

Report of the Deputy Chief Executive

Report to Executive Board

Date: 19 October 2016

Subject: LGA Corporate Peer Challenge: Findings and Initial Response

Are specific electoral wards affected?	Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of ward(s):		
Are there implications for equality and diversity and cohesion and integration?	Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-In?	<input checked="" type="checkbox"/> Yes	No
Does the report contain confidential or exempt information?	Yes	<input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:		
Appendix number:		

Summary of main issues

1. This report provides Executive Board with the findings of the council's recent Local Government Association (LGA) Peer Challenge, which was requested as a means to assess progress towards our Best City and Best Council ambitions.
2. In July 2016, the review team, of seven experienced peers - elected members and officers spent four days in Leeds. They met a range of stakeholders and toured the city. The key messages from the peer challenge have been summarised into three headline achievements which provide strong foundations for progress and three areas for further improvement.
3. The review team findings are very positive, for example: strong engagement from council staff; the council's vision and ambitions being clear and well-articulated; the degree of trust and confidence in the council and its senior leadership; and a good level of self-awareness at strategic level which is evident in plans and strategies.
4. In addition, they have made nine recommendations including being bolder in communicating successes, greater prioritisation, revisiting locality working, investing in more innovative and radical change and reviewing the processes in place to support this.

5. The Corporate Peer Challenge feedback report is attached at Appendix 1 with the summary findings and initial responses set out below. The feedback report is not published by the LGA, but the council is publishing it via this Executive Board paper.

Recommendations

Executive Board is asked to note:

- (a) The content of the Corporate Peer Challenge feedback report;
- (b) The initial assessment of actions and progress being made by the council against the key recommendations;
- (c) That further improvement work to use the findings will be delivered through existing initiatives such as the Best Council Plan 2017/18 refresh, the organisational service reviews including the Locality Review, the annual review of the Constitution and the People and Culture strategy;
- (d) That the Deputy Chief Executive will be responsible for taking forward the improvement work and an update will be brought back to Executive Board in October 2017.

1 Purpose of this report

- 1.1 This report provides Executive Board with the findings of the Local Government Association (LGA) Peer Challenge of the council that took place in July 2016. The report summarises the scope of the Peer Challenge and the approach taken by the review team, headline messages, recommendations and the council's initial response and the further work planned.

2 Background information

- 2.1 Earlier this year, the council requested the LGA lead an independent Corporate Peer Challenge to help assess progress towards our Best City and Best Council ambitions and recommend where we could improve further. The LGA's Peer Challenge Framework covers five core components to measure a council's performance and improvement, with the option to examine other areas identified with the individual councils. Through discussion with the LGA, the review areas for Leeds were as follows:

LGA core components

- Local place and priority setting
- Capacity to deliver
- Leadership of place
- Organisational leadership and governance
- Financial planning and viability

Additional review areas

- How the council is approaching our ambition to be a compassionate city which balances growth with addressing inequalities.
- The extent to which we work as a single organisation.
- The impact regionally and nationally.
- How well are we preparing for the future.

- 2.2 The review team consisted of seven peers - elected member and officers whose experience and expertise reflected the requirements and focus of the challenge. These included the Chief Executive of Newcastle City Council, the Cabinet Member for Place at Bristol City Council, a Partner at BDO (a private sector consultant) and senior LGA staff.
- 2.3 The team prepared for the peer challenge by reviewing the council's submission together with a range of supporting documents and information, to familiarise themselves with the council and its challenges in advance of a four day site visit in July 2016. During their time at Leeds the team spoke to over 150 people including elected members and staff from across the council and a range of stakeholder backgrounds, gathered information from almost 50 meetings, visited key sites and went on two tours of the city. In addition, all members of staff were invited to contribute to the peer challenge with feedback requested via confidential e-mail on what it is like working for the authority and their thoughts about the way it works.
- 2.4 Full details of the team, its scope and focus, and the process followed can be found in the Corporate Peer Review feedback report, included as Appendix 1 to this report.

3 Key Messages from the Review

- 3.1 The results of the peer challenge are positive with the review team finding very strong, open and honest engagement from council staff, who they felt demonstrated our values and manager habits. The key messages from the review can be broadly summarised into three areas where the team identified **headline achievements which provide strong foundations for progress** and three **areas for further improvement**:

A. Achievements: Strong Foundations for Progress

a) *Vision / ambition / leadership*

- The council's **vision and ambitions** 'for Leeds to be the best city in the UK: a compassionate city with a strong economy that tackles poverty and reduces the inequalities that still exist' are clear and well-articulated, strongly reflected in the council's plans and priorities and are widely understood by staff and other stakeholders.
- The degree of **trust in the council and its senior leadership** is very strong, with clear confidence and respect for the Leader of the Council and the Chief Executive.
- **When we act boldly, we achieve good results** not just for the city, but the wider region. Initiatives highlighted included the successful challenge to the proposed HS2 station location and working with other councils, government and partners to bring the Tour de France to Yorkshire in 2014.

b) *Frontline services / staff engagement maintained despite austerity*

- We have set out a **positive role for the council** in working to maintain and improve services despite increasing demand and challenging financial backdrop. There is also clear recognition that the future budget reductions will require major changes in what the council does and how it does it.
- The council has been **successful in using its asset base and its regeneration projects** to create income. The focus on and investment in locally delivered services is impressive and initiatives like the Breakthrough Projects are making a difference.
- Leeds is **clearly driven by its values and aspiration** to be the best: the best council in the best city. Staff felt that the Best City and Best Council ambition has created a positive mind-set that encourages people to strive for further improvement.

c) *Partnership and community engagement*

- Our partnership approach, relationships and investment in the voluntary and community sector was acknowledged. Our approach to **community empowerment and civic enterprise is perceived to be strong**.
- The review team **recognised the working relationships** we have established **around health and social care** service integration and improvement to deliver co-ordinated, effective, personalised support: for example on the neighbourhood networks.
- There is **active engagement with service users** to help shape services which are inclusive and accessible.

B. Areas for Further Improvement

a) *A stronger, positive narrative*

- There is a degree of **reticence about championing achievements** either internally or externally. More needs to be communicated about city and council

successes, so that there is recognition of individual and collective achievement by staff, the teams they work in, and partners.

- We should **develop a clearer positive narrative** to underpin our ambition for both a strong economy and for a compassionate city, to provide a common language and foundation to inform communications, collaboration and the testing of priorities.

b) Continue to be innovative and further embed cultural change

- We could do even **more to share learning about what works** and what does not, making space for people to come together to share problems, challenges and ideas to support an improved culture and foster a spirit of learning.
- There is still **work to be done to make cross-departmental and collaborative working the norm**. Silo approaches need to be challenged, particularly when efforts are being made to integrate services at the front-line.
- The **speed of decision making** and some internal processes can be **slow and unwieldy**.

c) Prioritise further and be prepared to go further and faster

- The reduction in budgets means that the council must **be prepared to make some more hard choices**, prioritise further and be clearer about what it can no longer afford to deliver or provide.
- Over time we need to **continue to explore where we can be even more radical in service delivery**, build on our innovative models to better manage demand for services, helping residents to 'self-serve' more or access local community-based support thereby reducing costs whilst improving outcomes for local people.
- The review team felt the council could sometimes be bolder about the range and depth of improvement it can bring about: build on what we have done so far and be **prepared to go further and faster**.

4 Peer Challenge Recommendations

4.1 The review team have made nine recommendations, which are summarised below (please refer to Appendix 1 for the full commentary). An initial response on how the council is responding and details of further planned work is detailed below.

4.1.1 Recommendation 1: Develop a clearer narrative to underpin the vision for locally provided services and revisit locality working to ensure that the delivery model fulfils your expectations about providing services and bringing about change, particularly how growth will benefit the most disadvantaged in the city

Initial Response:

- The council is part-way through a Localities Review, which aims not only to better co-ordinate local interventions but also put tackling inequalities at its heart. A full response to this recommendation will be progressed through the Locality Review's findings.
- Leeds has a long track record of delivering services successfully at a locality level and in recent years has re-emphasised a commitment to this direction of travel through the reinvigoration of Community Committees, Community Hubs, neighbourhood networks and clusters. The way these interact and integrate to improve outcomes and reduce costs is the next challenge.
- The Breakthrough Projects are a mechanism to better join up policy areas to progress our Best City and Council ambitions and we are working to further

strengthen their contribution in addressing disadvantage, promoting Leeds as a 'Compassionate City'. In particular, the Stronger Communities project aims to better link the opportunities created by economic success with those who need access to it most, and to raise aspiration in some of the city's most deprived communities.

4.1.2 Recommendation 2: Embed the high-level vision more deeply into practical delivery at local levels

Initial Response:

- The peer challenge commended the strength of the council's ambition and vision at the strategic level but noted that further work is needed to ensure this impacts consistently on the ground.
- Much has been achieved in embedding a shared vision and ambition with the council, in part through a stronger approach to organisational development and promoting good leadership via initiatives such as the manager habits programme. Staff appraisals have put the council's values and expected behaviours as a key component of staff development and the central importance of values and behaviours is being extended to staff recruitment.
- However there is always more to do. We need to continue the move towards flatter structures through our on-going change programme, renew our focus on communications to ensure they are effective through enhanced use of tools like video blogs to share messages and ensure staff voices are heard and fed into the development of our plans.

4.1.3 Recommendation 3: Ensure the linkages between Breakthrough Projects and your Compassionate City ambition are fully understood and exploited to maximum potential

Initial Response:

- The peer challenge report suggests that the Compassionate City ambition is more explicitly captured through the breakthrough projects, possibly considering an additional ninth project dedicated to this area. While there is merit to an overarching breakthrough linking in with each of the other streams, there is already an indication that this role is beginning to be embraced by the Stronger Communities breakthrough project.
- The success of Stronger Communities project will be judged against whether:
 - As a council we have a better understanding of our communities and cohesion;
 - Tailored council service delivery is aligned with specific community needs;
 - Our impact on tackling persistent inequality;
 - Improved community aspirations and better links to social and economic opportunities in the city can be seen.
- As these themes align closely with the Compassionate City ambition, the 'Strong Communities' project will take on the role from this recommendation.

4.1.4 Recommendation 4: Prioritise further, focusing on what will make most difference. With the financial challenges that you face, stop thinking that everything can be done

Initial Response:

- Over the summer, the council has undertaken an extensive service review process. As part of this work we have asked services to consider options for

change, make efficiencies, look at charging options, and where appropriate look at the consequences of doing less. This has brought about a wide range of suggestions and proposals, some of which are new and some which have been considered and dismissed as part of previous years' budget-setting. Some review outcomes have commenced implementation and others will continue to be developed through the rest of this financial year.

- The service review process has fed directly into the development of the medium-term financial strategy which was considered by the Executive Board meeting in September 2016. Greater detail will be provided at the Executive Board's December meeting through the Initial Budget Proposals paper, and will form the basis of the budget-setting process. Other ongoing reviews, such as those for Support Services and Localities, also include an examination of areas of work that could be reduced or stopped altogether.

4.1.5 Recommendation 5: Explore alternative service delivery models

Initial Response:

- The council will continue to use innovative alternative delivery models such as: neighbourhood networks; asset management to drive revenue; shared services through the Business Support Centre; delivery with partners (for example new models of care) and the third sector and income generation for example Tropical World.
- Through budget planning and the service review process, consideration is being given to all options including the potential for alternative funding models for example commercialisation, traded services and community trusts.

4.1.6 Recommendation 6: Be bolder in your approach to communications and communicate successes more widely and more visibly

Initial Response:

- A common criticism of the council and the city is that we 'hide our light under a bushel'. Although we have made progress in developing a positive narrative about our ambition, as demonstrated by sector acknowledgement (illustrated in our recent performance in the Local Government Chronical and Municipal Journal Awards), more needs to be done to mainstream the capturing and communication of our achievements.
- We need to strengthen our leadership role beyond our boundaries and work to better grasp opportunities for Leeds, the City Region and beyond, and at national level. We also need to broaden the relationships we have with the City Region out across the council, as this role is often perceived as primarily the business of the Leader and Chief Executive.

4.1.7 Recommendation 7: Revisit processes and the officer delegation scheme to ensure they are fit for your needs, your approach to risk and to enable faster working

Initial Response:

- The annual review and refresh of the council Constitution presents an opportunity to take stock of how effectively and efficiently business is being conducted on a day-to-day basis. The review ensures that arrangements provide a robust governance framework to support the delivery of strategic objectives but should also, in light of this recommendation, seek to simplify procedures where appropriate in agreement with elected members.

4.1.8 Recommendation 8: Invest in more innovative and radical change

Initial Response:

- Whilst we recognise that we could do more, we have invested in a range of programmes that have changed how our services are delivered and how we work.
- For example working with health partners we are exploring a common ICT infrastructure, significant savings and efficiencies are being realised through innovative technological solutions including assistive technology and within healthcare and more people living safely and independently at home through integrating and modernising services to deliver co-ordinated, effective, personalised support.
- The Changing the Workplace programme including the refurbishment of Merrion House will save a minimum of £15M. This saving will be achieved through simplifying, standardising and sharing workspaces, technologies and support systems, with a subsequent reduction in the number of buildings we occupy from seventeen to four.
- We are exploring commercial investments for example in the Enterprise Zone where we are investing for a rental stream.
- As highlighted under recommendations 1 and 4, the outcomes of the work towards establishing the medium term financial strategy will have significant influence on how we invest resources and promote innovation.

4.1.9 Recommendation 9: Further develop your national leadership role both within the Core Cities Group and beyond, including developing human as well as physical capital

Initial Response

- The Leader's role of Chair of the Core Cities Cabinet Group, will provide Leeds with a significant opportunity to shape and influence the core cities agenda and the city's profile, whilst also opening opportunities to engage Government and other bodies on behalf of the group.
- We have made significant progress in raising the profile of Leeds both nationally and internationally. However we acknowledge more needs to be done particularly in expanding our leadership role beyond our administrative boundaries, to date a role primarily undertaken by the Leader and Chief Executive.

5 Corporate considerations

5.1 Consultation and engagement

5.1.1 The review team undertook a wide range of consultation and engagement as part of their review. The team made themselves accessible for staff at all levels and sought views and comments from as many people as possible. During their time onsite, the team:

- Spoke to more than 150 people including a range of council staff, councillors, external partners and other stakeholders;
- Gathered information and views from more than 50 meetings, visits to key sites in the area and additional research and reading; and
- Went on two tours of the city: one around the city centre and the other covering Holbeck, Kirkstall, Holt Park Active and the Reginald Centre hub at Chapeltown.

- 5.1.2 The draft Corporate Peer Challenge feedback report was considered by Corporate Leadership Team and Cabinet with their responses fed back to the LGA. Key messages have been communicated with the Best Council Leadership Team and the Chief Executive also e-mailed all staff informing them of the positive feedback and recommendations.

5.2 Equality and diversity / cohesion and integration

- 5.2.1 There are no equality and diversity implications of this report. Specific equality impact assessments will be carried out as required in relation to the further implementation work noted in response to the recommendations.

5.3 Council policies and best council plan

- 5.3.1 The purpose of the peer challenge was to test our Best City and Best Council ambitions as set out in the Best Council Plan. The feedback allows us to take stock of the progress already made and sets out areas for greater focus to continue our improvement journey and deliver better outcomes for the city.

5.4 Resources and value for money

- 5.4.1 The review team reported that they collectively spent more than 313 hours to determine their findings – the equivalent of one person spending more than 8 weeks in Leeds.
- 5.4.2 The peer challenge recommendations will have implications for council resources, in particular the exploration of alternative service delivery models, greater prioritisation and 'stop thinking that everything can be done'. These will be addressed through the council's strategic planning, financial planning and workforce planning processes.

5.5 Legal Implications, access to information and call-in

- 5.5.1 There are no significant legal issues relating to the recommendations in this report.

5.6 Risk management

- 5.6.1 There are no significant risk implications from the peer challenge feedback.

6 Conclusions

- 6.1 The results of Leeds City Council's LGA Corporate Peer Challenge are very positive confirming that we have embarked in the right direction in our improvement journey, but it encourages us to be bolder, moving further and faster.
- 6.2 The review findings and recommendations provide an important and invaluable input into our strategic planning framework in particular the Best Council Plan.

7 Recommendations

- 7.1 Executive Board is asked to note:
- a) The content of the Corporate Peer Challenge feedback report;
 - b) The initial assessment of actions and progress being made by the council against the key recommendations;
 - c) That further improvement work to use the findings will be delivered through existing initiatives such as the Best Council Plan 2017/18 refresh, the

organisational service reviews including the Locality Review, the annual review of the Constitution and the People and Culture strategy;

- d) That the Deputy Chief Executive will be responsible for taking forward the improvement work and an update will be brought back to Executive Board in October 2017.

8 Background documents¹

8.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Corporate Peer Challenge **Leeds City Council**

19-22nd July 2016

Feedback Report

1. Executive Summary

Leeds City Council (LCC) is a highly respected, highly performing council, solid yet ambitious. It is well-placed to deal with the challenges ahead and it has built a strong platform for the future. Councillors, staff and partners talk about Leeds and what it has achieved with enthusiasm and there is evident pride in being associated with one of the country's largest councils, what it does for the city and the wider region.

There is immense confidence in the leadership of the council vested in the Leader and Chief Executive, to the extent that across the broad range of people whom we engaged with told us, often unprompted, how widely respected they are in leading the city. The widespread reference to them is a clear demonstration of the extent to which the leadership has engaged, and connected with, stakeholders at all levels.

Being such a large council representing one of England's biggest cities and populations is not without its challenges, and there is a good understanding of local need and disadvantage. This is clearly reflected in the council's ambition to deliver economic growth whilst being a compassionate city which supports vulnerable people and aims to reduce inequality. There is widespread acceptance and agreement that this ambition is the right one for Leeds, with many stakeholders readily talking about it. The next step should be to move to delivering more of the vision from high level discussions into practical steps on the ground for your communities.

There is much to be proud of in Leeds, reflected in a variety of national awards. More has been done recently, yet there is still a degree of reticence from Leeds about communicating its successes. Taking some time to articulate what has been achieved will help to grow confidence and prepare staff, councillors and partners for future challenges.

At the locality level there is a great deal of activity established or underway through the council's Community Committees and Community Hub working model. In line with the Scrutiny Inquiry which reported in May 2016, it is good to see that the council is revisiting the overall approach to locally provided services to ensure maximum results are achieved for the resources invested in them. This will help with service integration in the future. As the council's financial targets become more challenging over the next few years it will be important to ensure that services are integrated as much as possible with partners to achieve the outcomes for citizens that the LCC ambition demands.

In common with other local authorities there are significant challenges ahead, not least in balancing the books in the medium-term whilst delivering services in a more demanding environment. Forthcoming cost pressures mean that greater consideration needs to be given to the future role of the council and its overall size and function, because there will not be enough resources, even for a council the size of Leeds, to maintain the status quo in the medium to long term. The reduction in budgets means that the council must be prepared to make more hard choices, prioritise further and be clearer about what it can no longer afford to deliver or provide. Over time it also needs to explore where it can be more radical in service delivery: can it build on some of its more innovative models to better manage demand for services, helping residents to 'self-serve' more or access local community-based support thereby reducing costs whilst improving outcomes for local

people. Councillors at all levels will have a significant role to play in communicating why difficult decisions are being made and articulating what this means for residents and communities.

The future ambition is clear, yet some parts of the organisation and some of how it operates appear to be more traditional. Inevitably in such a large organisation there are also some pockets of resistance to change. The speed of decision making and some internal processes can be slow and unwieldy, and the degree of delegation to officers appears to be out of kilter with the performance expectations of the council's leadership. There are strong departments showing high performance but there is room to improve buy-in to corporate working and to develop a more collegiate and programmed approach to innovation, both at strategic and operational levels, which shows how initiatives link with each other and with service delivery. There has clearly been progress though and schemes such as the Aspire spin out and architectural design services model demonstrate a council looking for new ways to deliver services. The council should continue to seek out these opportunities.

The extent of the council's influence within the city and beyond could result in a council wanting to dominate everything, yet there is an acute understanding of the many sensitivities that this role brings to relationships and influence inside and outside of its boundaries. LCC has a significant role to play due to its size, influence and capacity at regional and national levels. It is our view that the council has permission to stride out and grasp opportunities on behalf of its own communities and more widely, whether through the City Region or beyond, and at national level.

Leeds City Council's ambition to be the best city and the best council is widely understood and is aspirational. Stakeholders have high expectations that the council will build on what it has already achieved. Our key message to you is that the council could sometimes be bolder about the range and depth of improvement it can bring about: build on what you have done so far and be prepared to go further and faster.

2. Key recommendations

In order to make more progress we think you should consider the following recommendations:

- Develop a clearer narrative to underpin the vision for locally provided services and revisit locality working to ensure that the delivery model fulfils your expectations about providing services and bringing about change, particularly how growth will benefit the most disadvantaged in the city
- Embed the high level vision more deeply into practical delivery at local levels
- Ensure the linkages between Breakthrough projects and the Council and City ambitions are fully understood and exploited to maximum potential
- With the financial challenges that you face, look again at prioritising further which may result in stopping or reducing some areas of work.
- Explore alternative service delivery models where appropriate and where there is evidence they will succeed

- Be bolder in your approach to communications and communicate successes more widely and more visibly
- Revisit processes and the officer delegation scheme to ensure they are fit for your needs, your approach to risk and to enable faster working
- Continue to invest in more innovative and radical change
- Further develop your national leadership role both within the Core Cities Group and beyond, including developing human as well as physical capital

3. Summary of the Peer Challenge approach

The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the corporate peer challenge at Leeds City Council were:

- Pat Ritchie, Chief Executive, Newcastle City Council
- Cllr Helen Holland, Cabinet Member for Place, Bristol City Council
- Ed Watson, Executive Director Growth Planning and Housing, Westminster City Council
- Andy Mahon, Partner, BDO
- Louise MacKenzie, Group Manager, Strategic Policy and Planning, Glasgow City Council
- Ian Hughes, Head of Policy, LGA
- Judith Hurcombe, Programme Manager, LGA

Scope and focus

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

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

4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, you asked the peer team to consider how you are approaching:

- Your ambition to be a compassionate city which balances growth with addressing inequalities
- Working as a single organisation
- Impact regionally and nationally
- Preparing for the future.

Our views on progress in these additional areas run through the sections of this report.

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 focus. 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 Leeds, during which they:

- Spoke to more than 150 people including a range of council staff together with councillors and external partners and stakeholders
- Gathered information and views from more than 48 meetings, visits to key sites in the area and additional research and reading
- Went on two tours of the city, one to the city centre and the other to Holbeck, Kirkstall, Holt Park Active and the Reginald Centre hub at Chapeltown
- Collectively spent more than 313 hours to determine their findings – the equivalent of one person spending more than 8 weeks in Leeds.

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 (19th – 22nd July 2016). 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

The council's vision of being the best city and best council is clear and articulated well. Staff, councillors and partners talk about it and buy into the aspiration. We found that it flows through the council's plans, aided by succinct and well written reports and summaries, with good graphics and layouts, including plans on a page. The self-assessment we received as part of our pre-reading was a good and honest appraisal of the council, the economic and social environment of its communities, and showed a good level of self-awareness about what else it needs to do to tackle its challenges.

Data and evidence, combined with good intelligence and analysis have been widely used to shape priorities and services across the council. People readily talk about the details of the data for Leeds; this may be attributable to the attention paid to quality data and making it accessible, but it may also be due to the use of data being embedded and consistent. The Data Mill is a partnership between LCC and a local company specialising in digital content, data insight and storytelling, and it has a community steering group which influences which datasets are published to help address community issues. The Poverty Fact Book produced by the Financial Inclusion Team is a good example of the analysis undertaken and provides a good resource for further targeting households in poverty.

Making children a priority was also reflected in past budget consultations. For example in 2012 and 2013 residents identified children's social care, special education needs and disability services as their top priorities, followed by services for adults with mental health needs. Public engagement and consultation is used widely to help shape services and approaches, for example the whether or not to bid for European Capital of Culture 2023 is being shaped by extensive dialogue with communities.

The Director of Public Health's most recent annual report strikes an interesting and challenging approach to health through its focus on the need to create communities and not just build the 70,000 new houses identified in the Local Development Framework. This is important because it is an example of the council's willingness to tackle cross-cutting and complex issues.

There is active engagement with service users to help shape services which are inclusive and accessible for everyone. An example of this is the Supplementary Planning guidance that includes a detailed commitment to accessibility, which in turn is reflected in the Access and Use-Ability Group being involved in the plans for the forthcoming Victoria Gate shopping arcade.

There is a focus on locality working in neighbourhoods and communities both in delivering services and devolved decision making. There are ten Community Committees in Leeds, made up of councillors through the 33 electoral wards across the city, and each Committee has a devolved budget. During their first year of operation in 2014-15 the committees supported a wide variety of local projects on a range of issues. A small selection of the projects supported funding for social prescribing to support

people with minor mental health issues to access activities in West Leeds; supporting people aged over 50 back into work in Inner South Leeds; and funding apprentices into placements in various locations across the city.

The focus on and investment in locally delivered services is impressive. With a number of initiatives (the Committees, Hubs and Breakthrough Projects) and a wide range of services with differing management arrangements, there is a need for a clearer narrative which underpins the vision for locally delivered services. The officers we spoke to felt that there was some confusion around the geography and how the arrangements fit together. The narrative would provide a clear thread from the consultation activities championed by the committees, through decision making and governance to the delivery model through the Hubs, for example. The Scrutiny Inquiry which reported in May 2015 recommended further refinements and improvements to the hub model, and development of the 'narrative' would help to support the implementation of those recommendations.

Despite the wide ranging regeneration development work completed, underway or planned for, and despite some of these being within sight and short geographical distances to the city centre, we heard from officers, business and the voluntary sector that some people within some communities do not recognise these developments as areas of opportunity for them. The council is very aware of these concerns and looking forward, there is a need to tackle these views and help the most disadvantaged participate. The Commission on the Future of Local Government, led by the council and which reported in 2012 cited civic entrepreneurship and said "it is the civic entrepreneurs who permeate businesses, communities, councils and charities who change cities and towns for the better".

Some partners recognise they have a role to play in delivering the vision and some play an active and visible role in the Compassionate City approach. More partners buying into the council's concept of Civic Enterprise and the potential benefits to both themselves and the city in tackling poverty and investing in communities will help to move the vision into reality. Leeds has many large and significant nationally and internationally known businesses and organisations who can contribute more to the success of the city, and can be key to helping to reduce inequality.

The outcome of the European referendum in June 2016 has led to further consideration of what it means for Leeds to be a compassionate city, particularly since the overall vote in Leeds was to remain, but virtually a 50:50 split. We suggest Leeds is well-placed to further explore what 'Brexit' means for communities and those who feel disenfranchised from local and national politics, on behalf of councils across the country.

4.2 Leadership of Place

The degree of trust in the council and its senior leadership is very strong and partners speak highly of the council and how it operates in the city. There is clear confidence in and respect for the Leader of the Council and the Chief Executive, both as individuals in their own right, as well as for their excellent working relationship and how they engage with others. A good demonstration of this leadership role is the strong working relationship built with health partners for example on the New Models of Care

programme. The downside of such clear leadership however is that the West Yorkshire Combined Authority (WYCA) and the Leeds City Region Enterprise Partnership are perceived by many as largely the business of the Leader and Chief Executive, so some consideration is needed of how to broaden the relationships you have with the city-region out across the council.

When the council decides to act boldly, it gets good results. For example, we heard the successful challenge to the proposed HS2 station location was an excellent example of the council acting confidently in the best interests of the city. Other examples include working with other councils, government and partners to bring the Tour de France to Yorkshire in 2014, the Triathlon, the Tour de Yorkshire and the development of the Capital of Culture bid through a groundswell of public opinion and consultation.

Investment has been made in the voluntary and community sector and we heard very positive feedback from them about the support and engagement they receive. They told us that, historically, engagement with them was patchy but now improved, and they regard the council as a trusted partner: "it used to be officers who didn't own the messages they were told to give, now senior officers come themselves". We also heard that the council is exemplary in this area, and much more could be achieved on civic entrepreneurship if other large bodies could engage at the same level and in the same style.

In common with neighbouring authorities in the region parts of Leeds suffered from devastating floods over late December 2015, affecting residents and small and large businesses near to the River Aire in the city centre and in Kirkstall. The response from the council was at a number of levels including the council being clear with government about what the city needed, and we heard of many examples of individual councillors and members of staff who worked tirelessly with communities and businesses to support them through the crisis and afterwards. The council played an important role in marshalling the community volunteers during the floods and afterwards the community held a recognition event, awarding golden plugs and plungers to say thank you to those involved.

The number and range of physical regeneration developments proposed or underway is numerous and includes:

- A proposal to develop a 21st century science park in the city centre including redeveloping a new University Innovation and Enterprise Centre on the site of the former Leeds General Infirmary
- Merrion House, a Joint Venture development between the council and Town Centre Securities, a £41m project which will provide new office accommodation for customer services and 1,900 council staff, due to be completed in early 2018, and represents the biggest office pre-let in the city centre for two decades. It will result in the council operating out of 4 rather than 17 buildings in the centre of Leeds
- Victoria Gate retail and leisure development scheduled to open in autumn 2016 including John Lewis's first store in the city, the largest outside of London

- £13m refurbishment of Kirkgate Market, due to complete in summer 2016
- Flood alleviation at Crown Point Weir which will protect 300 acres of development land in the south bank area of the River Aire.

Partners, businesses and stakeholders are very clear about the council's ability to lead and deliver, established partly but not only through its ability to negotiate good regeneration deals for the city. This is a significant demonstration of confidence in the council that should not be under-estimated: we think it gives LCC a big mandate to be bolder on behalf of the city and the City Region. More emphasis is needed on ensuring that the outcomes of key projects are harnessed to benefit places and their communities, and there is both an appetite and permission from stakeholders to go further and faster.

At many levels people are proud to be from or in Leeds, from individual streets, communities and city-wide; this is reflected in pride in working for the council too.

There is much to be proud of but sometimes there is a degree of reticence about championing those achievements either internally or externally for fear of not wanting to be over-exaggerating success, and down-playing achievement was described to us as being "a bit of a Leeds thing". More needs to be communicated about the council's successes, so that there is recognition of individual and collective achievement by staff and the teams they work in.

4.3 Organisational leadership and governance

Leeds is clearly driven by its values and aspiration to be the best: the best council in the best city. This is shown in a variety of ways across the council and through what it does: it is reflected in the Best Council Plan 2015-2020; in the best city outcomes of a strong economy and a compassionate city; and appears to be widely understood by stakeholders. The council's five stated values were talked about by a wide range of staff during our onsite visit. "Doing our best" is a statement of the culture the council aims to achieve and is a thread running through manager training and development through the Manager Challenge programme, as well as being a strong feature of staff appraisals. Staff told us that the Best Council ambition has created a positive mind-set that encourages people to strive for further improvement.

There is widespread use of summary plans in an accessible page format, for example the Waste Management Plan on a page for 2016/17 shows the directorate's vision, how this will be achieved, and impact measures, as well as linking back to the high level Best City and Best Council straplines and areas for improvement from the staff engagement survey. Emphasis is placed on staff feeling valued, value for money, and being trusted to deliver.

Relationships across the political spectrum are positive, largely consensual and inclusive. Decision making at the executive level is made through the Executive Board which comprises eight portfolio holders as well as the Leaders of the two majority Opposition groups. Councillors told us they feel able to tackle issues at local levels most of the time and that decision making is pragmatic. Elected members are regarded as engaging well with issues across the city and are visible in their communities.

Councillors describe a good level of support from officers, including briefings and for casework, and officers were described by them as accessible and professional. That this applies across the political spectrum suggests that Leeds is an open council, confident in how it conducts its business, but also a degree of political group management which helps to ensure proper conduct is maintained.

Equality and how to tackle inequality has a high profile and the council reports annually and comprehensively of progress against its equality priorities: the council has consolidated and built on its approach since achieving the Excellent rating of the Equality Framework for Local Government in 2011. Poverty is seen as an equalities issue affecting a wide range of different groups and households, and not just regarded as an employment or income matter.

There are eight Breakthrough Projects across the council. They offer a unique, cross-cutting approach to help ensure that outcomes are being achieved in line with the council Plan. The projects are politically-led and championed, and represent an innovative approach that will be an important part of how the council meets the challenges ahead. They cover the following strategic areas of:

- Tackling domestic violence and abuse
- Housing growth and high standards in all sectors
- Making Leeds the best place to grow old in
- Strong communities benefiting from a strong city
- Cutting carbon and improving air quality
- World class events and a vibrant city centre that all can benefit from
- More jobs, better jobs
- Early intervention and reducing health inequalities

We suggest that further work should be done to better incorporate the Compassionate City theme into the breakthrough projects, either through a new Breakthrough Project or potentially widening an existing one. The 'Strong communities' project could fulfil this role.

Messages from the top of the organisation are heard and well-received. Staff are clear that improving the culture of the council and the attitude of staff continues to be a clear priority, driven from the top. They told us of good morale, and despite knowing that change is inevitable, people are largely engaged across the workforce.

At this stage, and in order to help prepare for the future so that the organisation can act quickly we think the council would benefit from revisiting some of its processes and procedures. We heard of staff concerns about the depth and length of process relating to procurement and recruitment which may be stifling the pace of change in some areas; some of this may be a degree of resistance to doing things differently, especially as Leeds in common with other councils, has a 'self-service' model for recruitment where managers undertake roles previously done by human resources. But there is a degree of frustration about how long things can take to be implemented.

Related to this is a degree of frustration about the council's scheme of delegation and some concerns from staff that accountability, reflected through many layers of management, results in decision making being slower and sometimes more risk-averse than it should be. We weren't onsite long enough to give a considered view about the scheme overall, but suggest that it should be revisited to ensure that it is commensurate with what the council needs its staff to do, how quickly they need to do it, balanced by the appropriate checks and balances within the constitution. There is also a perception that decision-making at the Executive Board level, whilst commensurate with the council's values of openness and transparency, may also contribute to slower decisions being made.

As the council prepares to tackle the significant budget reductions ahead, it will be expecting a great deal of its officers in managing and accommodating that change: the same expectations apply to its councillors. Members as a collective body need to aspire to being more outward facing and supporting residents and less on holding officers to account. This includes getting a better balance between scrutinising the implementation of decisions (which is important but tends to be retrospective in focus) and using their skills and experience to be more involved in shaping policy. Recent budget consultations show an increased awareness from the public of the need for residents and communities to take more responsibility for their actions and their neighbourhoods: councillors have a fundamental and significant role in helping to bring this about.

4.4 Financial planning and viability

Between 2011 and 2015 the council was subjected to 40% reduction in core funding from government of £180m, which led to an associated reduction of around 2,500 staff. Cost pressures in social care and reductions in income due to economic growth resulted in the need to save a total of £250m over the same time period. In 2016-17 the council faces a further reduction in core grants of £34m and the estimated funding gap from 2017-18 to 2019-20 is some £110m. To date the budget reductions have been implemented well and with a clear focus on protecting frontline services. There is clear recognition that the future budget reductions will require major changes in what the council does and how it does it.

The council has been successful in using its asset base and its regeneration projects to create income, for example:

- First Direct Arena, opened in 2013 is owned by the council with operations leased to SMG, generating in excess of £1.2m of revenue income per annum
- The creation of Leeds Business Improvement District in 2015 will create an income to the city in excess of £2m per annum

The high performance of Children's Services has resulted in it having a high profile, and the council is justifiably proud of what has been achieved in turning it around from a failing service which received an Improvement Notice in 2009. However, the scale of the financial challenge ahead means that all departments and all areas of performance

must be scrutinised and the scope to reduce expenditure within Children's Services may be difficult.

There may be further possibilities available to the city more widely to maximise grant income by letting others bid on behalf of the council: the third sector is well placed to do this. Partners too may be able to offer more innovative approaches, including making greater financial contributions to shared projects.

Moving forwards, there will be an increasing need to ensure that budgets are closely monitored and financial forecasts are regularly reviewed and are realistic. Assumptions on levels of capital receipts, the tax base or trading income may be entirely valid and reasonable now, but some are dependent on many factors outside of the council's control, such as recession and business confidence. Outstanding business rates appeals are recognised as being a particularly significant risk.

As funds become tighter it will be important to address costs in areas or on issues that have to date been outside the scope of budget savings and are more difficult and complex to achieve, for example on terms and conditions of employment for council employees, or moving to more variable levels of service provision.

The scale of the budget challenge between now and 2020 will not be easy to address, but nonetheless being clear about what are and are not priorities will help meet that challenge. Councillors will need to be ready to support the organisation, their peers and officers in preparing to stop doing things and be ready to explain why to communities and the electorate that things which previously have been provided are no longer affordable.

A key challenge for the council, with high demand and reduced funding, will be to hold the investment levels in initiatives which are targeted at prevention, for example, within Children's Services and services for older people. Some services which the council provides through its Community Hubs, such as the job shop, reduce demand on other public sector bodies. The council will need to draw on its well-developed partnerships with other public services providers, particularly health, to ensure that these initiatives can be sustained.

4.5 Capacity to deliver

At the strategic level the council shows a good level of self-awareness, reflected in the self-assessment it prepared for our visit which was balanced and provided a good appraisal of where the council is doing well, as well as clearly setting out the challenges ahead. This self-awareness is evident in its plans and strategies, and in its day to day dialogue internally and externally.

The People and Culture Strategy 2015-2020 sets out how the organisation needs to develop in order to help deliver the overall vision for the city, and articulates a number of golden threads that link staff to the Best Council Business Plan and reflects the voice of the city, whilst having an eye to the future organisation that the council needs to become. However, there is acknowledgement that the council is working towards, rather than having achieved, a flexible workforce.

The organisation has grown in confidence in recent years and this is reflected in it seeking recognition for its achievement and securing a wide range of national awards and external recognition including:

- Municipal Journal Council of the Year 2016
- Municipal Journal Innovation and Impact in Children's Services award 2016
- Local Government Chronicle Children's Services award 2016
- Restorative Practice Awards for Cutting Edge Leeds Family Valued Programme 2016
- Municipal Journal Commercialism in the Public Estate award 2016

The Ofsted inspection of Children's Services undertaken in early 2015 and reported in March 2015 gave the council a rating of good with outstanding leadership. This is a considerable turn around given the inadequate judgements the council received for the service in 2011.

There is evidence of being innovative and exploring new approaches to help improve performance and achieve cost efficiency, including Outcomes Based Accountability (OBA). This has been widely used since 2011 as a framework in Children's Services to focus on achieving three strategic priorities, often referred to in the council as the "three obsessions" of:

- Reducing the numbers of looked after children
- Reducing the number of young people who are not in education, employment or training (NEETS)
- Improving school attendance

The impact of using OBA in Leeds has been significant in improving performance of these obsessions, and has been used in other areas, for example by Safer Leeds to reduce burglary and reoffending. There is also an anticipation from partners that now the service is stable it could use its' experience to participate more widely and add value in other areas, for example in multi-agency community safety work.

Children's Services and schools have more to contribute to key corporate priorities than at first may be realised. For example, the embedding of the OBA approach has been very successful in Children's Services and a key to unlocking this in other departments will be to share the learning about how and why the model works so effectively for them.

More widely the council could do more to share learning about what works and what does not, and why. Making space for people to come together at different levels of the organisation to share problems, challenges and ideas in an everyday and systematic way that will help to support an improved culture and foster a spirit of learning. We detected a real appetite for this and consideration could be given to delivery through a small investment fund to incentivise ideas.

Some services are regarded as being impenetrable relative to others, in terms of buying in to and participating in genuine cross-departmental and corporate working. We heard

this widely on a number of occasions from staff: they are clear that there should be more working together across departments, and that behaviours are not always challenged strongly enough in order to bring it about, particularly when efforts are being made to integrate services at front-line level. Staff also told us that these silos have an impact on differential working practices and that there should be greater consistency of management practice across and within departments, for example about access to flexible working arrangements.

The most recent employee survey results show very positive satisfaction levels with council as an employer, especially in the areas of staff knowing what is expected of them at work, feeling supported in their jobs and being able to get support from their managers and colleagues if they need it. The staff appraisal system is led from the top and is embedded: it is clearly values-driven.

However, staff clearly have greater ambition for the council and were clear in telling us that there is still more to do to embed understanding of the stated values and of what inequalities means for the citizens of Leeds. There are concerns that sometimes the high level dialogue and encouragement on outcomes gets lost by the time it reaches some staff at frontline service level who feel under more pressure to stick to tasks and procedures by their managers rather than being able to focus on added value.

There is a recognition that achieving more outcomes will require a more ruthless approach to delivering on priorities. In some instances it might mean tackling some complex and resource intensive issues, for example, staff cited the need to deal more effectively with difficult private landlords if a joined-up approach is to be really achieved.

Progress has been made in recent years in creating a structure and culture which allows staff to maximise their potential and develop their careers within the council. The move to a single, values-based appraisal system, with an 'on-time' completion rate of 96%, the re-negotiation of terms and conditions to include a flexibility protocol and the development of 'career families' and 'career paths' are all examples of how the council is unlocking opportunities for talent.

Underpinning this is a strong focus on learning and development. Initiatives such as the Manager Challenge Programme, which targets some 2,500 managers within the council and the Emerging Leaders programme, together with the explicit recognition of leadership as a core skill are good examples of this. There is also recognition that the success of the council's leadership will be defined to a great extent by how closely members and officers work together. The joint 'developing together' programme which gives members and officer the opportunity to learn alongside each other in learning events is an illustration of this commitment.

There are examples of where the council is willing to deliver differently, for example:

- The Aspire staff mutual providing services for adults with learning disabilities, which involved the transfer of around 700 staff
- Architectural and design services are provided by Norfolk Property Services

- The majority of day care, home care and residential care for adults is provided externally

However, whilst overall these approaches are new to Leeds, they are fairly traditional relative to what other councils are exploring or delivering differently. Further consideration should be given to Leeds having a more flexible attitude to service delivery and being less focused on being the main provider of services. There may be better and more effective ways of providing services that still meet people's needs, irrespective of structure, history or custom and practice and which are more affordable in the future.

More could also be done to share services with or provide capacity for neighbouring and nearby councils, especially when the economies of scale and resource base that the council has relative to most of its neighbours is significant.

When we asked staff to think about the organisation they commonly described it as being a solid and reliable council, which does many things well but not necessarily at the greatest speed. More investment in new technology which enables more mobile, flexible working and better reactive times is also needed to help the council deliver what it wants and needs to do for its communities.

Change across the organisation was described to us as “fairly incremental”, and “organic”, with innovation having been encouraged but not always actively managed, and this overall has served the council well to date. But there are difficult challenges ahead that will require the council to transform how it manages itself and how it delivers services. There will be reduced scope for overlaps in provision and interdependencies between approaches and projects will need to be explored, understood and managed better. There will also be a greater need to reduce silo working. Doing so will however require some investment and resource at the corporate centre through a strategic and coordinated programme management approach, as well as greater buy-in from service departments.

There is also a growing expectation of the council by some partners, not necessarily widely articulated yet, that the council is uniquely placed to lead the development of the vision of the WYCA and the broader region.

Partners and staff also have an expectation of more radical change in terms of how the council is organised for the future, and the need to meet the financial challenges ahead also creates opportunities to do things differently. The degree of trust in the local authority is significant, and we gained the impression that the many partners regard themselves and the council as part of the same team. This gives the council permission to stride forwards and take bold steps to deliver on its ambition of being the best city and the best council.

5. Next steps

Immediate next steps

We appreciate you will want to reflect on these findings and suggestions with your senior managerial and political leadership in order to determine how the Council wishes to take things forward.

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

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this report to help inform your ongoing consideration.

Follow up visit

The LGA 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 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 12-24 months.