

Corporate Peer Challenge **Dorset Council**

1 – 4 October 2019

Feedback Report

1. Executive Summary

Dorset Council (DC) is laying foundations, which if successful, will enable it to be financially sustainable into the future. At the same time, and just as importantly, it is looking to influence, lead and shape a positive future for Dorset and its residents. The council came into being on 1 April 2019 and should take pride in the way it has set about preparing to deliver a 'safe and legal' council' from day one, as well as providing the continuity of service delivery to its residents. It should also draw confidence in the way that it is establishing its senior member and officer leadership team, creating a 'can do', responsive culture. Furthermore, it has demonstrated that it wants to be an open and learning council, evidenced in the way it has, at such an early stage, welcomed external challenge from the LGA peer team.

DC is self-aware and is clear about its immediate as well as future challenges; this is important as it will need to draw upon this insight and spend time as a leadership team to prioritise and resource the tackling of these challenges. If done well, this will then mean it should then be in a good position to, at pace, systematically address them so that the outcomes sought, articulated through 'Future Dorset'¹, and reflected in the ambitions of its first political administration, are fully realised. Therefore it is important it spends time to do this.

For the above reason, having that strong 'safe and legal' foundation stone to underpin the council's priorities and actions is a critical anchor point. It will be very important that the council builds from this by developing and then regularly testing the robustness of this through ensuring it has a 'fit for purpose' risk framework. It will be important into the medium term that it possesses a strong model of assurance which gives all stakeholders confidence both now and into the future that outcomes sought, and actions necessary to deliver them, are being realised.

The political leadership of the council is seeking to establish an inclusive and engaging agenda for change. The tone of this comes directly from the council Leader himself; he works proactively across the political and partner spectrum. He and his Cabinet wants to, and know they need to, reach out to stakeholders to help establish and deliver DC's Council Plan and key priorities. At the time of our visit that plan was in draft form, with a clear timeline for consultation and engagement in train. Importantly, its development and confirmation is clearly led by members and is being promoted in an open and inclusive manner. Doing this well and with sufficient breadth of engagement is key, as some partners expressed a view that, as of yet, they hadn't been as engaged as much as they had wanted. As such this is an ideal opportunity to highlight the 'big ticket' items for the next 4-5 years and beyond. DC should use this first public 'announcement' to focus on outlining its intentions and ambitions as a leader of place and how it will want to work with others to achieve them. As part of this it can set out ideas for how to best build effective relationships with towns, parishes, communities etc. and within this, to consider important issues such as devolution of powers, assets, governance etc. Finally, this can in turn be used as a springboard to lead the conversations around the longer term identity, ambitions and hopes of future generations across Dorset.

¹ Dorset's Local Government Reorganisation submission

We heard a strong 'One Council' message emanating from DC and its intent to be seen working to a common aim and not a collection of services or 'silos' is to be applauded. However, the new council's political and managerial leaders know that will be tested. A 'litmus test' of the sustainability of such an approach will be how the council tackles and grips the budget challenges it faces. These are both current and significant, with a forecast £40m gap to address over the next 4 years, and a £7m and potentially rising budget pressure in the current first year of the council, largely influenced by demand led pressures. Although the council has a relatively strong opening General Reserve balance of £28m it is self-evident that the collective will of the council's leadership must face this challenge; it is a council issue not just a service one.

The officers who have been appointed to the councils Senior Leadership Team (SLT), are well regarded by the stakeholders we spoke with. Many are external appointments, bringing new and refreshing insights and experience; this is welcomed and it is recognised that they are not held back by the legacy of the previous Dorset authorities. The downside of course is that there has been to some extent a loss of 'organisational memory'. Importantly, the Chief Executive possesses that Dorset experience and he, like the Leader, was frequently referenced as an influential, proactive and positive role model. Indeed, staff especially welcomed his energy and drive through the period of transition to the new council. As DC establishes itself, staff are equally keen that he and his SLT colleagues remain visible and drive the council's change agenda with confidence. Therefore, the development of a 'winning team', of SLT and Cabinet learning and developing both separately, and together, will be a sign of the 'One Council' approach, one of the cornerstones of the success of Dorset Council. In turn, a steadfast focus on the wider Corporate Leadership Team (CLT), is also key, as they take up their new roles and establish themselves as the council's current and future leaders.

The council is committed to establishing modern, fit for purpose, inclusive governance arrangements. Its mantra of 'Member led, governance lite' is indicative of its desire to help facilitate good, politically led, open, but a fast moving approach to dealing with the key issues at hand. Part of that inclusivity is the Leader's initiative in respect of Executive Advisory Panels, set up by Cabinet leads on a cross party basis, to tackle key issues, such as the council's engagement with parishes and towns. These are a clear sign of intent to try different approaches, seek continuous improvement and gauge the effectiveness of their impact; a sign of a true learning culture. Inevitably the stakeholders we spoke with also want clarity and understanding over time, for example: the relationship between the overview and scrutiny function and EAPs, or how community focussed decision making will work, or how to ensure greater visibility of Forward Plans for decision making. Overall, the council has made a good start in this area, its principles are sound, but it will need to address these and other matters in the next 12 months. It will be important it develops a single understanding and commitment to an agreed structure and framework. As such we endorse its decision to review its governance arrangements in 2020.

The sheer hard work that has been undertaken to develop effective financial budgets and controls for the new council should not be underestimated – it has been a massive task. The council knows though that there are significant tasks ahead. It recognises the real and tangible demand led pressures, for example in children's services but also the need for sustained management action to address this. This will be important, as at times we heard occasionally that "Demand led budgets are what they are' and therefore cannot be

remedied quickly. The council must ensure this view does not take hold. This means that in the next 12 months it will be fundamental for DC to establish a credible medium term financial plan. As part of this it will also be important that it ensures there are clear milestones set to mark its achievement, including managerial ownership of budgets and clear accountability for delivery. Equally, it will be crucial that the council uses its governance arrangements to keep a strong grip in respect of this this and keep itself open to both internal but external challenge too.

The council is seeking to address its financial challenges through the development of its emerging transformation plan. Underpinning this is six core themes, travel and transport, property and estates, one council service reform, customer journey, employer of choice, and efficient organisation. If and when realised, these 'big ticket' items have significant potential to deliver tangible benefits and importantly they have clear 'organisational buy in' which should help see them through. Our core challenge to the council is that we found the plan is currently aspirational and needs detail and grounding. It needs the underpinning themes being expanded upon with associated actions to deliver them and accountability made clear. At this stage there is insufficient evidence of detailed planning, prioritisation and a deliverable end goal in sight. Through our engagement with managers and staff we found that overall they were unclear as to what it is and what it contains. The peer team felt that there needed to be an investment in capacity, leadership and effective engagement and communications to ensure the plan delivers against its aspiration. As part of this it will be important for the council to identify those areas where faster financial returns can be realised. Some of these changes maybe more tactical rather than strategic, but they are equally important as a means of demonstrating the delivery of the transformation programme. At the same time the council must set out, plan and then deliver the longer term ambitions, which understandably will have slower financial returns. We advise that the council review its transformation plans, and identify clearly the phasing of those components that are required, and agreeing as a first principle, which elements it is confident to include in the medium term financial plan. In such a way both plans will align and establish ownership and real credibility.

Given the nature of change the council has, is and will experience, it is to be expected that communicating and engaging well with employees was a strong theme of this peer challenge. The appointment process to the next layer of senior posts (tranche 2) was happening during our visit. It was clear that mistakes had been made during tranche 1, but real learning had taken place arising from this, and whilst still a very challenging experience, the communications focus around this had improved considerably – staff felt more aware and engaged as understandably, through change, they want to be kept very closely informed. This is not just about the selection process but also about all of the core issues covered within this executive summary. As such the council should ensure that there is a clear communications and engagement strategy, with equally clear channels and processes, so there is universal coverage, understanding and true engagement. As referenced earlier the visibility of the SLT through this change process is very important to staff.

Dorset Council has achieved much in a very short time. Its 'safe and legal' foundation, combined with its longer term thinking for the county of Dorset and working towards a 'One Council' approach are all key ingredients to help establish what the peer team termed as 'Dorset Council's brand'. That is, how it wants customers, staff, partners and stakeholders

to experience it and perceive it as. This can represent an exciting 'common purpose' for the council to work towards, as it will build commitment, ownership and be the evident signs of an organisation which is always learning and improving. To that end the council constantly asking itself such questions, constantly refining this in the light of experience and constantly opening itself up to challenge as it has through this peer challenge, will start to help frame an exciting future for Dorset Council.

2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, 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. **Corporate Assurance:** Identify where DC need assurance to keep it 'safe and legal' and to achieve its ambitions, establish appropriate solutions to do so and ensure the effective monitoring of such arrangements
2. **Winning Team:** Ensure both Cabinet and SLT meet separately and collectively more regularly through this change period to plan and drive their respective and joint agendas, and to continue to commit to an ongoing development programme
3. **Place Leadership:**
 - Use the forthcoming 'conversation' time in respect of the Council Plan to reach out and collaborate with a broader range of partners
 - Determine your relationship, approach and devolution structures with parishes and towns
 - Formulate, publish an external communication and engagement plan, building upon your existing work
 - Consider how you will develop broader more strategic and shared ambition for Dorset
 - Create a clear 'brand' for Dorset Council-what it is, what it stands for and how it should be perceived by stakeholders
4. **Governance:**
 - Secure a shared understanding and commitment to agreed structures and frameworks
 - Undertake as planned a governance review in May 2020
5. **Financial Control:**
 - Ensure the effective management and monitoring of in year budgets
 - Pull together identified elements into a deliverable medium term financial plan
 - Review the effectiveness of this through an LGA led finance challenge
6. **Transformation:** Building a phased transformation plan that strongly connects to the medium term financial plan and the wider Council aspirations
7. **Communication and Engagement:** Formulate, publish and resource a staff communication and engagement plan, building upon recent work
8. **Learning and Challenge:** Consider establishing an external advisory board that helps Cabinet and CLT navigate the next part of your journey

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 by you. The peers who delivered the peer challenge at Dorset Council were:

- Councillor Rachel Bailey - Cheshire East Council
- Councillor Adam Paynter - Deputy Leader, Cornwall Council
- Gavin Jones - Chief Executive, Essex County Council
- Lorraine O'Donnell - Director of Transformation and Partnerships, Durham County Council
- Mark Wynn - Chief Operating Officer, Cheshire West and Chester Council
- Simon Oliver - Director of Digital and Transformation, Bristol City Council
- Rebecca Davis - Chief Executive, West Midlands Employers
- Paul Clarke - LGA Peer Challenge Manager

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?

Within the above context and framework Dorset Council (DC) asked the peer team to provide feedback and views in respect of the council's transformation plans, as well as view of the prevailing culture and 'organisational temperature' of DC.

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 Dorset Council during which they:

- Spoke to more than 175 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 50 meetings and additional research and reading.
- Collectively spent more than 320 hours to determine their findings – the equivalent of one person spending more than 9 weeks in Dorchester.

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 (1-4 October 2019). 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

We found Dorset Council (DC) has a good sense of place, purpose and a clear intent to improve outcomes for the residents of Dorset. The foundation of this derives from the 'Future Dorset' document, a strong evidence based submission proposing Local Government Reorganisation across the pan Dorset area. That reorganisation was delivered on 1 April 2019, with the creation of two new unitary authorities, Dorset Council and Bournemouth, Christchurch and Poole Council. This represents an exciting new start and opportunity for DC to drive change and improvement, and as it does so ensuring the core themes underpinning this change process, notably improved services and outcomes, cost savings and improved value for money, and stronger and more accountable leadership are all realised.

Realising such outcomes will understandably be challenging and there is much for the council to attend to and prioritise. There are current and growing demand pressures in both children and adult services, and the associated financial challenges this creates. Furthermore, there are a wide range of transformation themes for DC to address, for example, travel and transport integration, rationalisation of assets, maximising the potential of its workforce, a relentless focus on improving the customer experience etc. All of the above, and more besides, will require a clear sense of order, prioritisation and capacity to see them through, and just as important clarity around what is delivered, the outcomes expected and who is accountable for delivery.

Building upon 'Future Dorset', the council is setting up purposeful 'conversations' with partners and communities in relation to its vision for Dorset as 'a great place to live, work and visit', the underpinning Draft Council Plan 2020-2024 and its five key priorities. This represents an exciting opportunity for the council and the early signs are that it can and will do this well, but we are equally clear that it must grasp this opportunity wholeheartedly. Importantly, that the development of the Council Plan is clearly member led and owned. The engagement and passion from the councillors we met with, and especially that shown by the council's Cabinet, was clear and compelling. Furthermore, the notion of leading conversations as opposed to simply consulting is also an important message, as the council knows, it can only achieve its aims through strong and sustainable partnerships. Therefore, there is a clear message that the council will through this process both listen and respond.

Given such conversations and the nature of the draft plan, the peer team felt that this presents an ideal opportunity to, as one stakeholder told us 'show what the new Dorset Council Unitary stands for and what it doesn't'. As part of our feedback we called this '*building the new brand for the council*', involving partners and residents to help the council develop a 'common purpose' and USP, making it clear what the new council stands for and how it should be experienced and regarded. This will be an important break from the past and send a clear message of intent. Such conversation can also start to help frame a longer term vision for Dorset, beyond the period 2020-2024.

We found DC understands the challenges it faces and the opportunities it can create as a new and vibrant leader of place. To now truly ground this sense of purpose it should ensure its strategic policy and plan framework is developed in a coherent manner. In this respect there needs to be a clear alignment established between the Council Plan and its Medium Term Financial Plan (both currently in development). These two crucial and complimentary plans should be created in tandem as they need to echo, reinforce and confirm each other – they are key enablers from which to drive real change. Alongside this, whilst there is a credible evidence base underpinning the council's plans, this will still need to be developed over time. It should be informed by greater insights in respect of residents wants, needs and demands, and balanced with an equally clear understanding of how it can best manage these demands, enabling them to be met in a financially sustainable way.

4.2 Leadership of Place

We met with a wide range of partners during the course of the peer challenge and we heard three key messages. Firstly, partners told us that the transition arrangements from the previous two tier county and district councils had been managed well and signals a positive change. As one of them told us, 'it feels like there is a new broom and we can sweep away the past and start anew'. A significant number of partners reported a clear change in the approach and tone of engagement with the new council, which had resulted from significant visibility, input, time and efforts of DC's senior members and officers. The second key message was that now both trust and optimism exists, it must be maintained, built upon and then reflected throughout the council as a whole, and fundamentally be seen as the way it does its business – this will take time, but it will be crucial to the council's future success. The final message we were told is that it must be then evidenced through true co-production, working jointly with partners in developing future plans for Dorset. As already referenced this will be the way that DC establishes and demonstrates what its brand truly is.

Understandably, given the current context, several of the council's intentions in respect of place leadership remain aspirational at this stage. In line with the comments above, it is fundamental that during the next 12 months, through meaningful engagement, they become fully developed. For example, one of the stated council priorities is 'we will work with residents and partners to build and maintain strong communities..' and likewise one of it stated cross cutting themes is '...using co-design with our customers and partners to develop whole life approaches'. From our discussions both with the council officers and members, its partners and community representatives, it was not clear how such intentions could or should become fully realised. This is precisely the work that needs to take place so that they can be, and therefore a collective understanding and 'common purpose' is established.

The forthcoming 'conversations' the council is planning with partners, communities and Parish and Town representatives in relation to its plans for 2020-24 are therefore key and should be seen as the start of ongoing conversations, not an end in themselves. Such conversations can help turn rhetoric, into the reality of tangible approaches, plans and actions and start to help crystallise specific outcomes, for example developing clarity around plans for devolution, asset transfer and community governance, with an

overriding focus on how the council can work with communities to meet their aspirations, building their resilience, sustainability, social capital etc.

The good will, trust and engagement being generated will need to be translated into tangible plans and actions for the next 5 years and beyond. There are other commitments in the Council Plan, for example in relation to the delivery of a new Local Plan, appropriate and affordable housing, utilising assets etc. It is clear these need to be developed further and become key joint plans with partners, in order to ensure there is a sustainable place based strategy for the Dorset area. That broader 'system leadership', role around place, health, wellbeing, community safety etc. is a critical role for the council to fulfil, and now is the time for it to step up and show its intent in respect of this too. There are areas to attend to, for example establishing renewed or fresh relationships with key stakeholders such as the Local Enterprise Partnership and indeed the other new council, Bournemouth, Christchurch and Poole, so that maximum benefit is derived from these. It is important that DC helps build collective leadership capability through such partnerships and ensures that their influence, voice and joint plans, commissioned work and services are collectively as strong as they can be.

4.3 Organisational leadership and governance

As a new council DC is working hard to establish its leadership style and approach. It has a stated aim to be a 'member led and governance lite', council and in this respect it is making a good start. The Leader sets the tone, he is inclusive, evidently wants to work in partnership, is committed to the organisational values and behaviours and wants members to shape and lead the council's policy and strategic intent. This is evidenced through the way that his cabinet and the collective membership of the council are front and centre in the conversations planned for the new Council Plan, and indeed the delegation to cabinet members to make executive decisions within the portfolios (but with the most significant decisions, being made collectively by the cabinet).

In terms of 'governance lite', the council is working hard to establish new and innovative ways of engaging the views of a wider cross section of councillors, while at the same time seeking to ensure effective and speedy decision making processes. The development of Executive Advisory Panels (EAPs), where portfolio holders can engage groups of members, on a cross party basis at an early stage, providing challenge and looking at specific issues affecting Dorset communities such as climate change, ICT and digital and engaging town and parish councils, is a good start. Understandably when new things are being tried and tested there will be issues to address and from the feedback we received from members, there was a view that the inclusivity is refreshing and welcomed, but that some of the issues such as the relationship between the EAPs and the councils overview and scrutiny functions will need to be worked through, tested and streamlined, as there is the potential that they cover the same ground. Also, of course as the council embarks on its conversations with stakeholders in respect of its Council Plan, there will be issues to discuss and agree, that may in turn impact upon the governance arrangements for the council, for example how local communities help inform decisions or what decision making powers might be developed to Town and Parish councils, or what others should have a wider area focus?

In other areas the council's governance arrangements appear to be working well. For example, during our visit there was a consistent message of confidence in the regulatory function of the council. We also heard very positively about the way that members were received into the new council, the value and benefits they have received from their excellent induction and training, and the way that democratic services in particular, but officers generally, have responded to their expected and at times unexpected demands and worked effectively to support them in their roles. This bodes well and sets the right tone for establishing positive member and officer relationships, and this is precisely what we saw. Wisely, the council is operating its current governance structures for twelve months, and then with the value of that learning and experience it will be reviewing its arrangements in 2020, a view we fully endorse as means of getting to a single understanding and commitment to an agreed structure and framework.

From day 1 the council wanted to be 'safe and legal'; a very valid aim. It is reflective of a council that wants to establish a strong performance and assurance and this is an area the council will need to continue to pay attention to, in order to ensure it is fully embedded. The importance of this was shown at the cabinet meeting we attended, where the cabinet was reflecting upon the publication of findings by the Local Government and Social Care Ombudsman in respect of failings by the former Dorset County Council and the lessons that need to be learnt as a consequence. The questions the council needs to ask itself and know the answer to, is could this happen now? The council knows there is more it needs to do to ensure it has a robust risk framework, performance and assurance processes and resources in place. At the time of our peer challenge, the council was finalising its appointments to key leadership posts in this area. Once appointed the post holders should be tasked to establish effective frameworks and practices. It would be wise for the council to review their breadth and impact within twelve months.

The clear and visible leadership being set from the Council Leader and Chief Executive was remarked upon by nearly everyone we met, it is a strong and clear representation of the 'One Council' message. It is clear that the council's new Senior Leadership Team (SLT) and new Cabinet are working well both separately and together in establishing their ways of working. They are the 'top team' for Dorset Council and as such it is fundamentally important that during the next 12 months especially, they take the opportunity to build upon this and continue to make time for constructive engagement, formal and informal, between Cabinet and SLT, working together, learning together and prioritising together to help embed the collective ownership of the council's direction. This in turn should equally apply to the Corporate Leadership Team (CLT), the layer of officer leadership which reports directly to SLT. In turn this should also apply to the wider leadership community across DC – a truly 'One Council' message.

Through such approaches as outlined above, the council will be living out its core values, espoused in the Council Plan 'We value people and build on their strengths, we use time and money wisely'. Working in this way will be key to the council's success, since there is so much that is new, in draft, in train and to attend to. Part of that 'to do' list will be for the council's leaders to be more visible through change and in doing so to be living and breathing those values and behaviours.

The visibility of the Chief Executive throughout the transition period and the demonstration of his personal commitment to the council and its workforce at a time of change, was constantly remarked upon, as a key driver to garner effective engagement and support of staff. Therefore his visibility, along with Cabinet, SLT and now newly appointed CLT will be important going forward.

Dorset Council has started as it means to go on. It warmly embraced the LGA led Corporate Peer Challenge and aspires to be a truly Learning Organisation. Given the nature of the change it has embarked upon, we would advise that it continues on that path, and perhaps as part of that sets up an external advisory board (or equivalent), essentially an external peer panel, which offers reflection and challenge for the next 18 months to 2 years.

4.4 Financial planning and viability

DC recognises its current and future financial challenges and knows it must attend to them if the council is to be financially sustainable in the medium term. It has been no mean feat to draw together the complexities of the previous legacy authority's budgets and knit them into a one council budget for 2019/20; the council's financial team especially should be congratulated on this. However, given such complexities, inevitably there are a range of issues that remain to be tackled now or soon and DC needs to keep relentlessly focussed on this. Part of that focus, is as per the 'safe and legal' mantra is to ensure, as a new council it establishes its initial budget and financial monitoring systems for the first year and by the end of this financial year have confidence in their robustness, accountability and ownership going forward. It will be very important the council reviews how well it has achieved that outcome.

For the present, the evidence suggests that the recommendation in the previous paragraph is fundamental, since some of the legacy challenges of the budget inherited from the former County Council remain, as evidenced by the council's quarter one budget monitoring report from July 2019. This showed for example, that Children's social care was £7m above a budget that had been increased for 2019/20, and to a lesser extent Adult social care was forecast to be £2.4m above budget. Although it was reported that these overspends will be partially offset by year end reserves for 2018/19, which were £3.5m above the forecast, and the fact that the council has a clear plan to utilise reserves to help smooth transition arrangements (general reserves available to the Council stand at c£28m).

That plan to effectively use reserves for managing transition, must be accompanied by a fastidious eye being kept on such overspends. If not then the existing smoothing of reserves could become a reliance on reserves. They will need to be constantly monitored, reviewed and acted upon, if the situation is to be stemmed and then managed effectively. Again, we recognise that council officers and portfolio holders are in the process of familiarising themselves with their new budgets and responsibilities and this is an evolving process, but we advise that throughout this next period especially, it will be important that the senior leadership team of members and officers have clear and transparent monitoring information reported to them and from this there are challenging but focussed discussions, which enable them to collectively grip the council's budget situation. This is not just the job of the Finance, nor Children's Cabinet

portfolio holder nor their respective Executive Directors – this is a ‘One Council’, responsibility.

Looking ahead, the council has an estimated financial gap of around £40m over the next four years (based on the assumption that government funding continues at the level indicated in the chancellor’s recent statement on available funding for 2020/21). It will need to tackle this through the approaches already outlined and in the development of its MTFP. We found the current developing MTFP was based upon a model that identifies and monitors the assumptions behind the ‘funding gap’ referred to and that the council is currently designing services based on a ‘convergence’ process that is realigning services to the new council boundaries (merging a number of previous legacy Council teams into ‘one’ Dorset wide team etc.). We also found that a Transformation process is also being developed to produce service improvements and savings going forward. For the 2020/21 financial year the budget will be balanced based on:

- Savings identified by Directors
- Convergence process savings
- Transformation savings
- With the balance (currently estimated at £10m) to be funded from General Reserves

The Council is also in the early stages of developing a number of other initiatives that will help support the development of a financial plan, including:

- A review of the inherited Asset portfolio – to identify an appropriate estate to meet the operational and commercial aspirations of the Council. Surplus assets can be disposed of to generate Capital receipts to support a ‘Transformation Programme’ and other Capital investment.
- A review of Commissioning / Demand Led Budgets– work is being undertaken within Adults and Children’s services in particular to consider whether services could be commissioned in a different manner going forward.
- Transformation Programme – The Council is developing a Transformation Programme and this is considered by the Council as key component of the Financial Strategy. A sum of £5m has been identified to support any investment required.
- Directorate Savings – Corporate Directors have been asked to consider the identification of any savings that they have identified since the creation of the new Council. However no specific target has been set.
- Capital Programme – A capital programme is being developed that honours commitments made by legacy Councils, fulfils aspirations in the Council Plan and invests in making the Council sustainable.

Overall, the Peer Team felt that while the component elements of the Financial Strategy were developing, the reliance on reserves in the interim may cause longer term challenges, if the savings that have been identified come online later than assumed. Furthermore, the Transformation Programme (see below for more detail) in development may need to adopt a dual track process of identifying early efficiency

savings and cost reductions first, with a separate/subsequent phase to deliver service improvement.

In line with our views about the council being open to challenge, and given the fundamental importance of its MTFP, we would advise that the council commissions, within the next 6-9 months LGA led finance challenge to consider these matters and the progress being made. This could review the effectiveness of the council's developing financial planning process and its plans to establish a credible budget for 2020/21 and 2021/22 and from that it's Medium Term Financial Plan (MTFP).

4.5 Transformation

The council is rightly focussed on transforming the way it thinks, works and operates. There is both organisational ambition and enthusiasm for the Transformation Plan, with its 6 core themes: Travel and transport, Property and estates, One council service reform including specific programmes for children's and adults), Customer journey, Employer of choice, Efficient organisation.

That enthusiasm needs to be matched with sufficiently explicit, prioritised, deliverable benefits with clear timescales identified. Our key challenge is therefore, how the council will populate, resource and manage its transformation plan to secure this. Within this we ask two overarching questions:

- How into the medium term the council's transformation aspirations can be made explicit and demonstrate how they enable the effective and efficient delivery of both the Council Plan and its Medium Term Financial Plan?
- How into the short term the council ensures there are sufficient 'quick wins' from the Transformation Plan? (As the peer team believe many of its financial challenges are present now and many of the potential transformation projects benefits realisation are likely to come over a longer period).

Importantly, there is clear organisational ownership of the council's Transformation Plans and in some areas progress is being made. For example, it is clear that there is an organisational enthusiasm for 'Digital' solutions, and evidence of engagement and activity. If this enthusiasm remains focussed on delivering key outcomes then real progress can be made, building upon the positive approaches already in train, notably:

- Digital was part of Member inductions and is the subject of an Executive Advisory Panel review
- Service areas are actively engaging with Digital Advisors on service change and Digital Partners are in place and attending project boards and Management Teams to advise and inform decision making
- Previous investment has been made in appropriate IT platforms and that will continue to support future Digital Transformation
- The Digital Strategy is to re-design services and not automate existing processes delivering sustainable and efficient change
- Being customer-centric is recognised as a key principle

Therefore, in terms of digital we found a good understanding of what the current weaknesses are, alongside an optimism in regards to the future opportunity of

addressing these. As already highlighted we advise that the council focusses on its longer term aims but at the same time also plans and delivers the shorter term actions that will drive out costs. In approaching this it will be important the DC sees technology not as a 'bolt on', but rather a longer term approach of fundamentally seeing digital as core to designing services. As part of this the awareness of the council's middle managers needs to be raised as they should be actively engaged in helping deliver these new approaches. In such a way digital solutions can enable new types of innovation and creativity, rather than simply enhance and support traditional methods.

The profile and intentions from both the Leader and the Deputy Leader, who holds the portfolio, in driving change were constantly reference very positively. There is also ownership at SLT and from this within the Transformation Board, which oversees progress. Such leadership and developing governance arrangement can provide a good platform to prioritise and for some of the six core areas accelerate their development and delivery. Clearly, the appointment of the new Corporate Director of Digital and Change, who had not yet commenced at the time of our visit is key, but that new post holder must be supported and enabled to help move the council from where it is now to a fully functioning Transformation Plan, with strong governance and oversight and clear ownership and accountability for delivery. This is crucial, as from our discussions with stakeholders there is a lack of clarity, insight and understanding of the council's ambitions in respect of transformation. For example:

- Not everyone was sighted on the timescale for Transformation. Some thought it was when the re-organisation settles (Jan2020) others when the Transformation Programme office is established (March 2020) or when the Council approves its Council Plan and MTFP
- Whilst there is a budget in place to seed Transformation activity, the process to gain 'bids' was not fully understood by those we met with
- When we asked people what the council's vision for transformation was, there was a wide breadth of responses. There were differing opinions and a lack of consistency of what is the 'end state' that is being aimed for. There is clearly a need for a single and compelling narrative.
- There were disparate views on Children's and Adults blueprints. Some views that these are in-directorate projects whereas others believe this will be moved into wider Transformation Plan to deliver cross-corporate approach.

Overall, therefore the council's Transformation plan has huge potential and organisational buy in but it needs to move to a clear deliverable plan with an emphasis on 'how' and 'when'. In the view of the peer team, given that DC is reliant on resolving its financial issues through transformation, we felt that other than the 6 core themes there is insufficient evidence of detail planning, prioritisation and an end goal in sight. As such we recommend that DC reviews what it wants to achieve through transformation, using the maturity profile we used during our feedback session and identify the phasing of components and which elements it is confident it can include in its financial plans, both in the short and medium term.

4.6 Capacity to deliver (including Organisational Culture)

It is important to recognise the significant milestones Dorset Council has already achieved, for example delivering a new unitary council, seeking to establish a new culture and identity from six previous councils, successfully transferring nearly 8,000 staff and recruiting to a brand new senior officer team, and starting to establish what it means by its ambition 'to be an employer of choice.' Therefore, it is important, for the council to take pride and importantly confidence from this.

We know that the council won't be self-congratulatory about such an achievement because it is both self-aware and focussed upon improvement and the future. It knows it cannot stand still and if it is to progress it must build sufficient capacity and expertise in its key priority areas, and those which are also of most risk to the councils sustainability, for example, ensuring it makes explicit and then delivers upon the aspirations in its fledgling Transformation Plan.

DC is developing an innovative and progressive People Strategy, which is starting to frame its component elements of its 'employer of choice' ambition. Within this it sets out its approach to promoting, amongst other things its values and behaviours, recruitment and retention intentions, as well as how it will develop its employer brand and reputation. This is positive and the hallmarks of a progressive organisation, but at the same time it must tackle two further fundamentals that will help realise the potential behind its people plan:

- It should place a greater priority in ensuring the accuracy of its underpinning data for this and indeed other plans. We know there are issues to address, for example tackling convergence of payroll systems, but it will be important to gauge progress that clear and reliable organisational health indicators, for example staff sickness (we did see headlines for this), staff morale/satisfaction, appraisals, grievances etc. are both available and tracked so the impact of its progressive people practices and culture changes is evidenced
- We believe DC will benefit from an increased focus on strategic workforce planning and joining up of activities across the council to ensure there is a medium term plan of what skills, training and capabilities the organisation needs and when (for example the work on recruiting social workers in adult service)

Building capacity and resilience through effective partnership working will also be a key into the future. DC has already some strong arrangements in place, e.g. Tricuro Care & Support with Bournemouth, Christchurch and Poole Council (BCP) and the regional arrangements for South West Audit Partnership (SWAP). It should look to how it can build upon such successful approaches, not just for itself, but for the resilience of other partners too and most importantly for the benefit of its residents. Such approaches will help build stronger, trusting and resilient partnerships, and therefore close collaboration with BCP as the other new unitary council, will be vitally important.

Building the capacity and resilience of local communities will also be crucial to DC's plans going forward. It was evident to us that there is a vibrant voluntary sector across Dorset. It was equally obvious that the Parish and Town representatives we met with want to embrace closer working with the new council, and clearly working with and through its communities is a core building block for Dorset Council. Emerging from its forthcoming conversations with communities, it will be important to see both on a

local/town and parish footprint but on a wider area scale too how collectively DC can harness this fantastic capacity to help it realise its ambitions.

The council is seeking to build an inclusive and empowering culture and the work with staff to develop the core behaviours for DC's workforce of *Responsibility, Respect, Recognition and Collaboration* is evidence of how the council wants a greater emphasis on collaboration and a 'One Council' approach. We met with many managers and staff during the peer challenge and it was clear that the new behaviours are positively welcomed. That interest and curiosity from staff now needs to be translated into tangible actions and examples, and we heard a clear message that such examples should be demonstrated right from the top, as one stakeholder said 'we need to see our leaders living our values and behaviours'. This is an important message. We visited the council as it was in the midst of tranche 2 of its staffing appointments and understandably there was some anxiety and nervousness, there was concern that the behaviours could be used as both a 'carrot' and 'stick'. As DC moves through and finalises its staffing changes it must stay as close as it can to the 'heartbeat' of its organisation, which is its staff.

The message above was echoed throughout the several workshops we ran with middle and frontline managers and staff. It was very brave for DC to welcome the peer team in at such a time of change and we were very impressed by staff engagement, resilience and sheer optimism through change. Our strong message is that the council shouldn't take that for granted. The positive and visible leadership through transition, as demonstrated by the Chief Executive was constantly referenced. That engagement built trust and commitment and staff want this to be a constant feature. This must be driven not just by the Chief Executive but by the collective Dorset Council senior leadership team.

We asked staff in our workshops 'How bright is the future for Dorset Council?', and then asked them to record that at two milestones, the first in April when the council began and the second, six months on in October when we visited. We heard there was significant excitement and buy-in from staff towards the future of the organisation taken in the run up to 'day 1'. Whilst it was clear that was still high in October, that optimism was not as prominent and there were many questions about being asked about the future state and plans for the council into the future. The messages we took from that were clear:

- There is a need to actively engage service managers consistently across the organisation, helping empower them and to foster networking with each other
- There is a benefit to increasing visibility of senior leaders (through a variety of meaningful media) to build trust and demonstrate that the 'one team' approach
- Communication needs to be strengthened to ensure there is one single and consistent message shared across the organisation on key themes and updates, for example through a regular 'team talk or cascade'.
- There was a lack of understanding on when/what will be happening
- There is a desire for honesty that if something is 'not known' that is shared
- There is a need to consistently role model the 'One Council' approach in communications.

- There is an incongruence felt by staff to this message at times e.g. when it is communicated that Children's and Adults have overspent, reinforcing a silo mentality
- The organisation needs to clarify its approach to organisational learning and how it will manage the 'gaps' in corporate memory created by the reorganisation

We know the council is working hard at developing its culture and effective staff engagement. At a time of change, communicating well is doubly important, and therefore we advise them to work doubly hard on this by formulating, publishing and resourcing a staff communication and engagement plan, building upon the recent very good work it has undertaken.

Dorset Council has been very brave to welcome an external challenge at such an early stage, when it was in the midst of a fundamental change process. We found clear evidence that it both welcomes and will respond to this challenge. DC knows there are challenges ahead, it is self-aware. If it now prioritises those challenges and makes the most of the clear opportunities it has to develop its brand, identity and focus, it has the potential to be a strong and progressive council.

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. Andy Bates, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). His contact details are: Email andy.bates@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

One of our recommendations refers to the establishment of an External Advisory Board, and as well as the follow up visit, this mechanism could become a useful, time limited external support for the council, especially over the next 12-18 months

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 2024.