

Report to: Scrutiny Management Panel, 7 February 2014

**Report from: Paddy May, Corporate Strategy Manager and Kelly Nash,
Corporate Performance Manager**

Corporate Peer Challenge

Background

- 1.1 The corporate peer challenge took place in the week 04-07 March 2013. Led by the Local Government Association, the challenge was carried out as part of the "sector-led improvement" offer, developed to show that, following the demise of the Audit Commission, the sector could be responsible for its own improvement. The offer is designed to demonstrate that Councils are strengthening their accountability and the way that they evaluate and improve their services. All authorities have the opportunity to take part in a peer challenge, with no cost to the authority, and Councils opt in on a voluntary basis. Challenges are designed to help authorities challenge what they do, realise their strengths and identify areas for improvement.
- 1.2 The official title of our challenge was "what more could we be doing to achieve quality outcomes for citizens in a time of financial austerity and within the context of reduced public resources?"
- 1.3 Review teams are picked from other Local Authorities for their expertise in a particular area. The following peers were selected for our review team:
 - Ada Burns, Chief Executive, Darlington Borough Council - Peer Challenge Lead
 - Councillor David Tutt, Leader, Eastbourne Borough Council
 - Councillor Terry Stacy, Leader of the Opposition at London Borough of Islington
 - Richard Webb, Executive Director for Communities, Sheffield City Council
 - Alice Lester, Programme Manager, Planning Advisory Service
 - Anne Brinkhoff, Programme Manager, LGA
- 1.4 In advance of their time on site, the team were sent information about the authority, including a position statement that set out the perspective of the organisation on a number of issues and set some lines of enquiry for the challenge.
- 1.5 The CPC team was on site for 4 days, during which time they spoke with 118 People, including staff, 21 members, residents and partners, in 42 sessions, some of which were individual interviews, and some of which were focus-group style. They also witnessed meetings, such as the Council meeting, and took a tour of the city. The team then prepared a final report, which was been placed on the Council website and was sent to members of the Cabinet, Heads of Service, our auditors and senior managers, as well as people who took part in the process. The full report is attached as Appendix 1.

2. Recommendations arising from the Peer Challenge

- 2.1 The report included some specific recommendations from the Corporate Peer Challenge Team. It was for us as an authority to decide how we wished to respond to the report and the recommendations. Unlike previous reports that have been received from inspection bodies such as the Audit Commission, there was no overall "grade" or "rating" attached to the report.
- 2.2 The authority has taken the recommendations seriously, and attached as Appendix 2 is a summary of actions in response to these. Many of the issues have been reflected in the Annual Governance Statement for the authority, and as such are being tracked through the work of the Governance, Audit and Standards Committee.
- 2.3 The LGA have offered to return to the organisation if required and provide some follow-up work to the peer challenge. At this time, we do not feel that this would add substantial value for the input that would be required, but this is something we would remain open to in the future.
- 2.4 In respect of the wider improvement agenda, peer reviews / challenges are a key element of the sector led improvement regime across all sectors, and one which Portsmouth fully embraces. Portsmouth has already had a peer challenge (April 2012) for education and for children's safeguarding. A review of early years is taking place in early January. Peer review mechanisms have also been developed for adult social care, which we will be engaging with fully. Of course, alongside this, more formalised inspection and review mechanisms continue to exist, and we are subject to inspection from Ofsted and CQC for example, on an ongoing basis.

Appendix 1- Feedback letter

Dear David

Portsmouth City Council - Corporate Peer Challenge: 4-7 March 2013

On behalf of the Peer Team, I would like to say what a pleasure it was to be invited into Portsmouth City Council to deliver the recent Peer Challenge. The Team felt privileged to be allowed to conduct its work with the support of you and your colleagues.

You asked the Peer Team to provide an external view of the council and give recognition, where appropriate, of progress made; and supportive challenge and feedback on how you are prepared to meet future challenges and maximise opportunities for Portsmouth.

We agreed a broad focus for our work:

- Four questions that are pertinent in how you seek to address the future challenges facing the city, ie:
 - How effectively is the council maximising the opportunities of new initiatives, such as the City Deal proposal with Southampton and Hampshire to deliver good outcomes for communities?
 - How effective is engagement with partners to shape the future of Portsmouth?
 - What more could the council do, together with partners, to achieve quality outcomes while addressing long-term funding and service pressures?
 - How rigorous is the council's transformation programme and are there any untapped opportunities for income generation?
- A 'light touch' challenge of your performance against questions that are core to all corporate peer challenges, ie:
 - Understanding of local context and priority setting
 - Financial planning to ensure long-term viability
 - Effectiveness of political and managerial leadership
 - Governance and decision making arrangements
 - Organisational capacity

It is important to stress that this was not an inspection. Peer Challenges are improvement-focused and tailored to meet individual councils' needs. The peers used their experience and knowledge to reflect on the information presented to them by people they met, things they saw and material that they read.

This letter provides a summary of the feedback that was presented at the end of our March 2013 onsite visit. In presenting this feedback, the Peer Challenge Team have done so as fellow local government officers and members, not professional consultants or inspectors. We hope this will help provide recognition of the progress Portsmouth City Council has made in recent years while also stimulating debate and thinking about future challenges.

1. Key conclusions

The council benefits from strong physical and social assets, ambition, strong partnerships and talented people. These position it well to weather the storms of financial austerity, demographic challenges and raising customer expectations. The peer team felt that there were five key ingredients that are of particular relevance in this context and, if combined, mean that the council is well placed to meet the future challenges.

The city benefits from huge economic potential. Drawing on its renowned naval and industrial heritage, the city's aspiration is to become a world-class waterfront city with a leading edge economy and recognised global centre for industries such as marine, aerospace and environmental technology, as well as top retail and leisure offer along the sea front.

The council is ambitious and proactive. The peer challenge team witnessed a high degree of ambition for the city and its residents among members and officers. *'If it is happening in the City we want to be involved'* was a statement we heard often. The council is not afraid to inject its own financial resource to unlock larger developments, provide key infrastructure or preserve jobs and key economic sectors. Examples are investments in the Commercial Port or the development of a complex brownfield site (Tipner).

The geography and history of Portsmouth contributes to its strong sense of pride and civic identity. The geographic uniqueness of the city as well as strong links to the Navy as one of the largest and traditional employers means that there is a high proportion of people working and living in Portsmouth and who have formed a close sense of community. The peer challenge team found a real sense of identity and pride among councillors and staff, many of whom are very local and loyal to the city. With some exception (eg Hampshire Police), many of the public sector organisations are co-terminus with the city council which means that there is a small number of key decision makers. A challenge to all close communities is, however, to prevent them from becoming closedu and stopping to look and learn from what is happening elsewhere.

There are many talented people within the council, both at member and officer level. Elected members are every engaged in their roles as councillors; they are passionate about their roles and are committed and skilled politicians. Officers we met were enthusiastic and knowledgeable about their areas of service. Many felt well supported by managers and encouraged to use their skills and expertise to innovate. Staff we spoke to felt valued and spoke positively about opportunities for development and training.

The council's big focus is on raising educational attainment. There is a clear recognition that performance of secondary schools is below average and needs improving in order for young people to have the best chances in life and be in a position to benefit from the estimated 11,500 new jobs generated through regeneration activities. This focus was very apparent not only among managers and

councillors in the council but also partners such as the University or business community.

The above are clear strengths but within the context of the challenges to the local government model and financial sustainability, social care reform and economic growth in particular, the peer team articulates the following points as our core challenge:

- How do you know whether you are doing the right things?; and how do you know how well you are doing? The team did not see an overarching narrative for the city as a whole, focusing on both people and places, of what you want to achieve and when. Notwithstanding the importance of lean business processes, the team believes that there is a need for more clearly articulated corporate priorities and a small suite of focussed performance measures and targets to allow Cabinet and Strategic Directors Group to have a corporate view of what the council wishes to achieve in the longer and medium-term and how it is delivering against this.
- Medium and longer term financial planning will be essential to deliver your vision. The funding outlook for councils continues to be challenging and this will require tough choices about the best use of resources. The peer challenge team compliments the council on pushing all services to deliver savings through higher productivity through the introduction of savings targets. However, we believe that a longer-term view is essential for the council to deliver its ambitions, to set smarter targets to plan for financial pressures and the consequences and impact of service changes in one services on another and the city as a whole
- What is next in your relationship with the business community? The future funding outlook and its impact on non-statutory services means that increasingly Councils will change from providers of services to enablers or facilitators. Given the strengths of relationships with businesses as well as the University, how can you maximise the benefits of these relationships and put them on a more permanent footing that goes beyond the relationships between individuals? Is there a case for exploring the establishment of a Business Improvement District?
- What other partners matter to you? – your relationships with the business sector are enviable, but our conversations with the Voluntary and Community Sector (VCS) highlight that they don't see themselves as a strong partner. The scope of working with the VCS to co-produce services that are effective and efficient are significant but will require a systematic and systemic engagement and the development of trust. We heard from some partners that they feel as if *'the council only engage with us when they want to transfer a tricky asset'*
- Do you have the managerial capacity to deliver on your ambitions? The challenge team welcome your focus on making services as streamlined as possible and reducing management overheads. However, mastering the challenges ahead will require a critical mass of talent and strategic corporate capacity to identify and realise the opportunities ahead together with your partners.

2. Maximising existing and identifying new opportunities to deliver outcomes for communities

The council is ambitious and has a clear focus on regeneration. The regeneration strategy that articulates the council vision as '*... Portsmouth will become a great waterfront city with a globally competitive knowledge economy*'. The city's £1bn investment portfolio includes a fantastic mix of developments, investing in infrastructure to unlock large and complex sites (eg Tipner) for future housing and employment, retail development (Gunwharf Quays), as well as Leisure provision (Mountbatten Centre), transport and traffic management. The new developments are distinctive and iconic and much care has been taken to ensure good design and to invest in the public realm. In addition to key regeneration sites, we saw impressive community buildings, such as the John Pounds Centre. The council is clear about the wider purpose of regeneration and the links between investment, jobs and skills. The strategy was co-designed with a high profile Business Leader's Group, generating buy-in, commitment, skills and some financial pledges to start the regeneration.

These are distinctive and high profile achievements that will benefit citizens in years to come.

The council punches above its weight on a sub-regional stage and recognises the mutual benefit that can be achieved from being outward looking. It has taken on the role as accountable body in the new City Deal with Southampton as well as public and private sector partners in the Solent. The objective of the City Deal is to promote the growth and diversification of the maritime sector and to invest in education and skills as well as housing to ensure that local residents are equipped to take up the jobs and welfare dependency can be reduced. The council is providing support services to Solent Local Enterprise Partnership and was instrumental in establishing the Partnership for Urban South Hampshire (PUSH). Clarity of vision, effective working with partners locally and sub-regional and skilful lobbying on the national stage has levered inward investment such as funding for a new motorway junction at Tipner, the Regional Growth Fund, and £7m funding from the Department for Transport to improve internet connectivity. Jointly with Southampton, the council has submitted an expression of interest to become the UK City of Culture in 2017.

The council is using its resources imaginatively to deliver community outcomes. Where appropriate, it is funding support services for communities such as community wardens or Youth Clubs and homelessness accommodation through its Housing Revenue Account and it is reviewing the use of its public health grant to fund community activities that contribute to a range of public health outcomes. The John Pounds Community Centre is managed by a Trust, employing local residents as well as volunteers and generating additional income through grants and fees and charges. This is a good example of establishing local delivery mechanisms that can reflect local needs and, over time, might become financially sustainable.

A lack of ambition and aspiration among citizens was a recurring theme in our conversations with partners and council members and staff. This requires the council to take on a different community role, in that it needs to shift from it being ambitious for its communities to it supporting communities to be more ambitious for themselves. Given the financial challenges and inevitable deliberations about what councils can afford to deliver in the future and what services it should provide, to whom and how, the challenge team believe that the council needs to move from

'doing for' to 'working with' communities and partners. While we welcome the council's neutral stance to a particular business model, the peer challenge team believe that there needs to be a discussion about demand management and purpose and role of the councils in the context of significantly less resource.

Relationships with the Voluntary and Community Sector (VCS) need to be re-discovered. We heard that relationships with the sector as a whole are fragile. VCS representatives lack confidence in the Compact to govern business relationships with the council and find it difficult to have a designated access point among elected members. The vibrancy and diversity of the VCS will provide huge opportunities to move from consultation to co-production with the VCS, thereby providing more targeted services at lower cost and reducing demand and the cost of demand in the medium and longer term.

While relationships with the Business sector are strong, they are still based on a model where the council does (and is expected to) act as a provider of services and takes a strong lead in co-ordinating activities. The peer team would invite the council to challenge the business community about a changing relationship with the council to one of self-organisation. We mentioned the consideration of establishing a Business Improvement District earlier in the report. Another example would be to challenge the business community more overtly about their contribution to skills development and health. For example, could businesses act as sponsors for poorer performing secondary schools and forge strong links with regards to working practices, raising aspirations, apprenticeships that could enable more local students to get jobs locally? How do businesses as key employers contribute to the health agenda through promoting health-checks and healthier lifestyles? How are local businesses discharging their corporate social responsibility role, and could they do more? The peer challenge team consider that relationships are sufficiently strong for businesses to understand their roles, responsibilities and return on investment to really champion these initiatives.

3. Engaging and delivering with partners to achieve quality outcomes

Engagement with businesses, young people and other public sector partners is very strong. Relationships are well cemented: both personal and organisational and the council has created many opportunities for partners to engage. The regeneration work is supported by a Business Leaders Group while individual businesses act as ambassadors for the City. The council has a well-developed programme of involving young people across the city. The council support the Youth Parliament and the Council of Portsmouth Students (COPS), with representatives from each secondary school and college, a Children in Care Council and a range of other initiatives which enable young people to contribute to their city and get their voices heard. Young people are playing an active role in influencing the local and national Personal Health and Social Education (PHSE) curriculum and in improving access to public transport. They have led a '*Kids are Alright*' campaign, aimed at changing public perception about young people in the city. They have also influenced the future provision of 'all in one card' which can be used to pay for buses, amenities and also serves as an ID card.

The council has strong links on a sub-regional and national level and uses these to its advantage. Levering inward investment such as the Regional Growth Fund and national funding for the new Tipner motorway junction are good examples.

At present, the city vision has a physical focus on buildings and places. Expanding it beyond the business community would make it even stronger. The absence of a corporate Business Plan leaves an impression that the vision is about the waterfront and business development. This might not ring true for communities in Paulsgrove, Cosham or Fratton, or for vulnerable communities who feel that they will not be in a position to benefit from new jobs in marine technology or use facilities at Gunwharf.

Delivering with partners is a significant strength. We heard many examples of joined up service delivery with Health, the Police, the University and others, in all areas and at varying scales. As part of the council's regeneration focus, emphasis is placed on local labour schemes, and many schools are having partnerships with businesses to help raise aspirations through 1:1 support or mentoring. We saw projects such as the 'respect' programme, a Social Inclusion scheme that is both locally and nationally recognised as delivering social and personal development, community involvement, healthy lifestyles, participation in physical activity and the enjoyment of education and learning in young people.

The council has a good analysis and understanding of the scope for service improvements, both unilaterally and with partners. Services such as Housing Repairs have successfully used a 'systems thinking' approach to redesign the end to end provision of services from a customer perspective, leading to customer satisfaction. Partnership working with the CCG and Acute Trusts are strong and developing further. The council established an Integrated Commissioning Unit as a joint venture with the PCT (now CCG) three years ago which has played a key role in developing domiciliary care, dementia and rehabilitation and re-ablement services and has recently reviewed mental health services. Expertise now includes wider voluntary and community sector commissioning and the unit has overseen a review of advice services which has been commended by the Cabinet Office.

The peer challenge team consider that Portsmouth is maximising the potential of working with partners but consider that the next step for the council is to move from tactical to strategic opportunities. In education for example, while secondary school performance at GCSE level has risen sharply since 2010, the average percentage of students gaining 5 A*-C including English & Math are still 7% below the national average of 59.4% and two secondary schools are performing below floor targets. This requires a continued and concerted focus on improvement, using the role of the authority and support through the wider stakeholder group. Within health, building on the strong focus on independence and well-being, the next step would be to consider how to provide a shift of investments from secondary to primary care and from primary care to prevention, providing better care which is less expensive. These are challenges that many councils face. The local circumstances of a defined geography, relatively few agencies many of which are co-terminus and strong relationships should enable Portsmouth to go further and faster in integrating services.

There are other strategic opportunities which could be explored in more depth. A more systematic exploration of sharing services with partners in Portsmouth and

sub-regionally was an issue raised by several people we spoke to. The peer challenge team suggests that some of these initiatives could be included as work streams in the council's transformation programme to raise their profile and momentum. The focus and rigour of a corporate programme and the discipline of preparing business cases as well as evidencing outcomes, benefits and cash savings is a helpful discipline in deciding how to use increasingly scarce management resource as well as the council's 'invest to save' earmarked reserves to best effect.

4. Transformation programme

The council's transformation programme 'Shaping our Future' was launched in October 2011 as part of a budget report on savings targets over a three year programme. The programme is finance driven, but with acknowledgement of nine design principles to help shape and guide the programme. The programme itself includes six work streams as well as a programme management strand. Work streams are led by a named Head of Service, while the overall programme is led by the Chief Executive. January 2013 saw the introduction of the 'shaping our future – next steps' programme with a further six linked work streams, including mobile and flexible working and vacating and letting the Mountbatten wing of the Civic Offices.

While members, staff and partners understand the need for change and transformation, the peer challenge team did not sense that the programme was at the heart of the organisational change. Indeed, several of the large transformation activities such as service redesign or the integration between health and social care does not form part of this programme but sit alongside it. This might be deliberate but there is a danger that parts of the organisation are transforming in isolation and perhaps apply different design principles or processes. Similarly we would question how the council is sharing the learning from successful application of 'systems thinking' approaches in improving service delivery in some services (eg housing repairs) in order to adopt this approach corporately.

The council uses a structured approach to communicate the programme to staff. Two high level presentations (August 2012; January 2013) provide an easy to understand explanation of the rationale and scope of the programme and link this to the council's guiding principles and its overall vision. This provides a good tool for communication but requires managers to bring it alive.

Several of the first six transformation streams have delivered positive outcomes. Examples are improved procurement processes including the introduction of category management and the development of a corporate landlord function, and a leadership programme for managers (LAMP).

The challenge team noted the intention of flexible working or 'work everywhere'. Agile working uses the benefits gained from changing work practices, the deployment of new technologies and creating new working environments. It can deliver savings in terms of considerably reduced property costs and improve both staff and customer satisfaction. In order to achieve this it requires both a major cultural and organisational change, including management by outcomes and investment in infrastructure, providing staff and members with the appropriate tools to work in a different way, if it is to be successful.

While the programme is ambitious and includes several big ideas, the peer challenge team found it difficult to understand the overarching vision for organisational transformation and change and with this the notion of the 'end state' or 'how will the council work in the future?' The absence of an overarching programme document, outlining the overall programme vision, objectives and proposed work-streams as well as the inter-dependencies between the different work streams, contributed to this. Similarly we were unable to identify a programme wide update on achievements and benefits realisation as well as risks. These are essential for a programme board to understand the progress of the programme as a whole and to make timely decisions about resource allocations, and to assure itself that the investments are reaping the desired benefits. Importantly, a key role of a programme board is to understand the linkages and likely impact between the different work streams and to assure itself that the programme is working holistically. For example what is the impact of the self-serve element of the 'better performing workforce' work stream on the 'work anywhere' work stream of the 'next steps' phase of the transformation programme? Does the LAMP programme include a module on 'managing remotely'? While the peer challenge team does not advocate programme management for the sake of it, we consider the current approach as too fragmented to ensure that this complex programme can maximise its impact.

Engagement with the transformation programme is variable. Not all staff or managers are bought into the transformation programme or understand the relevance of the programme on their own area of work. Give the motivation and talent of many staff there is a danger that the programme and individual work streams do not capitalise on the ideas that prevail within the work force.

5. Income generation

Portsmouth is ahead of many councils in pursuing income generation. It recognises that income generation can go beyond introducing fees and charges for services to developing new services which the council can provide for communities. Examples are the establishment of a Film Unit which promotes Portsmouth as a film location, and the council establishing its own Agency for temporary staffing which provides a service to other organisations such as the NHS within the city. The provision of catering services within libraries and securing advertising within the "Flagship" publication are other examples of entrepreneurial thinking.

The income generation work is well managed. The council has established comprehensive fees and charges register and carefully considers pricing in view of any adverse effects on other sectors or services. This ensures a coherent approach to setting and reviewing fees and charges.

The council is exploring ideas of fees and charges that are unique to Portsmouth as a place. In considering these ideas, members and officers are mindful of the impact these ideas may have on the wider economy and don't consider them in isolation.

There is scope to engage more systematically with staff to generate ideas for new income streams. At present, engagement is ad hoc and depends on whether and how managers consult with their staff. Whilst there are staff with ideas for future income generation there is also a degree of uncertainty as to how to highlight these. The council may wish to consider introducing a formal staff suggestion scheme.

Alternatively, linking 'income generation' as a formal work stream into the Transformation programme could raise awareness and importance of this work. It might also provide a hook for some formal but creatively run brainstorming sessions to capture ideas from staff who display entrepreneurial flair and business acumen.

The challenge team felt that the council could consider fees and charges in the following areas:

- Pre-application advice in Planning: while applicants welcome this free service it provides significant scope for additional revenue, some of which could be invested back in service improvements into a service that is of considerable importance to enable regeneration. In many councils the introduction of charges for pre-application advice has been welcomed as it brings with it a stronger focus on an agreed and timely service
- Charging for resident parking permits to at least cover the cost of administering this scheme.
- Maximising the opportunities arising from developer contributions through the Community Infrastructure Levy and S106 obligations. While the CIL cannot be used for direct revenue funding, it can finance bits of infrastructure that incorporate opportunities for income generation for the council or community groups to replace grant funding, such as a community center.

While the peer challenge team experienced a considerable amount of entrepreneurial spirit in parts of the organisation, there is also a sense of suffering the legacy of schemes that have been controversial (eg Spinnaker Tower) or have not been a success (eg the Pyramids Fun Pool). We would strongly encourage the council to move away from blame culture, acknowledge that if you are trying hard enough you will make some mistakes and celebrate the many good decisions you have taken for the good of the community.

The council recognises that good asset management is an important opportunity to reduce costs and generate an income. The transformation programme includes two work streams to this effect, including the sale of the Moutbatton Wing. Similarly, a move to 'Agile' working has significant opportunities to reduce the council's office space. However, these initiatives require investments.

6. Understanding local context and priority setting

Councillors and staff have a sophisticated understanding of their city. Many of the councillors we spoke to are deeply rooted within Portsmouth, bringing with it strong explicit and tacit knowledge of the city as well as comprehensive networks. They are a rich source of knowledge and are passionate about the well-being of their communities. At a time of significant financial constraints, this provides huge opportunities to capture councillors' knowledge in re-designing services that meet the requirements of local people and to manage demand and the cost of demand in the medium and longer term, for example through managing customer expectations or developing individual or community capability which will reduce demand on the system.

The council is rightly focusing on education as a key priority for the City. The peer challenge team saw education as the foundation for the city's vision, and to enable local students to access current and future well-paid jobs in Portsmouth. Indeed, Portsmouth is driving significant improvement in education with the recent GCSE results being the fifth most improved in the country, but this needs to be sustained beyond one set of results. New political and officer leadership is working alongside schools, business and universities to plan for the future and is taking forward a clear, focused strategy for improvement. Business mentors have been aligned to schools and a more sophisticated approach is being taken to the recruitment of school governors. The council is running 'Opportunity Fairs' which are well received by young people and employers, and is running a project in 17 junior schools on raising aspirations ('changing mindsets') together with schools in Southampton and Hampshire.

The council has a solid gap analysis. The Joint Strategic Needs Assessment provides comprehensive data and analysis on the health and wellbeing of the population, broken down by ward level and communities of interest. It provides data and analysis against a range of health and socio-economic domains and highlights areas of inequalities within specific groups or wards of the city. The JSNA confirms that one in four children live in poverty, rising to 67% in one part of Charles Dickens ward, the most deprived ward in Portsmouth. The council's anti-poverty strategy sets out clear, practical steps to reduce exclusion and reduce poverty. This is a comprehensive all age approach which was adopted ahead of the national work on Child Poverty. The peer challenge team heard about some innovative work starting with neighbouring authorities to look at behavioural change and tackling inequalities. The strategy has a clear recognition of the specific needs of issues facing traditional white working class communities and breaking the inter-generational cycle of deprivation in Portsmouth.

However, there is no single view of the customer that can support managers shaping services. While the peer challenge team saw a number of service specific strategies informed by data, analysis and responses to consultation, we could not find a systematic approach to capturing the views of local people as residents, service users or customers of services within the city. Understanding the customer perspective as articulated by the customer is an important add on to data and analysis about communities of interest or place. Given the context of financial pressures and increased customer expectations, the peer challenge team believes that the Council needs to demonstrate a more sophisticated knowledge of its customers and population differentials. There is scope to actively use existing Equality and Diversity tools such as Equality Impact Assessments, to understand the population and its differences or to co-produce with specific groups.

The council's approach to equality and diversity needs to develop further. Our discussions highlighted that while there is a strong understanding of social inclusion and age, there is a no systematic understanding of communities around ethnicity, faith, sexual orientation or other protected characteristics within the city. Similarly the council has limited workforce data and we found little evidence of diversity champions among the workforce, as well as no explicit leadership at officer or member level on equality and diversity. Given the strong focus on physical and social regeneration and the council's commitment to social inclusion, we consider

that there is a need to more systematically recognise different needs of the people who are disadvantaged or discriminated against through age, disability, race, gender or transgender, religion or belief and sexual orientation. An active approach to monitoring the city and organisational equality and diversity data will enable it to take action where appropriate.

7. Leadership and Governance

Political leadership is strong. The Leader is visible, well known and respected among external partners. He has a strong passion for the city, a vision and endless energy. He is an excellent ambassador and networker and ensures that Portsmouth maximizes opportunities as they arise.

Relationships between officers and member have improved dramatically over recent years. Much credit for this has been given to the Chief Executive, who is providing a calm, highly professional and stable balance to the complex politics in Portsmouth. The Chief Executive is highly rated by partners and he and the Leader have a productive and complementary relationship that is built on mutual respect. This enables the council to run with new ideas and exiting projects but in a way that is manageable. While officers acknowledge that relationships have improved, the organisational memory of the past is still alive and continued focus in the area is important, as is dealing with any complaints about behaviors.

Member development and training is not systematic nor is it sufficiently championed. Given the complex political landscape in Portsmouth and the significant challenges for councils in maintaining financial viability and delivering good services for citizens, the peer challenge team considers that political development and training are important for all councilors in meeting these. While political development is in the scope of the Leader and his Cabinet, we would recommend systematic 1:1 meetings that can identify training and development needs for members against accepted core competencies such as the political skills framework of the LGA. Led within the political framework these meetings can provide bespoke Personal Development Plans for each member.

The council could face some changes in executive positions at political and managerial level in the near future. The well-respected Director of Adult Social Care, who is a shared appointment with Southampton City Council is retiring at the end of March and the Council plans to have a joint Director for Children and Adult services. This is a model which is being adopted by many councils nationally. As outlined earlier, we saw some very strong practice in improving educational performance as well as supporting integrated services with health. This requires a considerable degree of senior level vision and support and we would urge to the council to ensure that it provides sufficient support and capacity to the new Director to maintain this strong focus on performance as well as developing relationships with colleagues in health that are required to pursue the work on integrated commissioning and moving patients (and money) from acute into primary care or prevention. Succession planning is also sensible at a political level where members can decide to pursue other interests at the end of their term of office.

Consideration needs to be given to the balance between areas for local discretion ('loose') and a centrally agreed approach ('tight') in leading and managing the

council. Council officers told us that at times this boundary was not clear which can lead to staff being confused at best or, at worst, being reluctant to take control in an area where discretion is appropriate or welcomed. Examples are the council's approach to value for money and performance management, both areas which the peer challenge team felt should be 'tight' areas.

The peer challenge team witnessed good relationships between Directors and their portfolio holders with regular meetings to review performance and strategic direction of services. These complement the good working relationships between the Chief Executive and the Leader. Taking a 'whole council perspective' however, we heard that the council invests little time in developing Cabinet and Strategic Director Board as a team, with shared goals and expectations. While Directors meet with Cabinet regularly, this has been focused on the budget setting process and the need to identify financial savings. What seems to be missing is a regular strategic dialogue about the medium and long term future of the council in the light of current pressures. This would enable members to share their wider vision and officers to provide professional input into how this can be realised. These dialogues are also crucial to clarify the balance between areas for discretion and areas for control.

Performance, risk and project management need further development. The adoption of corporate methodologies deployed across the authority would enhance managerial control. While the team acknowledges the council's desire to simplify processes and procedures, we felt that there was a need for a corporate wide approach to performance and risk management, with regular reporting to Cabinet and Strategic Directors Group to ensure that they have proper oversight of performance and key risks. We saw good examples of performance management in within service areas such as Children's Services and Adult Social Care with key areas of risk being monitored and addressed. We are aware of the current discussions about performance and risk management. We consider the current quarterly report as too 'light' and would recommend the introduction of a high level corporate performance report or score card where Strategic Directors Board and Cabinet can have corporate oversight of key risks and performance indicators.

8. Long-term financial viability

The council has a strong and diverse asset base, including its own housing stock, the port and civil and leisure amenities throughout the city. Assets are well looked after, provide or host a range of services and offer considerable scope for income generation.

The council is managing the reduction in national grant income and is on track to deliver its savings targets. In preparation for the 2013 budget, it has agreed two lots of savings in budget reports in December 2012 and January 2013 totaling £15m or £17m in a full year. This leaves another £8m savings requirement during 2015/16 at current projections. Members are very clear about the need to protect front-line services, and the approved budget savings from 2013/14 onwards include a mix of efficiency savings, service changes as well as contract redesigns and the anticipated savings from the transformation programme. The council is using its HRA to finance tenant related services such as Youth Clubs or Homelessness support in areas with

council housing stock, and is utilizing the public health ring-fenced grant to enable continued support on a range of public health outcomes.

The council has used an extensive and planned budget process involving members and heads of services. Each portfolio holder was given a savings requirement for their service and worked with their respective service to identify savings proposals. At the same time, Strategic Directors Board was asked to identify larger and more high impact proposals and initiatives. A member's budget group reviewed and prioritized savings proposals that were presented to Cabinet for approval. While the process was extensive and inclusive, the peer challenge team questions whether the approach is sufficiently strategic in the longer term. There will be a time where the scope for efficiencies is depleted and which will require resource allocation based on clear priorities and a medium and long-term outlook. While it is important to give all services challenging savings targets, this can lead to managers looking inward and ignoring the impact their savings may have on the effective service delivery of other services. An example is IT which may have to grow to support the council's ambitions to work flexible and reduce its asset base further. One officer summarized the downside of the current approach as *'we should be asking what can we do with the budget – not what should we do with the budget'*, highlighting the dangers of being exclusively driven by savings other than reframing the purpose and scope of the council in view of reduced funding

The council has fought shy of branding itself with a specific business model but sees its future as a mixed economy of internal and external provision. While the peer challenge team welcomes this agnostic approach we identified many different perspectives about which service should or should not continue to be delivered in house and the absence of a strategic steer creates a risk that the council will not get the best outcomes in service and cost in the way they approach the market. Our suggestion is that the council develops such a roadmap. We acknowledge that this is a difficult transformation to make and would encourage the council to learn from approaches elsewhere, but to be comfortable with its own local solution

In going ahead there could be a stronger over-arching narrative for making tough choices. In the absence of a Corporate Plan or a Community Strategy, the council has no medium to articulate the future challenges it faces and its longer term approach to dealing with these. This provides a vacuum for the community, partners as well as staff.

9. Moving forward - suggestions for consideration

Based on what we saw, heard and read we suggest the council consider the following actions. These are things we think will help improve and develop the council's effectiveness and capacity to deliver future ambitions and plans.

- Articulate a corporate vision with a compelling narrative for Portsmouth as a place and as a community and outlining the financial and other challenges over the short, medium and longer term and how the council plans to deal with these

- Document the narrative for the Shaping our Future programme and its 'next steps' successor and introduce more robust programme management arrangements including
 - A high level programme narrative
 - Documented governance arrangements
 - Regular updates on work-streams as a coherent programme document, including deliverables, benefits, financial performance and risks
 - Mapping of the inter-dependencies between work streams
 - Document benefits realisation, including financial savings and qualitative or service improvements
 - Introduce 'blue sky thinking' sessions with members, strategic directors and heads of services to consider more systemically and systematically the future of the programme

- Revisit the Compact and use this process to establish rules of engagement both strategically (what role do you see the VCS to provide in Portsmouth?) and tactically (how will you engage to ensure that this role can be realised?)

- Consider a member portfolio for the Voluntary and Community Sector

- Review your approach to Equalities and Communities, both internally and externally and consider introducing
 - Clear leadership at officer and member level through dedicated roles
 - Improve the quality of workforce data
 - Refresh your approach to the use of equality impact assessments as a tool to understand and mitigate impact of services on minority groups

- Introduce more systematic and tailored political development and training for councillors including the introduction of tailored Personal Development Plans

- Build the capacity of Cabinet and Strategic Directors Board as a single "Leadership" team

- Adopt a corporate approach to project management, performance and risk management by identifying the top performance measures (possibly using a corporate scorecard approach) as well as risks and the adoption of corporate methodologies.

We have attached a set of slides that summarise the above feedback. The slides are the ones used by the Peer Team to present its feedback at the end of the onsite visit.

10. Next steps

The council's political leadership and senior management will undoubtedly wish to reflect on these findings and suggestions before determining how the council wishes to take things forward. As part of the Peer Challenge process, there is an offer of continued activity to support this. We made some suggestions about how this might be utilised. I look forward to finalising the detail of that activity as soon as possible.

In the meantime we are keen to continue the relationship we have formed with the Council through the Peer Challenge to date. Heather Wills, Principal Adviser (London and the South East) is the main contact between the council and the Local Government Association. Heather can be contacted at heather.wills@local.gov.uk (or tel. 07770 701188) and can provide access to our resources and any further support.

In the meantime, all of us connected with the Peer Challenge would like to wish the council every success going forward. Once again, many thanks for inviting the Peer Challenge and to everyone involved for their participation.

Yours sincerely

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On behalf of the Peer Challenge Team:

Ada Burns, Chief Executive, Darlington Council
Cllr David Tutt, Leader, Eastbourne Borough Council
Cllr Terry Stacy, Leader of the Opposition, London Borough of Islington
Richard Webb, Executive Director – Communities, Sheffield City Council
Alice Lester, Programme Manager, Planning Advisory Service, Local Government Association

Appendix 2 - Recommendations from the peer challenge and actions arising

Issues	Progress so far
<p>Articulate a corporate vision with a compelling narrative for Portsmouth as a place and as a community and outlining the financial and other challenges over the short, medium and longer term and how the council plans to deal with these.</p>	<p>We recognise that an overarching statement of intent for the organisation is helpful, but have developed new techniques for setting this out, acknowledging that the more traditional style of working with corporate plans etc, has not always been fully effective. The narrative around the Great Waterfront City and how the city council is working to achieve this has now developed into the SDB plan on a page, and the cascade for all staff will start with a managers forum early in the new year. The narrative should form the basis of business planning in 2014/15 and a wider programme of corporate communication. We are also using this work to inform partnership initiatives.</p>
<p>Document the narrative for the Shaping our Future programme and its 'next steps' successor and introduce more robust programme management arrangements including:</p> <ul style="list-style-type: none"> • A high level programme narrative • Documented governance arrangements • Regular updates on work-streams as a coherent programme document, including deliverables, benefits, financial performance and risks • Mapping of the inter-dependencies between work streams • Document benefits realisation, including financial savings and qualitative or service improvements • Introduce 'blue sky thinking' sessions with members, strategic directors and heads of services to consider more systemically and systematically the future of the programme 	<p>The Shaping our Future programme, our programme for organisational transformation, is continuing with the original workstreams, but is being augmented with work to commercially let part of the civic HQ building, and areas of work on demand management and preventative services.</p> <p>Conclusion of the Expression of Interest process for the Brunel Wing of the civic offices in early July allowed a serious possibility to emerge, but also allowed thinking to develop about the cost-effectiveness of the arrangements for the wing which resulted in an appropriation to the HRA. Work continues to find a tenant, and vacate the space, as well as developing more modern and flexible styles of working.</p> <p>Formal project documentation will be prepared and logged with the Corporate Project Board, which will then receive reports in the usual way, with the first one due in January.</p> <p>Beyond this, the future shape of corporate transformation still needs to be refreshed in light of the budget discussions. However, this has started with an approach to the budget that took on board the future direction of the organisation, and the need to transform the city and the life chances of</p>

Issues	Progress so far
	<p>residents, whilst at the same time reducing demand for services, reducing dependency on government grant and maximising value for money.</p>
<p>Revisit the Compact and use this process to establish rules of engagement both strategically (what role do you see the VCS to provide in Portsmouth?) and tactically (how will you engage to ensure that this role can be realised?)</p>	<p>A full review of the Compact has taken place, led by the VCS. This has been presented to the Public Service Board and is now subject to a 3 month consultation period, due to end with a launch date in March 2014. The process confirmed that the document was sound, but needed rigorous implementation. The section regarding dispute resolution also needed firming up and social value has been included in more detail. The compact has also been developed as a standalone document, rather than part of the wider framework, to give it more profile and ownership by the VCS, who have designed the new branding. Importantly, the move of the VCS work in the council to the ICU has been seen as a positive thing by the sector, which strengthens the links to the commissioning process and gives the VCS a voice in service design as well as delivery.</p> <p>It is well recognised in the city that the Voluntary Sector is an important part of delivering services to the community and that, where appropriate, this will become an increasingly used delivery model for Council services. In many instances, the Voluntary Sector is well placed to deliver services however, it is also recognised that to do this there may need to be some investment into building their capacity or to improving their infrastructure and support. The council revenue budget for 2014/15 therefore established a Voluntary Sector Capacity and Transition Support fund in the sum of £200,000.</p>
<p>Consider a member portfolio for the Voluntary and Community Sector</p>	<p>Cllr Hugh Mason (Cabinet Member for Resources) is the lead member for the VCS, and work has been done to make this clearer to officers and the VCS. Cllr Mason chaired a summit as part of the Compact redraft, and has been active throughout the process, which has demonstrated the role clearly. The engagement with the sector is now easier, as an elected</p>

Issues	Progress so far
	representative structure for the VCS is now in place.
<p>Review your approach to Equalities and Communities, both internally and externally and consider introducing:</p> <ul style="list-style-type: none"> • Clear leadership at officer and member level through dedicated roles • Improve the quality of workforce data • Refresh your approach to the use of equality impact assessments as a tool to understand and mitigate impact of services on minority groups 	<p>A new Equalities strategy has now been approved by Cabinet and Governance, Audit and Standards; the refreshed strategy is a more interactive document which provides opportunities to look at data and information more dynamically.</p> <p>A review of the Equalities team will also be undertaken in the new year, and as part of this work, discussions are taking place with neighbouring authorities to see where there is scope to share services.</p>
<p>Introduce more systematic and tailored political development and training for councillors including the introduction of tailored Personal Development Plans</p>	<p>A briefing paper on this issue has been prepared for discussion with group leaders.</p>
<p>Build the capacity of Cabinet and Strategic Directors Board as a single “Leadership” team</p>	<p>The Cabinet and Strategic Directors invest time in developing thinking on issues together, primarily through the weekly Informal Cabinet sessions, which are an opportunity to consider issues privately. This is valuable time, and has helped develop more strategic approaches, such as to the setting of the budget.</p>
<p>Adopt a corporate approach to project management, performance and risk management by identifying the top performance measures (possibly using a corporate scorecard approach) as well as risks and the adoption of corporate methodologies.</p>	<p>Recent actions on performance management have introduced more rigour, clarity and consistency, and the quarterly reporting is now done to a common template and more challenge is being offered. The link with risk management is being explicitly explored.</p> <p>The new approach to risk management is in development, including the effectiveness of corporate risks. In relation to project management, there are established processes, but there are some weaknesses, as discussed in the recent Internal Audit review. However, work to consider the link with the capital programme and the risks within it should assist in strengthening the approach and adding more value.</p>

