

Corporate Peer Challenge **Shropshire Council**

23rd – 26th April 2018

Feedback Report

1. Executive Summary

Since becoming a unitary authority in 2009, Shropshire Council has faced significant challenges including political upheaval -three Leaders in the last four years and financial pressures which have seen £198 million taken out of the budget since 2009/10. This included a wage cut of 5% imposed on staff in 2012. Shropshire is an extremely rural county with a disproportionately high number of elderly people impacting on adult social care services. Wages are relatively low which means well qualified young people generally leave the county to live and work elsewhere. Despite the financial and other challenges, the Council has maintained high quality core services at relatively low cost and delivered a number of significant projects. It now has the opportunity with a relatively new administration to leave the legacy of the past behind and move forward, building on its strengths and successes.

One of these strengths is the strong sense of identity and commitment to Shropshire both within the organisation from staff and Members and from partners and the business community. This commitment is an important asset that can be further leveraged to help the Council achieve its ambitions. Partners are ready and willing to develop deeper working relationships with the Council. Staff are also committed to Shropshire and the Council. They are positive about the transformation plans and new ways of working, although with some anxiety about the impact on jobs. We would encourage the Council to celebrate success more: small but frequent acts of appreciation will result in staff feeling even more proud to work for the Council and help create confidence in the organisation's ability to deliver future plans.

The Council's leadership are ambitious for Shropshire. The Leader is keen to drive economic development to provide well paid jobs in the county so that more young people choose to live and work there. To that end, the Council has been instrumental in establishing a university campus in Shrewsbury in partnership with the University of Chester. Its curriculum is geared towards preparing students for future employability in sectors like bio-science, health and exercise and digital health as a growing sector that could cater to the large elderly population. It is hoped that at some point the University will gain independent status as the University of Shropshire. The Council is also keen to develop businesses and industry along the M54 corridor recognizing the opportunities associated with the nearby JLR development and the good connectivity to the West Midlands. The Council is also lobbying government Ministers for the £60 million needed to complete the ring road around Shrewsbury to enable growth within the town and better connect it to other road systems.

The Council's partners can see that it is an ambitious organisation. Neighbouring local authorities acknowledge the progress the Council has made recently. They now feel that Shropshire is a council they can work with. This has not always been the case because of the political instability over the last five years. They also recognise the boldness of decisions like the purchase of shopping centres, but some have concerns about whether the Council can follow through with delivering its promised outcomes. Partners would like to be clearer about the Council's vision.

The West Midlands Combined Authority views the Council as one of the most proactive of its non-constituent member authorities and understands that it wants to exploit its strategic location close to the West Midlands. The Local Enterprise Partnership (LEP) is also positive about the Council's recent involvement and the way it is developing a pipeline of delivery to ensure that design and development is sufficiently advanced and ready to be implemented when funding comes on stream, recognizing that Shropshire is catching up with others. The Chief Executive has been praised by partners for leading the One Public Estate programme, which extends beyond the Council's area.

The Council is delivering good core services at low cost. The proportion of Shropshire's household waste sent to landfill is less than 5% and Shropshire is currently 38th in the recycling league table out of 350 English local authorities. The Council has also delivered and is running some significant projects including the Shrewsbury Museum and Art Gallery, Theatre Severn and the Old Market Hall Cinema. It received a "Good" Ofsted rating for children in need of help and protection, looked after children and care leavers in the autumn of 2017. The Council is only one of three in the West Midlands with this rating. It will be important for Cabinet Members to maintain appropriate interest in both adult social care and children's services, given the projected demographics. The Council is creating good opportunities for working with health. The relationships with the CCG and Trust are working well and there are low levels of delays to transfers of care. However, this work happens outside the STP.

The Council now needs to seize the opportunities of being a relatively new administration to move on to the next chapter in its development and let go of the legacies of the past. Acknowledging recent, challenging history is important, but not to the detriment of looking and moving forward. It is now time for the Council to be much clearer about its vision for Shropshire as a place and an organization and to articulate what it stands for. This has to be communicated more clearly to both staff and partners, residents and other stakeholders. This vision should then be translated into priorities, resource allocation and specific outcomes. This sharper focus would enable the Council to develop its Corporate Plan with smarter targets and enable staff and partners to see more clearly how different work streams contribute to the overall vision. Prioritisation and focus is difficult but important if the Council is to be able to deliver its ambitions.

There are significant challenges around capacity. The Council has agreed a major transformation agenda including digital transformation and the redevelopment of its Shirehall headquarters. At the same time it is embarking on service innovation and commercialisation to deliver savings. Staff are enthusiastic about the prospect of new ways of working but already feel under pressure balancing the requirements of the current ways of working with the demands associated with implementing new ways of working. The pay reduction and cap have contributed to recruitment and retention difficulties which have, in turn, led to high levels of overtime and sickness absence. Agency spend is rising. It is essential that the Council considers how it can free up and create capacity within the organisation. An important part of this will be unlocking the contributions from others. Partners, particularly those in the business sector, have expertise and resources that the Council can harness and can add capacity to some priorities. They have said that they are keen to be involved. Staff exposed to cross directorate working have seen areas of duplication that could be eradicated to release capacity.

Shropshire is seen as a pragmatic Council, one that is good at responding to and fixing problems. It now needs to go beyond that and to think more strategically about underlying causes and trends for example by making better use of resident and staff surveys and learning from councillor enquiries. This will help to avoid senior members and officers having to get involved in individual pieces of casework. This shift from an operational focus to one that is more strategic has already started and needs to continue. In general, there needs to be better planning, more consistency and more accountability. The Council has a number of key strategies which need to be completed and communicated. They include the Investment and Housing strategies as well as the Adults Services Strategy. The Housing Strategy is currently a draft and it needs to be linked in to other strategies such as for Economic Growth.

There is still work to do to secure financial sustainability within the Council. The scale of the challenge is not new and is comparable to other authorities. Over the next five years the Council aims to deliver gross savings of £106 million. The strategy to deliver that saving relies on transformation, including digitisation, innovation and commercial income. These are legitimate routes to achieve financial stability but they can be higher risk and take time to deliver. Some of these elements are at higher risk of non-delivery and there needs to be more detailed implementation plans to provide assurance that the proposals are achievable particularly in the short term i.e. 2018/19 and 2019/20. The Council also needs to decide what its priorities for capital investment are and what outcomes it wants to achieve. Completion of the Investment Strategy will be key to this.

2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform the development of an action plan, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the Council:

- 1. Ensure you have a clear and well communicated vision which is underpinned by evidence and owned by the Cabinet and SMT.** Staff and partners don't have a clear sense of the Council's vision for Shropshire or the organisation. A series of Leaders in recent years has resulted in changes to the strategic direction. Senior Leaders need to work through and own the vision and communicate it better to all stakeholders. Once the organisational vision is confirmed aim to strengthen internal communications to reinforce cohesive behaviour
- 2. Given the level of risk within the financial strategy, develop detailed implementation plans to provide assurance that savings will be achieved.** The Council is relying on Transformation including digitisation and commercial income as well as service savings to underpin its budget strategy. £12 million of these savings are high risk items and there is a lack of detailed implementation plans setting out how the savings will be achieved.
- 3. Strengthen the investment in the joint Cabinet/SMT Team to help deliver better outcomes and model the desired culture. Adopt a whole Council**

approach. The current arrangements for joint meetings are not working well with scheduled joint meetings often not taking place. Cabinet members and Directors need to meet regularly and work together better across service issues to create greater synergy and avoid the tendency to work in silos.

4. **Be clearer about your specific priorities and outcomes, communicate them and focus resources accordingly.** There is a lot going on at Shropshire Council with a whole range of transformation projects, new strategies and new ways of working and delivering services. Once specific priorities and outcomes are clearer, resources can be focused on delivering them.
5. **Define and develop the Council's reputation and brand. Plan cohesively all communications and marketing.** The Council has delivered some really good projects for the people of Shropshire, but poor branding means it doesn't always get the credit it deserves, nor is it clear to the public who to hold to account. The Council needs to decide what it wants to be known for and what values it wants to reflect to the outside world.
6. **Prioritise completion of key strategies and communicate them. Clarify accountability for delivery and measure impact.** There are a number of new strategies being developed including those covering investment and housing. Getting them completed and agreed will provide clarity and help progress some key issues for the Council.
7. **Determine the Council's future role with Health and the STP.** Due to lack of commitment from health partners to the STP there is an opportunity for the Council together with Telford and Wrekin Council to play a greater leadership role. However, this would require considerable commitment. The Council needs to decide where the STP ranks in its priorities, as a leadership role would require significant energy.
8. **Develop a package of training and development opportunities for Cabinet Members.** As the majority of the Cabinet are relatively new councillors/portfolio holders there is a good opportunity now to provide them with some additional training and development to support their clear potential. This might include opportunities to view approaches adopted elsewhere.
9. **Continue to build relationships with businesses and other partners/stakeholders to add capacity to deliver the ambitions for Shropshire.** There has been a reluctance to harness assistance from business and other partners which could add considerable capacity and expertise to the Council. These partners are keen to get involved with the Council and offer their skills.
10. **Strengthen staff engagement and recognition to support the culture required to deliver transformation.** There need to be more ways for staff to engage with the organisation and with colleagues in other areas of the Council. This will be key for the success of the transformation programme. Staff need to feel valued and listened to by the organisation
11. **Celebrate success!** The Council has gone through some very difficult times in recent years and is still facing financial challenges. Taking opportunities to celebrate its successes more will build confidence in the organisation and give staff a greater "feel good" factor. It will also help the Council to leave behind some of the legacy issues and allow the organisation to move on.

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 Shropshire were:

- Richard Carr (Lead Peer) – Chief Executive, Central Bedfordshire Council
- Cllr Alan Jarrett (Member Peer) – Leader, Medway Council
- Jo Walker – Director for Finance and Enabling Services, Gloucestershire County Council
- Alison Hughes - Assistant Director, Strategic ICT Partnership, Wigan Metropolitan Borough Council & Bolton Metropolitan Borough Council
- Angela Redman - Commercial Business and Marketing Manager, West Sussex County Council
- Paula Hewitt - Lead Director for Economic and Community Infrastructure and Director of Commissioning, Somerset County Council
- Gill Elliott – LGA - Peer Challenge Manager
- James Millington – LGA Adviser – Shadow Peer

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges cover. 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?

As part of the five core components, you asked the peer team to consider/review/provide feedback on:

- The Council's plan for taking out costs by transformation, in particular digital transformation which is expected to deliver £10m of savings.
- Growth and whether the Council's proposals for economic growth are robust
- The Council's Commercial Activity Plan
- How well the Council is working with its NHS and other partners for example in delivering the Sustainability and Transformation Plan (STP)

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 4 days onsite at Shropshire, during which they:

- Spoke to more than 125 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 50 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 350 hours to determine their findings – the equivalent of one person spending more than 10 weeks in Shropshire.

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 (23rd to 26th April 2018). 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: Does the council understand its local context and has it established a clear set of priorities?

The Council has a good understanding of its communities and their needs. Shropshire is the second largest inland county in England and one of the most rural. It has a high proportion of elderly people – nearly 25% are aged over 65 and younger age groups are reducing. There is high employment but wages are low which reflects the large number of business in the agricultural, care and hospitality sectors. Members are in touch with the towns, villages and communities they represent and they are a good source of intelligence about community needs. There is a good evidence base which informs the activities of the Council. The Joint Strategic Needs Assessment (JSNA) which provides in depth demographic, health and other data is in need of review and once updated should be used by all partners to develop their plans and services. However, the existing JSNA has influenced work on social prescribing, tele-care, children's mental health (self-harm) and work with schools.

The Council does not appear to have a clear narrative about the vision for either the County or the organisation. It has had three Leaders in the past four years each with a different vision and changing priorities. In 2012 emphasis was given to being more strategic, engaging nationally and delivering high quality services for vulnerable people in Children and Adult Services. Following the local elections in May 2017 a new administration and new Leader were established. Since then the refocused priorities are economic growth, commercial activity in part as a way of meeting the funding gap, and improving the culture of the Council. However neither the staff nor external partners that the peer team spoke to understood what the Council's overarching vision is. A clearer vision and sharper priorities would enable greater internal and external engagement and help focus resources more effectively. It would also provide a better platform for unlocking the contributions of other stakeholders and build a greater sense of commitment to delivery of priorities. Flowing from that vision needs to be settlement on the specific deliverables that are important to the Council.

In common with many councils Shropshire is facing significant financial pressures, having already saved £198 million since 2009/10 and with a financial challenge of £106 million over the next 5 years (2018/19 to 2022/23). The strategy for addressing that funding gap includes:

- Raising council tax
- Delivering £21.4 million by 2022/23 through innovation, primarily through digital transformation and rationalising administrative buildings.
- Making £17.3 million by raising income, primarily through commercial activity via asset investment.
- More innovation and prevention in Children and Adults Services to reduce the growing costs of these services.
- Proposed cuts to services, which are necessary to balance the budget.
- Consolidation of the Council's estate through the One Public Estate Programme

The council has positively moved from shorter term to longer term more strategic financial planning. The focus has also shifted to include more innovation and commercially driven income in addition to more traditional service efficiencies and cuts. Savings from innovation e.g. digital transformation and commercial income such as asset purchase can be higher risk and also take multiple years to deliver. It is therefore important that the council gain assurance from having more detailed benefit realisation plans, which clearly outline cashable versus non cashable savings over the 5 year timeframe. It was also noted that the 2018/19 budget is balanced using a £6 million drawdown from reserves, which is not a sustainable way to balance the budget.

The Council has put in place a process to consider the relative merits of new ideas, their potential outcomes and the resources needed to deliver them. This “Hopper approach” process is strongest in the areas of economic growth and investment but is not routinely used across the rest of the Council. There is now an opportunity to roll out the approach to all projects and at the same time to strengthen senior management and member involvement in it, particularly around feeding back the results of these assessments. Cabinet members want to be involved in the process of agreeing priorities earlier and this would be a good vehicle to engage managers and Members together. Because money is tight, it is important to have a clear and disciplined process for agreeing priorities and deliverables.

There are opportunities to strengthen engagement with Town and Parish Councils. Town councils in particular play an important role in the county, increasing capacity by delivering some services on behalf of the Council such as libraries, sports and leisure and open spaces. Town councils have expressed the view that a Market Town Strategy would bring together action on issues such as transport, broadband/mobile access, revenue raising etc. Town and Parish councillors reported that because the existing local joint committees are variable across the County they are largely reliant on individual Shropshire councillors to pass on information and receive feedback. Some kind of forum where town and parish councillors can meet with representatives of the Council to exchange information and ideas might overcome this issue.

4.2 Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?

Many partners including the LEP, the Combined Authority, the Business Board, the police, health and the voluntary sector describe their relationship with the Council as being good and open. Partners said that they would like to be involved with the council in a more structured way. They want to be involved earlier so they can collaborate with the Council to jointly shape and own priorities and solutions. One suggestion was that the Council could work with the further education colleges in Shropshire and employers to support training of 18-24 year olds and to promote the retention of students who leave the county for higher education. Working more with partners in this way would help the Council to be less reactive to events and problems and to move to being more strategic. Business partners in particular have the resources to assist the Council in areas such as information provision and research such as commercial property market information.

The increased focus by the Council on economic development and infrastructure is welcomed by business partners. They recognise that the Council is ambitious and wants to achieve at pace, but that it is at a start of a journey. Staff also see an increasing “can-do” attitude to enabling economic development and working with businesses. The Local Plan has been reviewed to align with the Economic Growth Strategy and the Council has led on the establishment of a Business Board for Shropshire. Partners now want greater clarity about what the Council’s priorities are and where the focus is. For example, is the priority the development of the M54 corridor or helping small and medium enterprises? (SMEs) Is the focus to generate income through business rates for the Council, or to rebalance the local economy, which is currently low wage? The answers to these types of questions have significant implications for the specific type of economic activity the Council might focus on. Many projects have a long lead-in time and because of this the Council needs to identify a “pipeline” of projects coming through. They will then be better placed to bid for funding and be ready when funding is secured.

There are many examples of good leadership and partnership working to address key issues. These include cross-boundary programmes such as One Public Estate (OPE) to fully maximise the benefits of place-based community and public assets. Partners recognise and give credit to the Chief Executive for his leadership role in the OPE which is seen as one of the best in the Midlands and North-West. The Council has also worked with public sector partners to develop the brief for the re-design of the Ironbridge power station site. Members and officers are now starting to advocate at a national level and making Shropshire’s case at the County Council Network and with MPs and Secretaries of State. The Council is viewed as pragmatic, flexible and open and able to “fix things”. Whilst these are good attributes, it is now time to start tackling the causes of problems and having a more strategic focus on issues, rather than risk having to ‘fire-fight’.

There are some really positive success stories at Shropshire. These include the Good Ofsted rating, Theatre Severn, the Market Place Cinema, Purple Flag (night time economy), Sanctuary and the Two Carers in a Car scheme. But the fact that the Council is involved in these is not visible to residents as they are all independently marketed and branded. These are all projects that should be appropriately branded to reflect the Council’s ownership and then celebrated as successes. This will help to build a shared narrative with a sense of who the Council is, and what it stands for, and provide a real sense of purpose to staff and partners. At the same time it allows the public to know more about the Council’s work and be able to hold the Council to account.

The Council needs to decide on the future role it plays with Health and in the Strategic Transformation Partnership (STP). This is within the context of a financially challenged system, with increasing demand for services, which needs to transform to become sustainable. Some health partners are not fully committed to the STP and this provides the Council with an opportunity, along with Telford and Wrekin Council, to play more of a leadership role themselves. This needs further assessment and is likely to require a significant commitment of time and energy. However the council positions itself with

regard to health partners, the Health and Social Care agenda will continue to be critical to Place leadership and the Council needs to think about how it leverages influence in this arena. This may be via bi-lateral working with the clinical commissioning group (CCG)

4.3 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?

The Leader is ambitious for Shropshire and the Council. He has already developed good contacts with local communities and is interested in the place shaping agenda. Since becoming Leader he has steered the Council very much in the direction of economic development and commercialisation in order to meet the funding gap. The Economic Development Strategy aims to establish well-paid jobs that will attract and keep younger people in Shropshire. The driver for commercialisation is the Council's financial position. Commercial projects aiming to drive up income are estimated to realise £17.3 million over the coming years. These include the purchase of shopping centres Shrewsbury town centre and the re-development of Shirehall which it is anticipated will release property which could be let to commercial tenants. The Leader is also focusing on changing the culture of the organisation. He wants to move the culture from being like that of a traditional county council to an authority that is "efficient but not officious". The major digitisation project that is underway in the Council involves many new ways of working for staff. However, articulating what the customer experience will be as a result of that work and clarifying how the culture of the organization needs to changes needs to be developed concurrently.

The Chief Executive has provided considerable stability to the organisation throughout the significant financial challenges it has faced and the changes in political leadership. He is well respected by staff and externally by his peers, partners and other stakeholders. The Council has shown its resilience and stability and this should not be under estimated. It has kept the show on the road, maintaining core business and delivered high quality services.

Many of the Cabinet Members are new and some are relatively new to being councillors. At the moment they are very much a collection of individuals with a mixture of styles. They clearly have good potential and would benefit from some further training and development. The LGA can offer a range of development options for Members including personal development planning, training workshops and peer mentoring. Members should also take the opportunity to learn from others by attending regional and national conferences.

There needs to be some greater investment in the joint Cabinet/SMT Team. There was little real sense of a collective between Cabinet and Directors or appreciation of each other's strengths. Directors seem largely focused on their own service areas. There is also an issue about the frequency and style of meetings with Cabinet and Directors. The Cabinet and Senior Management Team – as the Council's leadership team - needs to create space to work together to plan strategically and problem solve on key issues. We would encourage you to create a Team Shropshire with constructive challenge and

respect for contributions from everyone. The team should be confident about investing time and energy in team development, maybe involving external facilitators and away-days. This is not a luxury; it is what we would expect to see in all effective councils. It is an essential part of good organisational leadership – especially where the Cabinet is a relatively new one. It is an opportunity to model the organisational values and behaviours and culture that the Council wants to permeate throughout the organisation. This will help to horizon scan, deliver better outcomes as well as demonstrate a joined-up approach within the organisation.

It would appear that the Council sometimes struggles to take difficult decisions. For example, it has reversed a decision on cutting grants to voluntary sector organisations and appears to have changed its mind more than once on plans to reduce the number of community enabler posts. Members would benefit from investing more time in developing their understanding of issues but Member briefings are generally poorly attended. There may be some value in agreed communications which would help manage messages and responses to question and challenge. Members say that they want to be involved earlier in developing financial and other strategies. Peers found little evidence of joint ownership of the savings plan. To assist Members in making politically difficult choices, data and options presented to them needs to be more robust with more detail, for example on the digital transformation. Cabinet want to be presented with a wider range of options when they are making difficult decisions.

There have been improvements made to Overview and Scrutiny since 2017 when the broad consensus was that it was not fit for purpose. A peer challenge of Overview and Scrutiny in May that year reached the same conclusion. However, views about the extent of the improvements since the Peer Challenge are mixed. The peer team in 2017 made a number of recommendations including:

- A comprehensive training programme around scrutiny for members and officers
- A dedicated overview and scrutiny officer resource
- New structures, processes and protocols to deliver improvements.

It was further recommended that these changes needed to be carefully planned and implemented at pace. The Council has clearly taken the recommendations seriously. Most have been implemented with the exception of changing the structure to a single committee. Committees have moved to a focus on pre-decision (overview) and a strategic work programme was put in place in the Autumn of 2017 which links to the Councils medium term outcomes and objectives which form part of the Corporate Plan. The peer team heard from opposition members that there is no effective forward planning and that too much emphasis is given to issues in Shrewsbury compared to rural areas. Task and Finish groups were also criticised for not reaching a conclusion on work undertaken. There was also criticism of the “Call In” policy with scrutiny chairs being seen as not wanting to upset the Cabinet. Voluntary sector partners praised the task and finish function for its holistic investigation into transport issues in rural areas.

There were many conversations about the senior management structure. It would not be appropriate for the team to recommend a structure, but we appreciate there is an opportunity to rethink this, given a recent departure. The team reminded the Council that it is for Head of Paid Services to advise on the structure. Changes to the structure

cannot be considered in isolation, but must reflect what the organisation needs to deliver. i.e. “form must follow function”. Once the narrative and priorities for Shropshire are clearer, then this will help inform the thinking about an appropriate structure. The team cautioned against rushing to a new model whilst this work is still not in place.

4.4 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?

The Council accepts that like other councils it must solve its financial challenges. It supports the National LGA campaigns around Fair Funding and “proper funding for social care”. Its’ 151 officer is a member of the LGA’s Needs and Redistribution Technical Group and it accepts that its financial challenges are not incomparable to other Councils. However, it points out that its’ spend per head is in the lowest quintile of all unitary and metropolitan councils. If the Council is to achieve its ambition to be self-sufficient, it must look to make decisions quickly in order to get its finances in order. This will include making further cuts to services irrespective of its ambitious plans to raise income.

The Council has a history of managing spend within budget, being underspent in both 2015/16 and 2016/17, with a positive forecast out-turn position for 2017/18. Within this net position there have been service over spends largely driven by demand pressures in social care, which need to remain key areas of focus to ensure a sustainable budget position is maintained. In comparison with other unitary authorities, Shropshire comes within the top quartile for the level of general balances and is around the median on non-ringfenced reserves as a proportion of net revenue expenditure. This is positive given the amount of transformation the council is undergoing and should be monitored closely given the use of reserves to balance the budget. It also has a positive working relationship with the external auditors Grant Thornton as well as internal audit. Its accounts have been passed unqualified and it has received the appropriate Value for Money judgement from external audit. There has now been a shift in financial planning from shorter-term to a strategic focus. The 5 year financial plan estimates the size of the challenge; with gross savings proposals totaling £42m already approved and now needing to be delivered, and a further £27m of recurrent, base budget savings needed by 2022/23, yet to be identified.

The scale of the financial challenge does not lend itself to short-term, quick fixes. Long term strategic financial planning is vital to ensure plans are robust and there is clarity between cashable and non-cashable savings and their timing, particularly within the higher risk transformation and commercial plans. Since 2012 there have been several changes of direction and approaches to balancing the budget. In the past the focus was on commissioning and outsourcing. The strategy is now focused more on growth, innovation and commercially-driven income. This is a legitimate strategy, but these elements can be high risk and take time to deliver. Over the next two years the Council aims to deliver savings of £34 million. £10 million of this is to be achieved through digital innovation and £4.7 million through generating income.

The digital programme is both ambitious and key to transformation. However some further work is required to clarify the benefits realisation in terms of timing and the

amount of cashable versus non cashable savings. The Commercial Strategy aims to see £300 million invested in projects to enable growth in jobs, housing, community hubs and infrastructure. The financial plan forecasts commercially driven revenue income of £15 million over the next 5 years. Whilst the first phase, to purchase three shopping centres in Shrewsbury, is complete and will generate income for the council, more work is required to provide assurance around the profile and sustainability of the full £4.7 million target over the next 2 years and the full £15 million over the next 5 years. The strategy also includes the redevelopment of Shirehall, which will allow rationalisation of other council buildings to generate capital receipts and the potential to rent office space to other tenants.

The peer team has examined the Council's plans to close the 2018/19 & 2019/20 budget gap of £34m. It has concluded that £12 million of this can be deemed high risk. The Council's plans for the next two years are also reliant on £6 million from reserves which is unsustainable. The savings identified are:

- £10m digital savings - £6m appears to be high risk
- £4.7m commercial income - £2m appears to be high risk
- £13.3m service savings - £4m appears to be high risk

The Council's financial planning demonstrates a lot of ambition and opportunity e.g. digitalisation, commercialisation and use of data in partnerships. However, given the risks, there needs to be more detailed implementation plans to provide assurance that the savings are achievable.

The Council needs to decide what its priorities are for capital investment and what outcomes it wants to achieve, including the balance between generating commercial income, economic regeneration, investment in health and social care etc. This clarity would help prioritise investment opportunities. The updating of the investment strategy needs to be completed as a matter of urgency. Some preliminary thinking has taken place but the Council really needs to "land" this strategy.

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

Staff are enthused and engaged with the Council's plans for transformation. They feel positive because they can see the Council being more proactive. However, there is a lack of common understanding about what being commercial actually means across the organisation. Some staff think it's about selling services, or cuts. For others it's about being more efficient and doing things differently. There have been some workshops on commercialisation for some managers but these need to be rolled out more quickly and into team briefings and staff encouraged to take up the "bite sized" training module that is available. With regard to digital transformation many staff welcome the prospect of being able to work remotely or from home. There is evidence that this is already part of the Council's culture, however currently the ability to work from home varies according to the team. The infrastructure is not always there for hot-desking and there is no corporate policy about facilities for working at home. Staff are concerned that the £10 million savings target for digitisation will mean job losses and they want more

information about what digitisation actually entails and how the Council will be helping them adjust to their changed roles. The Council's messaging on digital transformation needs to focus less on downsizing the workforce and more on the positive opportunities for upskilling leading to more rewarding roles.

The Digital programme is ambitious, challenging and has some pace. The Council should also be thinking about what customer experience they are trying to create and what success will look like. At the moment there is no clear strategy about how new work will be brought in to the programme. What will channel shift look like in the future? How will customers contact the organisation? How will the contact centre be constructed? The accommodation and IT infrastructure to support digital transformation has to be in place before it goes live. The organisation also needs to consider how staff can deliver business as usual as well as embracing transformation. Basic IT skills training for staff and members should be continued. Staff need to be aware of the technology that already exists such as video conferencing.

The Future Leaders and Managers Programme has clearly been valued by those taking part and it is already having an impact. Participants said that it had given them a really good perspective on the whole organisation. They welcomed the opportunities to work on issues across directorate boundaries and could see that a more open culture could start to breakdown the silo working within services that currently exist. Staff want more opportunities to learn about how other colleagues work, be that staff forums, quality circles, task and finish groups etc. Those participating in the Future Leaders Programme recognised that there was some duplication in the way things were done which if addressed across directorates could release capacity. As future leaders are developed there are also opportunities to delegate more operational decision-making further down the hierarchy, based on the investment in development, which should enable the senior team to be more strategic.

Staff want more and better communication from senior managers. Much of their information comes via email which some staff do not have access to. There is scope for more face to face team briefing. However, senior managers are visible and one good example mentioned was the Chief Executive coming out to tell Highways staff directly about service cuts. This has been much appreciated by staff as they now understand the reasons for the cuts and feel they can explain it to customers when challenged. Earlier engagement with the trade unions about changes to jobs as a result of transformation could also be strengthened. They are keen to be a positive partner in the change process if they are involved in transformation plans.

The Council has a number of issues affecting its capacity to deliver services. Recruitment and retention challenges are probably the most significant issue. We heard that planning applications are taking a long time to process because of a shortage of planners. It has difficulty recruiting for many different types of roles including casual cleaning and catering, HR, planning, ICT, social workers in adult social care and children's social care, and social care practitioners overall. The Council is spending increasing amounts on overtime and additional hours which is indicative of these recruitment pressures. There is also significant and growing additional spend on workforce because of agency staff costs. Additional payments in 2016/17 excluding schools were £307k.(source HR scorecard) We also heard that the online recruitment

system is so inefficient that prospective employees who have accepted a job offer are waiting so long for contract details that they are going elsewhere. The new HR system as part of digitisation should help address this.

Another significant factor affecting recruitment and retention is pay. The Council has tried to tackle the recruitment/retention issue in the past by paying market supplements for some posts. It has also tackled staff shortages in some areas by “growing its own” planners and offering postgraduate trainee roles. It now wants to use the Apprenticeship Levy to upskill existing staff and a graduate scheme has recently been approved. The Council is also still dealing with the legacy of a 5% pay cut that was imposed on staff in 2012. Addressing this pay legacy by restoring pay levels will be a signal to staff that the organisation wants to move forward. In that respect it is a symbolically important step. However, the team consider that fixing pay by itself will not solve the recruitment and retention issue, as there are wider factors which affect the overall attractiveness of Shropshire Council as an employer. The overall vision and narrative, a One Team joined-up approach, an innovative approach to services alongside an employer that values and energises staff and celebrates success are equally important.

Another factor at the Council that is affecting capacity is sickness absence. The average number of days sick per non-school employee is expected to reach nearly 10 this year against a target of 8 days. HR has been focussing on reducing sickness absence over the past 18 months by changing the absence policy, rolling out training for managers and improving the referral process to occupational health. The policy on sickness absence caused by disability is also currently under review.

Workforce planning needs to recognise the skills the Council will require to deliver its priorities e.g. commercialisation and use of data. The Council is aware it doesn't have all the necessary specialist skills to deliver some priorities and has bought in expertise, for example in the area of business growth. It is also planning to bring in expertise in land and asset management. Buying in skilled and scarce resources can be helpful but it needs to be done in a strategic way or staff can feel that their own skills are being ignored and the opportunity to secure the best value from the skills procured externally will be missed. A skills audit is underway and we would encourage the completion of this. The Council can also consider harnessing business and other partners (e.g. VCSA) to add capacity e.g. research, digital skills inclusion, volunteering. There are also some free tools. The Council also needs to maintain the focus on broadband and mobile access as an enabler of services 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 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. Helen Murray, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). Her contact details are:
helen.murray@local.gov.uk

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 April 2023.