strategy.

There is massive ambition for Medway on the part of the council and partners, based on a deep understanding of place. There is huge pride in the place and the transformation that has taken place there over the course of the last 20 years is truly remarkable. The area is becoming increasingly important to the regional and national economy. The aim is for Medway, by 2035, to become the most successful area of economic regeneration in the South East. Twenty years from now it aims to be a leading waterfront university city of 330,000 people celebrated for its revitalised urban centres, riverfront developments and natural and historic assets.

The council and partners are very aware of the underlying social and economic challenges that exist in Medway, including educational attainment, addressing health inequalities and facilitating the establishment of the large number of new homes that is foreseen. Delivering 'growth for all' – economic growth and regeneration that genuinely benefits local communities and existing residents whilst simultaneously creating a new place to live for many thousands of others – represents the key challenge for the council and partners. This is well understood. If 'growth for all' is to become a reality there are several key elements that need to be delivered, including creating the correct links between education, skills and employment opportunities, boosting town centres and establishing the Local Plan.

The council has shown leadership in promoting Medway and brought partners together to help shape thinking about the approach to branding the place. The decision that has been taken to commission a comprehensive piece of work on branding is timely and very positive. A Medway place brand is needed to aid the fulfilment of the ambitions around 'Medway 2035' and 'growth for all'. There are a range of messages that need to be conveyed to a variety of audiences with each requiring an appropriately tailored approach. Thus the branding work must be more comprehensive than just a new logo and strapline. Central to it needs to be an over-arching and authentic narrative about Medway as a place. The opportunity is very much there to create a compelling story for Medway that people can get behind. The work being done over the next couple of months around brand development is merely a start. Sustained effort and further investment will be required.

The council is seeing the advantages of drawing in learning from elsewhere and finding more ways of challenging itself. Taking the opportunity to extend such learning further and to look at leading-edge practice in local government would enable the council to move to the next level as an organisation. This includes looking at the customer experience and customer service, performance management, reducing levels of bureaucracy and

becoming more 'strategy-led'. Delivering such changes and improvements would reflect a council having moved to the next level, in a way that would appropriately reflect the remarkable change that has been brought about over the last thirty years in the place that it serves.

2. Key recommendations

There are a range of suggestions and observations within the main section of this report that will inform some early practical actions, in addition to the conversations on-site which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the council:

- Reassure yourselves that the £5m savings for 2018/19 are on track and will come from true transformation activity
- Establish a transformation programme that looks much further into the future – including Smart Council and Smart City strategy and ambitions
- Define what is meant by 'commercial' and develop a commercial strategy
- Budget-setting – explore alternative approaches to aid longer-term planning, enable more fundamental organisational re-design and tackle the need for avoidable mid-year management control actions
- Many aspects of the commercial initiatives put in place so far are sound but there are some aspects of governance that it would be good to re-visit
- Address the IT capability issues in the organisation
- A 'lean' organisation? – reassure yourselves that resources are aligned with the council's priorities and the ambitions for place
- The skills agenda – build on the good initiatives and real potential by seizing it and driving it forward through the Skills Board

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 with Medway Council were:

- Rob Tinlin, former Chief Executive of Southend-on-Sea Borough Council
- Councillor David Renard, Conservative Leader of Swindon Borough Council

- Simon Machen, Corporate Director of Growth and Regeneration, Peterborough City Council
- Tom Whiting, Corporate Director of Resources, London Borough of Harrow
- Matt Nicholls, Head of Communications Support, Local Government Association
- Jess Norman, Programme Support Officer, LGA (shadowing)
- Chris Bowron, Peer Challenge Manager, LGA

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, the council asked the peer team to consider, review and provide feedback on:

- Transformation – is the council well placed to achieve, at pace, its transformation plans?
- Commercialisation – is the council taking all appropriate opportunities to generate income and minimise costs through its commercialisation activities, including trading companies, property and asset investment?
- Regeneration – is the council doing the right things to achieve its regeneration and inward investment strategies? Does it have the right capacity? Are there any further strategic partnering opportunities it could be pursuing?

- How effectively is the council delivering its communications work on place branding and inward investment?

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 current LGA sector-led improvement support offer includes an expectation that all councils will have a corporate peer challenge every 4 to 5 years.

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 being faced. The team then spent 4 days on-site with the council.

This report provides a summary of the peer team's findings. It expands on the feedback presentation provided by the peer team at the end of their on-site visit. In presenting feedback to you, they have done so as fellow local government officers and elected 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 now already addressing and progressing.

4. Feedback

4.1 A council that demonstrates ...

Medway Council demonstrates a strong commitment to, and has achieved many successes through, partnership working. This has made a real impact on place. As a consequence of the approach that it has taken and what has been achieved, the council enjoys a high level of respect amongst its partners. The track record of delivery that has been established engenders confidence in others.

The following represent just a few examples of really good activity that the council has been involved in recently:

- Adult social care improvement programme – a range of change and transformation initiatives and activities aimed at delivering the adult social care strategy, entitled ‘Getting Better Together’, which was adopted last year
- Partnership Commissioning Team – a team comprising mostly jointly-funded posts serving both Medway Clinical Commissioning Group (CCG) and the council, with responsibility for commissioning health and social care services across all ages
- ‘Home First’ – a joint initiative with Medway CCG and Medway Community Healthcare which has helped to reduce the number of delayed transfers of care from hospital to home by 25 per cent
- Accessing external funding, including over £40million from the South East Local Enterprise Partnership (SELEP) and £34million of Heritage Lottery Fund (HLF) monies
- Medway One Public Estate Board – four projects being pursued between the council, police, fire, hospital, ambulance, CCG and Homes and Communities Agency
- A range of initiatives bringing partners and business together to aid place-making and promoting Medway, including the Medway Place Board, the Medway Ambassadors and the commissioning of a significant piece of work looking at branding
- Innovation Centre Medway and Innovation Park Medway, with the latter being a site at Rochester airport for high-value technology, engineering, manufacturing and knowledge-intensive businesses designated as an Enterprise Zone and aimed at creating 1,300 jobs
- Apprenticeships Scheme – a programme running since 2011 which has always met its annual target of establishing 50 apprenticeships with local small and medium sized enterprises (SME)
- Employ Medway – a work programme that has enabled 1,900 long-term unemployed people to move into jobs

- Medway Leadership Programme – a development programme across partner organisations within Medway which enables those participating in the cohort (there are two cohorts annually, each comprising around twenty people) to learn about how partner organisations function, exchange ideas, work jointly on activities and initiatives and develop relationships that create lasting links between partner agencies

The council enjoys good governance, with positive relationships at all levels that are founded upon mutual respect and a very clear understanding of respective roles and responsibilities. Examples include the way in which members of Cabinet and Corporate Management Team work together, both collectively and as individuals, and the constructive contribution that Overview and Scrutiny has been able to make to the work of the council and the place through task group activity on subjects such as Medway becoming ‘dementia-friendly’ and the shortage of General Practitioners. The different political parties also demonstrate the ability to work together constructively on issues of major importance to Medway, including opposing the proposal for an airport in the Thames Estuary and the extra 8,500 homes that the government has proposed in addition to the 29,500 already agreed.

Democratic processes are clear, well understood and respected, as are levels of delegation and related processes. The Constitution has recently been reviewed on a cross-party basis and the Democratic Services function is held in high regard because of the way in which it both ensures the proper and effective conducting of council business and addresses the needs of elected members.

The council enjoys strong and stable leadership both politically and managerially. The transition at Leader level was managed very smoothly and has maintained continuity. Whilst the management tiers have seen a variety of changes over time, with a significant reduction in the number of posts, there has been continuity amongst some key personnel which, when mixed with new, interim and promoted senior staff, has contributed to providing the council with continuity of vision and ambition, a strong ‘corporate memory’ and new approaches to leadership and delivery.

From our discussions, we formed an impression of a very positive and resilient organisation. There is a strong sense of belonging amongst council staff, in terms of them feeling both part of the organisation and that they are playing their part in its contribution to the place. Staff very much feel valued and the council is seen both as a supportive employer and being willing to invest in staff and their development. In the most recent staff survey, 77% of respondents indicated that their work gives them a sense of personal accomplishment, whilst 80% felt sufficiently challenged by their work. Sixty-six per cent of said they are able to achieve a good balance between their work life and private life and 64% indicated they are able to access the right learning and development opportunities when they need to.

The way in which people across the council work together and how teams function is felt to be very good. Staff we met talked about the ‘great people’ that they work with, which was reinforced by the staff survey showing 90% of respondents feeling people in their team help each other and 84% believing that people in their team work together to

find ways to improve the service provided. The council does, however, need to explore how to achieve higher response rates for future staff surveys. The council prides itself on its 'flat structures' and people feel it operates in a very non-hierarchical way. We saw this in operation, with less senior staff who were presenting items at the Transformation Board meeting being put at their ease and clearly feeling comfortable in that environment. Staff feel trusted, with 70% of those completing the staff survey indicating they felt encouraged to put forward ideas and suggest new ways of working whilst 72% indicated they have a choice in deciding how they do their work. Internal communications with staff are seen to be good, with a variety of mechanisms in place including team meetings, the Intranet, e-mail updates and staff briefings led by members of the Corporate Management Team. The feedback themes emerging from the various focus groups we undertook were consistent across all tiers of management and staff, giving a reinforcing and consistent message that is consistent with strong leadership, strong values and good communications.

The council has delivered successfully to date against the financial challenge. At the same time it has demonstrated its determination to retain discretionary aspects of its offer because of their importance locally. This includes a weekly refuse collection service and a wide-ranging programme of free festivals and other events. Whilst one local library has closed, the others have received investment to broaden out their range of functions and become 'community hubs'.

The council demonstrates a willingness to embrace commercial opportunity – something which we expand upon later in this report – and an appetite corporately for appropriately managed risk-taking. Examples covering both these aspects include the setting up of Medway Development Company Limited (a housing development company), Medway Commercial Group (a local authority trading company) and a joint venture company (Medway Norse).

4.2 Organisational challenges

The financial challenge facing the council is on-going, with a projected gap of £17.7m by 2021/22. Just over £4m of this needs to be found from the budget for next year but there is absolute confidence throughout the council that the challenge for 2018/19 will be met. The budget-setting process commenced in September and was also discussed at the Cabinet meeting which took place during the week of the peer challenge and, in line with the approach of recent years, a series of 'Star Chambers' led by the Leader and Chief Executive are being held through the autumn and winter months on a directorate by directorate basis to look at the options available to the council. As it considers its financial position and options over the coming months, we would encourage the council to reassure itself that an adequate level of reserves is being maintained.

At the same time as delivering against the financial challenge, there is a need for the council to address certain areas of service delivery and performance. This includes continuing the improvements that have been delivered in adults' and children's social care – with really good strides having been made – and addressing the issues which have arisen in Housing Benefits performance at various points, which has negatively impacted on residents and the council's reputation. It is also the case that, based on feedback from the latest Citizens Panel survey, the council has missed the targets it set for itself in

relation to customer satisfaction (62% against a target of 65%) and the extent to which it provides value for money services in the eyes of residents (60% against a target of 64%).

Addressing certain other issues regarding the functioning of the council would also deliver benefit. The most significant of these relates to the IT capability of the organisation. There has been limited investment in this area in recent years and that is having an impact. There was a major 'outage' a few months ago, which lasted for more than a day, and both staff and elected members are finding their IT unreliable, with difficulties logging on and the system being slow. This is creating very real productivity issues. We understand that investment is now starting to be made to enhance the capability and would therefore encourage the council to ensure its plans for improvement are communicated so people understand that the situation is being addressed, the timescales on which they can expect things to get better and that the investment is targeted at the problem areas.

The 'Med Pay' pay and reward system was introduced for all the right reasons and appears to be taking effect well. There is, however, a need to continue to communicate about it in order to ensure all staff fully understand how it functions. This is particularly the case for the performance-related element, where it needs to be emphasised that this aspect rewards only truly exceptional performance and to explain to people what is required from them if they are to look to benefit from it.

There are also aspects of 'general housekeeping' in the main council offices at Gun Wharf that are frustrating and irritating staff. Staff recognise that the council is facing financial constraints but ensuring the basics are right would send a positive message.

At various points through the course of the peer challenge we were asked to reflect on whether the council is a 'lean' organisation. Coming to a judgement on this would necessitate a much more detailed piece of work than a corporate peer challenge would allow for. Essentially it is a matter of options and choices for the council – whether the way in which the authority allocates its inevitably limited (and diminishing) resources appropriately reflects the council's priorities and ambitions. As an example, the council and its partners recognise the importance of the skills agenda locally but we understand that the authority only has one full time equivalent (FTE) member of staff dedicated to this agenda. The question the council needs to ask itself is whether that is sufficient. Another example is the relatively high caseload numbers amongst children's social care staff, although in citing this we recognise that it is not a straightforward issue given the recruitment challenges and the additional costs involved when needing to utilise agency social workers.

4.3 Transformation programme

The £4.1m financial gap that the council has identified for next year is, very publicly, predicated upon £5m transformation savings being delivered. Next year represents the third year of a transformation programme which has so far delivered £0.4m and £1.6m in the financial years 2016/17 and 2017/18 respectively. Thus what is being sought from the programme next year is significantly greater than what has been achieved thus far. It is also important to recognise that the transformation programme does not encompass all of the transformation activity taking place in the council, with other changes being delivered elsewhere such as in adult social care.

The council has shown its commitment to delivering transformation, reflected in the allocation of £6m to invest in securing the necessary changes. Some good transformation activity has already been delivered. One example is in the Highways function, where the roll-out of technology is seen to have delivered a very good quality set of tools that are enabling staff to work in completely new ways. Another example is the successful piloting within certain areas of adult social care of the '3 Conversation Model' aimed at helping people lead independent lives for as long as possible, which is now being rolled out more widely. The council has a tremendous resource in place in the form of the Transformation Programme Team. Ensuring it is both seen and tapped into as a corporate resource and source of expertise that exists to benefit the whole organisation would enable many such other initiatives to be devised and implemented.

A fresh start, under new leadership, has been made to the transformation programme in recent months and investment is being made in programme management capacity. This is being viewed positively across the wider organisation and now needs to be built upon in a variety of ways. A review of the programme has helpfully been commissioned. We would encourage the council to take the opportunity, in the review process, to clarify the objective/s of 'transformation' and the extent of the ambitions for the programme. As an example, is finance the sole or primary driver? With the council's own research showing 92% of residents use the Internet and two thirds of households in Medway want to do business with the authority on line, what are the customer service opportunities around this and to what extent are they the priority? Also, with the use of technology being applied very positively and effectively in Highways and yet being seen to be much less advanced for staff in social care, how much importance is attached to the benefits that transformation could offer in the way of staff morale and retention?

There is also a need through the review process for the council to reassure itself that the £5m savings for 2018/19 are firmly on track and that they will come from true transformation activity. A significant proportion of the £6m investment funding has yet to be spent. The council should satisfy itself on what investment commitment is required to deliver the anticipated savings. If there is to be a 'full-year effect' with the savings, little over four months remains to implement the necessary changes. Any savings not secured on 1st April will serve to ratchet up the pressure to find them from elsewhere, with a danger that this takes the form of 'service cuts'. We came across differing points of view as to whether the programme should seek to deliver £5m savings with a full year effect or a higher level of savings with a part year effect in 2018/19 but then a further contribution to the financial challenge in 2019/20 and beyond.

Whilst 2018/19 is inevitably acting as the primary focus for transformation thinking currently, because of the scale of the savings required and the limited time that remains, it is important to ensure, through the review process, that the transformation programme has a horizon several years into the future. In devising and delivering a longer-term programme we would encourage the council to demonstrate the same leadership 'zeal' and passion around transformation as it does with the 'place' agenda. So many people that we came across during the peer challenge process talked in a very powerful and compelling way both about the changes that have been delivered in Medway as a place and what the future holds. It would be fantastic to see the same approach being adopted with transformation and the positive benefits that it will derive for local people and staff.

4.4 Commercialisation

The council is demonstrating its commercial ambitions through a variety of approaches that it has adopted. This includes the sharing of audit and counter-fraud, legal, payroll, HR and building control services with Gravesham Borough Council, with the latter also being shared with Swale Borough Council. Three commercial vehicles have been established. Medway Norse was set in 2013 as a Joint Venture Company to both provide services to the council (including facilities management, grounds maintenance and special educational needs transport) and take on external commercial contracts. Another of the commercial vehicles is Medway Commercial Group, set up as a Local Authority Trading Company, and responsible for delivering services to the council such as CCTV monitoring and Telecare. The most recently established commercial vehicle is Medway Development Company Limited – a housing company established to carry out housing and property development and invest in property. Another strand of the council's commercial activity is the property investment portfolio that has been created to generate revenue returns through capital spend.

The council is keen to extend its commercial ambitions and asked that we probe this area during the course of the peer challenge. In doing so, we have concluded that, as a first step, the council should define more clearly what is meant by 'commercial' and follow this with the development of a commercial strategy. Whilst all the initiatives that the council has adopted or put in place have a logic to them, it feels as though this has been done more on a 'project by project' or 'case by case' basis than as part of an overall strategy.

Developing a commercial strategy would enable the council to adopt a broader horizon and ensure each opportunity that emerged or each initiative that was being proposed was considered and evaluated against an overall set of objectives and guiding framework. As an example, the commercialising of services does not automatically require them to be put into a commercial vehicle and there is a danger this becomes the 'default position'. The objective may equally have been achieved without needing to undertake the work necessary in setting up such ventures. Linked to this, there would be merit in the council determining how commercial other traded services are and looking at developing their potential without necessarily needing to position them in one of the commercial vehicles.

Many aspects of the commercial initiatives put in place so far are sound but there are some aspects of governance that it would be good to re-visit. It is important for the council to ensure that nobody with a role in both the council and one of the commercial vehicles is put in a 'conflicted' position. There is also a need to ensure value for money is fully considered and evidenced when embarking on the transfer of services into commercial vehicles. Clarity and transparency must exist around why one route was pursued instead of others. We would urge the council to reassure itself that thoroughness in this regard can be fully demonstrated.

There is real clarity on the way in which the council utilises its land and property assets to gain greatest benefit. Perhaps the best example is the Chatham Waterfront site which is central to the council's regeneration programme. Medway Development Company Limited will take this and other such ventures forward, using the council's assets in its approach to maximising benefits for Medway. Another example is the use of surplus council-owned land to enable the creation of three housing delivery development sites, two of which

include primary health care provision, as part of its work with the Medway One Public Estate Board.

The council is also actively involved in property investment – either in the form of investment in property funds or through direct property acquisition. There has been £23million invested in property funds in the last two years, as the council seeks to maximise revenue returns. In addition, the council’s capital programme has been increased by £20million for the purposes of purchasing property. In making its acquisitions there is a need to ensure a balanced portfolio and we would also encourage the council to secure external validation of its purchasing intentions and approaches. It is also important to think about local strategic land assembly when planning property investment activity. There may well be investments that are opportune to make in order to facilitate the delivery of the regeneration and economic growth ambitions for the place, involving looking beyond pure financial returns.

4.5 Ambition for place

There is massive ambition for Medway on the part of the council and partners, based on a deep understanding of place. The council listens directly to local opinion on key issues and attaches major importance to elected members representing their communities. As an example of public consultation, the approach to creating a city centre for Medway and enhancing central Chatham, through the ‘Chatham Placemaking’ project, has been informed by residents’ opinions, sourced through surveys, face to face discussions and art consultancy workshops. As another example, changes to the council’s early years and early help provision have been informed by listening to the very strongly voiced opinions of local people regarding the importance of services, whilst having to undergo revision, remaining at the heart of communities. The public consultation undertaken to inform thinking around and bids for HLF monies was cited to us by people from outside the council as an exemplar approach.

The ‘Medway 2035’ regeneration visioning document and the Council Plan reflect the ambition for, and understanding of, place. By 2035 the aim is for Medway to become the most successful area of economic regeneration in the South East. It is already one of the largest regeneration zones within the Thames Gateway and is recognised by the Department for Communities and Local Government (DCLG) as an area of strategic development. Medway is now positioned as one of the most promising growth areas in the UK. Twenty years from now it aims to be a leading waterfront university city of 330,000 people celebrated for its revitalised urban centres, riverfront developments and natural and historic assets.

There is huge pride in the place – people across the council and amongst partners are heavily invested in Medway and champion its cause. There is a huge amount of goodwill amongst partners. We met representatives of the Medway Place Board, comprising leaders of business, education and tourism organisations amongst others, and some of the Medway Ambassadors. All are keen for the council to capitalise upon their goodwill, including for example calling upon some of them to form part of the Medway Skills Board which is due to be established soon. Another example is the shared desire and ambition that health partners highlighted for the integration of health and social care to continue to progress and to do so at greater pace. Partners also

highlighted the benefits to be gained from working together to build capacity within communities, in the form of increased social capital and greater self-reliance.

The transformation that has taken place in Medway over the course of the last 20 years is truly remarkable and the area is becoming increasingly important to the regional and national economy. It is close to major travel networks providing access to the continent as well as London and other parts of the UK and is planning for the creation of around 30,000 new homes. Medway has attracted more than £40million of investment from SELEP. The council has an active programme of support for local businesses – of which more than 90% are classed as small or medium sized enterprises (SME). A number of facilities or geographical areas have been established to enable the establishment and growth of local enterprise, including the Innovation Centre Medway, Innovation Park Medway and Innovation Studios Strood.

The Rochester Riverside development will bring 1,400 new homes, a hotel and primary school as part of an investment programme with a value of over £400 million, whilst the Strood Riverside development will see a £19million investment. Network Rail have invested over £37million in the five railway stations in the area. HLF money has been drawn in to support a number of projects including the renovation of Rochester Cathedral and the Command of the Oceans Gallery. A further amount of nearly £5million of HLF money has recently been secured for investment in part of the Historic Dockyard Chatham.

At the regional level, the council is seen to take a pragmatic approach, capitalising upon the benefits of being a unitary authority and the place leadership opportunities and role which that entails, whilst simultaneously recognising its position within the county of Kent, the Thames Gateway and the SELEP geography and the need to both contribute and influence at those levels. This pragmatism stands both Medway and the region in good stead, securing mutual benefit. The council will need to remain fleet of foot into the future, adapting its approaches as necessary to a changing funding landscape and continuing to capitalise on opportunities across wider geographies.

4.6 'Growth for All'

The council and partners are very aware of the underlying social and economic challenges that exist in Medway. One such challenge is around educational attainment, with a need in particular to build further on the improvements that have been made at Key Stage 2 level. There are also challenges around health, including addressing health inequalities and tackling the prevalence of smoking and low levels of physical activity. Another challenge is facilitating the establishment of the large number of new homes that is foreseen in a way that maximises the benefits and minimises negative impacts.

Delivering 'growth for all' – economic growth and regeneration that genuinely benefits local communities and existing residents whilst simultaneously creating a new place to live for many thousands of others – represents the key challenge for the council and partners. This is well understood by people within the council and by partners and indeed the phrase 'growth for all', which was only coined a few months ago by the Leader, has become common parlance, being mentioned by many of those that we spoke to. Delivering it will require clear focus and sustained effort over many years. There is already a clear focus on the 'key determinants of health' – such as being in employment, having an education,

benefitting from healthy child development and having good quality housing – as partners seek to deliver on this challenge. The council's Public Health function is very positively situated at the heart of the thinking and activity around improving local well-being and is seen to be positively influencing other parts of the council and partner organisations.

Several key aspects of what needs to be delivered if 'growth for all' is to become a reality were highlighted during the course of our discussions. The first is concerned with ensuring the benefits of a growing economy and the regeneration agenda are felt throughout local communities by creating the correct links between education, skills and employment opportunities, boosting town centres and establishing sufficient affordable housing. Whilst the assumptions that are being made regarding business growth and the spending power of an increased size of population delivering an economic 'trickle down' into local communities are reasonable, there is a danger that this benefits the 'majority relative to the minority'. The most vulnerable will need additional support to ensure they glean the benefits too. There is also a danger of geographical pockets emerging, whereby certain areas benefit more than others, with the risk that communities or areas recognised as being the most deprived fall further behind. The five town centres within Medway need special focus in order to ensure their improvement and enhancement through the growth agenda.

Another key aspect is the need for the successful establishment of the Local Plan, which is being developed in tandem with 'Medway 2035'. The complexity of the challenge, including the scale of the new housing numbers and the lack of certainty around the proposed further 8,500 homes, is significant. It is anticipated the Local Plan will be adopted in 2019/20, which will provide clarity, certainty and a stronger position for the council. Given the pressures for development, the council's ambitions and the inter-linking with Medway 2035 it will be vitally important that the Local Plan timetable is met. Linked to the issue of the Local Plan is the challenge of enhancing local infrastructure, not least the transport infrastructure and connectivity – particularly the local links. Medway as a place is now well connected with the UK and the continent. Challenges remain, however, regarding movement within the area, whether that be in relation to traffic congestion (the risk that this might get worse was cited by people we spoke to as a potential barrier to residents getting behind the growth agenda), public transport or something on a smaller scale such as signposting within the town centres to assist visitors.

The skills agenda represents a crucial element of 'growth for all'. Creating the Skills Board to shape and steer thinking on this agenda promises to be a very positive step. There are good initiatives already in place, including the apprenticeships scheme and the 'Employ Medway' initiative, with the latter contributing significantly to a 43 per cent reduction locally in claims for Job Seekers Allowance in the last four years. With schemes such as this, increasing levels of educational attainment, the vocational skills offer from two colleges and the existence of four universities (there is a 12,000 strong student population in Medway), the business support initiatives in place and the continuing growth in employment opportunities, there is real potential around this whole agenda. This now needs to be seized and driven forward through the Skills Board, including ensuring good links exist between schools, the council, further and higher education establishments and employers in order to provide for both routes into employment and a suitably skilled workforce. A key aspect of this is the council being able constructively to influence schools' thinking and approaches as direct control is moved away from.

4.7 The Medway Place Brand

The council has shown leadership in promoting Medway and brought partners together to help shape thinking about the approach to branding the place. The decision that has been taken to commission a comprehensive piece of work on branding is timely and very positive. This work is due to be completed over a five month period to the end of February 2018, involving consultation with a wide range of stakeholders, with the aim of launching a new brand at the end of March.

A Medway place brand is needed to aid the fulfilment of the ambitions around 'Medway 2035' and 'growth for all'. There are a range of messages that need to be conveyed to a variety of audiences – inward investment, tourism, people considering where to go and study, families and individuals looking to relocate, existing residents – with each requiring an appropriately tailored approach. Thus the branding work must be more comprehensive than just a new logo and strapline. Central to it needs to be an over-arching and authentic narrative about Medway as a place which is informed by and builds upon the key messages which are already being clearly and consistently outlined through a range of materials, such as the 'Medway 2035' document, 'Putting Medway on the Map' and the 'Medway' publication aimed at people interested in what the place has to offer.

A place brand has to be underpinned by a comprehensive engagement and communications strategy. A crucial aspect of this, given the 'growth for all' intent and one of the inherent dangers of regeneration – that of leaving existing residents feeling alienated and 'done to' – is engaging local people, recognising the importance of ensuring they have a say and a stake in the future. Essentially the branding work needs to harness the civic pride that already exists and build upon it. A key aspect of this is recognising and reflecting that Medway comprises a number of individual communities and that there is a strong sense of belonging around each of them.

Another important element in the work around branding involves building on what we have already outlined regarding people across the council and amongst partners championing Medway's cause and the huge amount of goodwill that exists. This entails rallying advocates, be that business, other partners, communities, elected members or council staff and, through them, reaching the types of existing and new audiences outlined above. The opportunity is very much there to create a compelling story for Medway that people can get behind.

The work being done over the next couple of months around brand development is merely a start. Sustained effort and further investment will be required if the complex task of conveying to a range of audiences a variety of messages about what Medway has to offer is to succeed and aid the fulfilment of the ambitions the council and partners have for the place.

4.8 The organisation – taking the opportunity to move to the next level

The council is seeing the advantages of drawing in learning from elsewhere and finding more ways of challenging itself. One example is the injection of new ideas and

approaches through external recruitment, as reflected in the improvements delivered in social care. Another example is the visits and exchanges that the council undertook with other local authorities to inform the thinking regarding the setting up of Medway Development Company Limited.

Taking the opportunity to extend such learning further, to look at leading-edge practice in local government and to seize the opportunity to move the council to the next level as an organisation, in terms of the way it functions, would deliver real benefits both to local people and those working for the authority. This entails building on the many positives that exist about the council which we have outlined in this report. It is not a case of needing to fix things that are broken - it is about fulfilling the further potential that exists.

The area of customer experience, customer service and responsiveness is a case in point. Whilst the authority has indicated a desire to be 'digital', there is a lot of opportunity that the council has yet to capitalise upon. We highlighted earlier that 92 per cent of residents use the Internet and two-thirds of local households want to conduct their business with the council on-line. Everybody stands to benefit from translating the potential of this situation into new ways of working. Similarly, utilising customer insight data and information to help the organisation more fully understand local need and tailor provision and approaches – as has been seen with the '3 Conversations Model' pilot – would also deliver benefits all round.

A further example here is the need to re-think the approach to how the organisation approaches elected member casework. There is clearly significant frustration on the part of councillors regarding the 'hit and miss' experiences they have regarding casework matters which they raise with officers. Based on our discussions, there would appear to be two inter-related issues here. One is the variability across functions and services about the timeliness and willingness to respond. The second is the lack of clarity regarding the processes and procedures around the raising of, and responding to, casework matters. Re-thinking and clarifying how things need to work would alleviate a significant amount of misunderstanding and frustration.

Linked to the issue of customer service is the one of performance management. Whilst the council regularly reports on performance, including to Cabinet and Overview and Scrutiny Committees, there would seem to be scope to develop a sharper focus. As an example, the most recent performance monitoring report presented to Cabinet was around fifty pages in length. Whilst the focus of performance reporting has been narrowed to forty key measures, deemed to be those with the greatest impact on the delivery of the council's priorities and ambitions, we found it very difficult to identify easily from the document what aspects really require the attention of elected members and the wider organisation. The report has a narrative style which feels more like an update on activities than something to shape decision-making on corrective actions for example. This style of report has value but we think a more focused pure organisational performance report would provide added benefit.

There is also the potential to develop greater use of comparative data in performance management. At present, performance is measured against the council's own performance the previous year and the target it has set for the current year. There is little outlined in the report regarding how the council is comparing to others. As an example,

reporting on delayed transfers of care shows performance to be on track against target and states “Medway’s strong performance continued” but there is nothing to enable the reader to understand how things stand comparatively. Addressing this would provide clearer focus for the organisation and inform understanding and thinking about where the council needs to focus improvement effort and who it can learn from.

The council has a well-established approach to budget-setting, central to which is the ‘Star Chamber’ process we highlighted earlier. This process is seen as robust and thorough and has stood the council in good stead as it has addressed the financial challenge over the years. However, we understand that the council regularly has to put management control actions in place part-way through the financial year to cope with overspends attributed to pressures emerging just a few weeks or months after the budget has been set. This comes in the form, for example, of a freeze on training and development expenditure. We would encourage the council to look at why this situation around ‘emerging pressures’ occurs and modify the approach in order to avoid these mid-year management control actions. There is also a sense that the current approach focuses thinking on the financial year immediately ahead and that there would be benefit in altering the way the council does things in order better to aid longer-term financial planning, potentially including more fundamental organisational re-design.

Moving the council to the next level would also involve reducing levels, and questioning the added value, of bureaucracy within the organisation. One example of the sort of bureaucracy highlighted to us as being unnecessary is the need for Cabinet to be asked to approve any recruitment being considered in a context of an on-going vacancy freeze. Given the high levels of trust that exist within the council, there would seem to be scope to provide greater autonomy to managers and staff and, in so doing, increase organisational efficiency and sense of value. Managers have significant responsibilities around service delivery and budget management, amongst other aspects, and are trusted to get on with things. Increasing their room for manoeuvre within the overall limitations placed upon them would be beneficial.

Finally, shifting the balance of the council’s approach generally to being more ‘strategy-led’ would also aid the authority in taking the next step up. A theme that runs through much of our report is one of the council being strong in its project-based work – whether that be in relation to regeneration activity, economic growth approaches, commercial initiatives, transformation approaches or any of the other wide range of projects that the authority is involved in. What seems less prevalent is these projects being delivered as part of wider over-arching strategies. We have highlighted, for example, the need to clarify what is meant by ‘commercial’ and develop a commercial strategy. The same issue applies to transformation – with the council currently reviewing the programme and us encouraging the adoption of a longer-term horizon for it.

Making the shift from ‘project-led’ to ‘strategy-led’ and delivering the types of changes we have outlined in this report would reflect a council having moved to the next level, in a way that would appropriately reflect the remarkable change that has been brought about over the last thirty years in the place that it serves.

5. Next steps

Immediate next steps

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions in order 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. Kate Herbert, Principal Adviser, is the main contact between the council and the Local Government Association (LGA).

We are keen to continue the relationship we have formed with the council through the course of the peer challenge.

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 that has been 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 but normally takes place around one year after the original peer challenge.

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 by 2022.

Annex – Contents of the feedback presentation delivered to the council on Thursday 23rd November 2017

A council that demonstrates ...

- The council is ambitious and is passionate about supporting its communities
- The council enjoys a high level of respect amongst partners
- There is a strong commitment to, and many successes achieved through, partnership working – with a real impact on place
- Good governance:
 - Positive relationships
 - Clear understanding of respective roles and responsibilities
 - Democratic processes that are clear, well understood and respected
 - Strong and stable leadership
- A strong sense of belonging amongst staff and they feel valued:
 - A supportive employer
 - Investment in staff and their development
 - Cross-council and cross-team working – great people
 - Staff feel trusted
 - Non-hierarchical and with good internal communications to staff
 - A very positive and resilient organisation
- A willingness to embrace commercial opportunity
- An appetite corporately for appropriately managed risk-taking
- Successful delivery to date against the financial challenge
- A determination to retain discretionary aspects of its offer because of their importance locally

Examples of really good activity

- Adult social care improvement programme
- Partnership Commissioning Team
- ‘Home First’
- Preventing delayed transfers of care
- Accessing external funding
- Medway One Public Estate Board
- A range of initiatives bringing partners and business together to aid place-making and promoting Medway
- Innovation Centre Medway and Innovation Park Medway
- Apprenticeships Scheme
- Employ Medway – 1,900 long-term unemployed into work
- Medway Leadership Programme – cross partnership

Organisational challenges

- Financial challenge – projected gap of £17.7m by 2021/22, of which £4.1m is in 2018/19
- Reassuring yourselves that an adequate level of reserves is being maintained
- There is absolute confidence throughout the council that the budget challenge for 2018/19 will be met
- The need to address certain areas of service delivery and performance:
- Continuing the improvements that have been delivered in social care
- Housing Benefits performance – negative impact on residents and reputation
- Customer satisfaction – 62% against a target of 65%
- Value for money services in the eyes of residents – 60% versus a target of 64%
- Addressing certain organisational issues – IT capability, Med Pay and general housekeeping
- Is it a 'lean' organisation? – a matter of options and choices

Transformation programme

- The £4.1m financial gap next year is predicated upon £5m transformation savings being delivered
- The council has shown its commitment – £6m investment
- Some good examples of transformation have been delivered
- A new start has been made but needs to be built upon:
- Clarifying the objective/s and extent of the ambitions
- A review of the programme has been commissioned
- Investment is being made in programme management capacity
- The need to reassure yourselves that the £5m savings for 2018/19 are on track and will come from true transformation activity
- Ensuring the transformation programme looks several years ahead and doesn't become focused just on 2018/19
- Capitalising upon the expertise that exists – a corporate resource
- Demonstrating the same 'zeal' and passion as the place agenda

Commercialisation

- The council is demonstrating its commercial ambitions – shared services, three commercial vehicles, property investment
- The council is keen to extend its ambitions
- First, however, we see a need to define what is meant by 'commercial' and for a commercial strategy to then be developed
- Commercialising services does not automatically require them to be put into a commercial vehicle – how commercial are other traded services?
- Many aspects of the commercial initiatives put in place so far are sound but there are some aspects of governance that it would be good to re-visit
- There is a need to ensure value for money is fully considered and evidenced when embarking on the transfer of services into commercial vehicles
- There is real clarity on the way in which the council utilises its land and property assets to gain greatest benefit

- When it comes to property acquisition, though, there is a need to ensure a balanced portfolio and have external validation and to take the opportunity to consider local strategic land assembly

Ambition for place

- There is massive ambition for Medway, based on a deep understanding of place amongst the council and partners
- Medway 2035 and the Council Plan reflect that ambition and understanding
- The transformation that has taken place here is truly remarkable – positioning Medway as one of the most promising growth areas in the UK
- There is huge pride in the place – people across the council and amongst partners are heavily invested in Medway and champion it
- There is a huge amount of goodwill amongst partners and they are keen for the council to capitalise upon this
- The council listens directly to local opinion on key issues and attaches major importance to elected members representing their communities
- At the regional level, the council is seen to take a pragmatic approach that stands Medway and the region in good stead – the council will need to remain fleet of foot in order to capitalise on future opportunities and a changing funding landscape

‘Growth for All’

- The council and partners are very aware of the underlying social and economic challenges that exist in Medway
- Delivering ‘growth for all’ represents the key challenge for the council and partners - requiring clear focus and sustained effort
- There is a clear focus on the ‘key determinants of health’ as partners seek to deliver on this challenge
- Public Health is very positively situated at the heart of the thinking and activity
- Several key aspects have been highlighted:
 - The ‘majority relative to the minority’ and geographical pockets
 - The skills agenda – building on the good initiatives and real potential by seizing it and driving it forward, including the schools access issue and creating the Skills Board
 - Establishing the Local Plan
 - Transport infrastructure and connectivity

The Medway Place Brand

- The council has shown leadership in promoting Medway and brought partners together to help shape thinking about the approach to branding
- The decision to commission a comprehensive piece of work on branding is timely and very positive
- A Medway place brand is needed but must be more comprehensive than just a new logo and strapline
- Central to this needs to be an over-arching and authentic narrative about Medway as a place

- A place brand has to be underpinned by a comprehensive engagement and communications strategy – engaging residents, rallying advocates (business, partners, communities, elected members, staff) and reaching new audiences (investors)
- A central tenet must be harnessing civic pride and building upon it – recognising the importance of ensuring local people have a say and a stake in the future
- Sustained effort and further investment will be required

The organisation – taking the opportunity to move to the next level

- The council is seeing the advantages of drawing in learning from elsewhere and finding ways of challenging itself
- Taking the opportunity to extend this further would deliver real benefits – building on the positives we have identified:
- Budget-setting – aiding longer-term planning, enabling more fundamental organisational re-design and tackling the need for avoidable mid-year management control actions
- Customer experience, customer service and responsiveness – really becoming digital, the approach to elected member casework and customer insight
- Performance management – developing greater use of comparative data and insight on customer service
- Reducing levels of bureaucracy and question the added value – capitalising on the high levels of trust that exist in order to provide greater autonomy and increase efficiency
- Shifting the balance of the council’s approach generally to being more ‘strategy-led’