

Leicester City Council
Peer Review Report

A report from the IDeA

November 2006

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Summary

Leicester City Council has come a long way in a short time. Judged as 'fair' in its 2002 CPA it has improved strongly to become four-star and 'improving well' in 2005.

The council has a justifiably high reputation, and is recognised nationally, for its work on equality and community cohesion. It works hard to ensure that its services are delivered fairly. There is a great deal of pride locally in the city, and the council is ambitious for the city and its residents. The council has a well-established culture of consultation and accessible communications for residents.

Across the board a high proportion of council performance indicators are improving. Good local support for the council's key priorities of education and the environment has enabled it to make tough decisions about putting scarce resources in those areas.

The council has worked well with partners particularly on major projects such as regeneration in the cultural quarter, and locally delivered programmes such as children's centres. Local work in neighbourhoods on community safety for example has been effective and new neighbourhood managers and additional area committee budgets show a commitment to community engagement.

Sound processes are in place to manage budgets and performance, and the council has a business improvement programme with robust project management that should lead to savings and more effective delivery of back office services. Successful changes have already been made to reorganise children's services.

The council is tackling some challenging service issues. Schools, though improving well, still have low levels of pupil attainment, and the benefits service is slow in processing claims and difficult to reach on the phone. There is now a need for a more fundamental review of front line services, to decide how to deliver effective, multi-agency local services, and break down departmentalism.

The council does need to tackle some barriers. Frequent changes of administration, and some councillors' behaviour, can undermine relationships with partners and are affecting relationships between officers and councillors. Some key political structures such as overview and scrutiny and the standards committee are not working effectively.

The local strategic partnership (LSP) has been a less effective partnership forum and relationships are sometimes difficult. Recent changes to the LSP will help but the council needs a more collaborative style if it is to convince partners to work together effectively.

At a neighbourhood level, partnership-working structures need review. New area committees overlay an existing community engagement structure making it difficult for local people to navigate.

The council needs to pick up the pace of change. Its business improvement programme is moving slowly and there is a need to complete and implement the human resources review more quickly. It must focus on culture change including more consistent performance management and an attitude less averse to risk.

A focus on its own services means that the council has not been punching its weight regionally and it is important that it gives more priority to influencing the regional agenda as befits a city of Leicester's status.

An important factor in all of these improvement strands will be a higher priority and investment in an effective strategic and proactive approach to all communications.

Recommendations

Recommendations based on our report, intended to help the council with its improvement planning, are set out under the theme headings of the report as follows:

Leadership and governance

- A. Develop a more influential and effective role regionally. With immediate effect, give the regional agenda more priority:
 - define who will take political portfolio and managerial leadership roles on regional issues
 - establish effective regular policy briefings for senior councillors and managers to understand key regional issues and decide the council's position on them
 - prioritise attending key regional meetings and be well prepared to contribute effectively to them.
- B. Encourage a more effective local strategic partnership (LSP):
 - take advantage of recent changes to communicate strongly a preparedness to involve partners, relinquish control and adopt a more collaborative style
 - invest significant time in discussing with LSP partners individually and together, their preferred roles and expectations of the council
 - be prepared to act in accordance with partners' expectations and establish how the council can provide strong support for them
- C. Strengthen political leadership, improve decision making, and enhance the council's reputation by paying more attention to managing the political interface:
 - within the next six months, conduct a 'health check' against standards of ethical governance; take action on the results, with a councillor development programme targeted at ethical governance issues and the brokerage approach described in the next bullet
 - focus on developing a negotiated 'brokerage' approach to policy and decision making, supplementing formal voting structures; appoint peer mentors for each of the political groups and their leaders to draw on political experience outside Leicester
 - urgently review the standards committee; separate it from the audit committee; recruit at least two true independent representatives (including the chair)
 - seek out good practice examples for standards committees; agree a proactive programme and schedule regular meetings to promote good standards of conduct by councillors and to tackle bad behaviour
 - develop a leadership team approach for the cabinet and directors' board; consider some externally facilitated top team development activities immediately after the coming election
- D. Take steps to improve in overview and scrutiny. Over the next twelve months:

- seek out and learn from good practice elsewhere using for example the Centre for Public Scrutiny
- reduce the number of overview and scrutiny committees
- plan the activities for all overview and scrutiny committees, to include proactive 'overview' as well as scrutiny
- communicate and demonstrate cabinet support for overview and scrutiny; be willing to accept challenge constructively and act upon overview and scrutiny findings where appropriate

Customer focus and community engagement

- E. Within twelve months, with your neighbourhood partners, simplify local community structures to remove duplication, make them user friendly, and ensure they are accessible to communities across the whole city
- F. In the next financial year (2006/07) prioritise a proactive, corporate approach to communications by investing in a well-resourced, effective and comprehensive strategy for communications in all channels. Ensure key messages can be delivered effectively throughout the organisation and outside with partners, the public and the press. Make communication a key element of the council's approach to managing change

Resource and performance management

- G. Improve the focus on value for money:
- By the end of April 2007, ensure that budgetary and performance planning and monitoring/reporting are integrated, with explicit links between cost, output and quality and robust comparative data
 - Move from 'salami-slicing' to service transformation as a way of delivering savings
- H. Pick up the pace of transformation of services:
- work with partners to plan the transformation of front line services, breaking down departmentalism and incorporating proposals for local multi-agency services; be prepared to consider increased initial investment in new approaches with a view to delivering longer term efficiency savings
 - immediately revise unwieldy service review procedures and other business processes to ensure they are proportionate, do not slow or prevent progress, and actively support transformational change; challenge a risk averse culture in some areas
 - speed up progress with the business improvement programme while maintaining tight project control, in particular complete and implement the human resources review within 6 months

Organisation and people

- I. Build on the management development programme to develop a culture change programme:

- support the programme with visible contributions from all senior managers and cabinet members to staff at all levels in the organisation
- ensure the programme fosters a consistent corporate 'one organisation' culture on issues such service planning, managing performance, procurement and attitude to risk, with clearly defined flexibilities and 'must do' processes; ensure a focus on effective people management skills to support staff through change

Background

- 1 The visit to Leicester City Council was part of the national Local Government Improvement Programme (LGIP) of peer reviews of local authorities, arranged by the Improvement and Development Agency for local government (IDeA). A peer review is designed to help an authority assess its current achievements and its capacity to change.
- 2 The basis for the assessment is a specially constructed benchmark of the ideal, fully effective local authority. The benchmark focuses on four key organisational themes: leadership and governance, customer focus and community engagement, resource and performance management and organisation and people. The benchmark has been revised to take account of comprehensive performance assessment (CPA) 2005, so that the council could use the peer review as a challenge to the views it holds about itself.
- 3 The peer review is not an inspection, rather it offers a supportive approach, undertaken by friends, albeit 'critical friends', and its intention is to help a council identify its current strengths as much as what it needs to improve.
- 4 Peer review is part of an ongoing change process, whereby the recommendations from it can, along with CPA recommendations, inform improvement planning.
- 5 The members of the peer review team were:
 - Kim Ryley, Chief Executive, Hull City Council
 - Karen Adderley, Walsall Metropolitan Borough Council
 - Christina Ashworth, independent consultant
 - Councillor Serge Lourie, London Borough of Richmond upon Thames Council
 - Councillor Leslie Byrom, Sefton Borough Council
 - Neil Woods, IDeA Review Manager

Caroline Mikardo, Director of Resources at the IDeA, was also a valuable contributor.

- 6 The programme for the week was organised in advance and included a variety of activities designed to enable members of the team to meet and talk to a spectrum of internal and external stakeholders. Examples of activities the team undertook were:
 - Review of key documents and the council's self assessment against the benchmark
 - Discussions with the political leadership and senior management of the council
 - Workshops for frontline staff, middle managers, senior managers, residents and contractors

- Meetings with a range of councillors, including overview and scrutiny and front line councillors
 - Discussions with local and regional external partners
- 7 The team was appreciative of the welcome and hospitality provided by the council and would like to thank everybody that they met during the process for their time and contributions. The way in which the needs of the team were taken care of in the build-up to the review and whilst on site by Colin Herridge and Linda Cunnington deserves a special mention.
- 8 The feedback given to the council on the last day of the review reported on the key messages. This report gives a more detailed written account of the findings of the review and is structured around the four main organisational themes and four key areas of challenge mentioned above.

Context

- 9 Leicester City Council is a unitary authority in the East Midlands region of England. National statistics estimate the population at around 288,000 (2005 estimates) in around 119,000 households, though demographics are rapidly changing and the council believes the population is higher. It has a diverse population with approximately 36 per cent from minority ethnic backgrounds, 30 per cent being from an Asian background. The proportion of the minority ethnic population is increasing. The population is younger than the Leicestershire average with the minority ethnic population having a younger average age than the white population. Religion is similarly diverse with 14.7 per cent Hindu, 11 per cent Muslim and 4.2 per cent Sikh. The Hindu and Muslim populations are quite concentrated into different geographical areas. More recently the population has been supplemented by Somalis, many from Holland, asylum seekers and people from the new European Union member states in Eastern Europe.
- 10 The city is relatively deprived, being ranked 31 out of 354 on the index of multiple deprivation 2004 where 1 is the most deprived and unemployment is higher than the average for England and Wales. Educational attainment levels though improving are some of the lowest in the country with 42.9 per cent of pupils attaining 5 or more GCSEs at A* to C against a national average of 52 per cent (2005)
- 11 The city supports a range of industry with key sectors being textiles and clothing, printing, food and technology. The public sector is a significant employer. There are two universities with a total student population of around 30,000.
- 12 The city council has no overall political control with 20 Labour, 18 Liberal Democrat, 9 Conservative and 7 Focus Team. There is a leader and cabinet form of governance and a Liberal Democrat led coalition administration with the Conservatives. There have been four different administrations in the past four years. There are eight scrutiny committees
- 13 Excluding housing revenue account expenditure the council's annual net revenue budget in 2006/07 is approximately £230 million. Gross revenue expenditure is around £667 million and capital expenditure is approximately £90 million. The council has its own housing stock and gross spending on the housing revenue account is around £77 million..
- 14 The council has a CPA rating of four stars and is 'improving well'.

Leadership and governance

Ambition

- a strong commitment to and pride in the city and its approach to diversity
- a national and regional reputation that attracts people to the council and the city
- ambitious, and bold plans, for improving quality of life in a Leicester that is changing rapidly
- strong achievement in improving services and moving from 'fair' to four stars CPA rating in three years
- a relaunched and improving local strategic partnership

However

- not established a clear enough vision for the city nor punching your weight in the region
- a more collaborative approach needs to develop in the local strategic partnership
- more visible leadership and drive is needed to successfully implement change
- the behaviour of councillors sometimes undermines their influence as leaders in the council and the community

- 15 Councillors, managers and staff of the council and the council's partners are committed to and proud of the city of Leicester. This shared pride came across strongly at all levels, including with the local residents we spoke to. It underpins the council's determination to improve the quality of life for all local people and is evident in the council's excellent record on social cohesion and promoting the value of diversity. This record has been recognised nationally, for example in the council's status as a Beacon Council for promoting racial equality (2002) and community cohesion (2003).
- 16 The council is well thought of regionally and nationally. The three cities' partnership with Nottingham and Derby is developing well, especially around issues of housing, transport and economic development. The council engages frequently and successfully with national initiatives, and so for example has been a Beacon Council in each of the first seven rounds of the scheme, has won national and European awards on environmental issues, and as previously mentioned is an exemplar nationally for community cohesion. The city's reputation continues to attract a diverse population to the city and a high calibre of staff to the council.
- 17 The determination to improve quality of life makes the council ambitious to improve services and respond to a city whose demography is changing rapidly. It is having some success. There are bold plans to renew the physical infrastructure of the city, such in the building schools for the future programme and the 'LIFT' programme for health/social care centres. Major developments such as in the cultural quarter and science and technology park are starting to transform parts of the city.

- 18 The council is very focused on improving its services, with the result that 71 per cent of key performance indicators improving last year. Strong leadership in children's services for example has encouraged performance and schools' results, although at a low level are improving steadily, The Audit Commission has assessed Leicester City Council as a four star council that is 'improving well'. This is a strong achievement for a council that was 'fair' in 2002.
- 19 The council has taken significant steps to tackle some problems of leadership of the Leicester Partnership (the local strategic partnership or LSP). It has supported changes including a re-launch with a chair independent of the council. As part of the new arrangements the LSP has contributed to the funding and appointment of a director of partnership, policy and performance in the city council. This has been welcomed by most partners and the partnership now has the building blocks of a successful venture. The LSP is now reviewing the community strategy. The changes have contributed to an improved assessment of the partnership by the regional government office from 'amber/red' to 'amber/green'.
- 20 Councillors have justifiably been very focused on improving local services. However this has meant less concern with a more strategic agenda. The council's partners do not believe the city has a clear enough self identity and, though engaged, the council is not 'punching its weight' in the region and sub region. It needs to lead more strongly on establishing a long term vision for the city and assert its position/role in the region. At present it tends to focus too much on itself and Leicester. At a political level this means that it must not just rely upon councillors maintaining good personal relationships with colleagues on neighbouring councils. The political and managerial leaders of the council must actively seek out more opportunities to influence others on the city's behalf and ensure that chances to shape the regional agenda are not missed.
- 21 Although improved (paragraph 19), the council's leadership role within the LSP needs to develop further. Some partners are very critical and believe the council does not trust them sufficiently to relinquish its level of control. The council speaks of a willingness to do this, but partners and the council are often ambivalent about the council's role. On both sides some people fear that if the council does not itself lead, then progress will be slow. Recent structural changes in the LSP, including the joint appointment with the council of a new director of partnerships policy and performance, will help. However it is vital that these issues of trust are resolved if the partnership is to be effective. The council must show itself prepared to cede control and share responsibility if its long term influence is to be strengthened. The quality of political leadership and relationship building will be a key test for the council under the new CPA arrangements. The council must now focus on developing and strongly communicating a new more collaborative approach.
- 22 The strong ambitions of the council are not always well supported by a corresponding drive to implement change. Councillors who have made ambitious and tough decisions need to communicate more clearly their continuing support to implementation of their plans in areas such as regeneration. Senior councillors and the directors' board must lead the change agenda more visibly and ensure that strong ambitions at corporate level are conveyed strongly throughout the organisation. The council has done very well in delivering improvements but will

now need to go further, beyond an incremental approach to more transformational change, if it is to meet the harder test of the corporate assessment coming next year (see also paragraph 63).

- 23 The behaviour of councillors sometimes undermines their influence in the community and within the council. A recent council meeting was reported in the local press as ‘descending into chaos’ with councillors almost coming to blows. Members of the public that we spoke to said that ‘political infighting’ in the council turned them away from politics. Council staff are also concerned that political lobbying is inhibiting effective decision making in areas such as closures of neighbourhood centres. The council’s partners, as well as managers and staff within the council, expressed the view that the highly politicised environment extends into the council’s relationships with the voluntary sector and does not encourage the building of trust. Partner organisations are concerned and may be cautious about pooling resources with the council. Overall, political turbulence and the uncertainties around the next council elections, make decision making difficult both for the council and its partners. Councillors must take responsibility not to undermine the council’s reputation.

Prioritisation

- broad support for making education and the environment key priorities for Leicester
- councillors have been willing to make some difficult decisions over the allocation of limited resources
- the council has sought to change the ‘entitlement culture’ in the city through a commissioning approach

However

- the process of prioritisation needs to be more transparent and involving of partners
 - there is room for more rigorous prioritisation in front line services and involvement in initiatives
- 24 There is general agreement among partners, the public and the council that education and the local environment are the main priorities for Leicester. The continuing focus on community cohesion also has widespread support.
- 25 Councillors have been willing to make some difficult decisions over the allocation of limited resources. They are being aligned more closely with corporate (and local people’s) priorities with significant investment going into education and environmental maintenance and improvements. Local stakeholders have noticed the investment and largely support it. It is starting to have an effect, with service performance and customer satisfaction improving. Extra council funding for these areas is being found largely from efficiency savings found through for example management restructuring and some service reductions, such as in closure of the staff workplace nursery. The council has also been very successful in attracting external funding into major projects in these areas.

- 26 As part of its prioritisation the council has taken important steps to change an ‘entitlement culture’ in the city. Many people believe that local people and voluntary organisations had become used to a council that provided funding or levels of service in a ‘paternalist’ way, seeking to provide everything to everyone. However this did not promote independence or focus limited resources on the greatest need. There was little consideration of whether such investment was efficient, effective or fitted with priorities. To tackle this, the council has moved towards commissioning voluntary sector organisations to provide particular services in priority areas rather than providing grants across the board. This should be more effective in allocating resources where they are needed. However staff and the public still describe a culture where ‘he who shouts loudest gets what he wants’ so it is important to be consistent and communicate clearly about the new approach.
- 27 There is room for more rigorous prioritisation. For example councillors have been prepared to rationalise and centralise back office services but more reluctant to rationalise front line services or stop low priority ones (see paragraph 63). There has also been a tendency to volunteer as a pilot council for government initiatives. This may enhance the council’s reputation with government and provide some opportunities for external funding, but when there are key changes on the agenda for the council and it already has concerns about limited capacity, it can be a distraction. The council needs to be more discriminating and subscribe to such initiatives only when they contribute significantly to its own priorities.

Decision-making and scrutiny

- good managerial leadership provides continuity and direction at a time of political turbulence and uncertainty
- the coalition cabinet works effectively because of the productive relationship between its leaders
- the political and managerial sides of the council often work well together

However

- political turbulence is affecting trust and decision making, and there is a need to manage the political interface more effectively
 - decision making needs to be more transparent
 - overview and scrutiny is underdeveloped and not valued by the political leadership
 - the standards committee lacks sufficient councillor support and needs to be more proactive in managing councillors’ behaviour
- 28 Managerial leadership of the organisation is good. The chief executive is widely respected and provides continuity at a time of political turbulence and uncertainty. The corporate directors’ board works effectively and ensures progress with decision-making by the cabinet.
- 29 The coalition cabinet is effective in achieving agreement on policy and direction because of the productive relationship between the liberal democrat leader of the council and the leader of the conservative group. The cabinet has a planned series

of forward briefings by council officers that work effectively, though at every two months they could be more frequent.

- 30 The political and managerial sides of the council do often work well together. The policy versus management split between portfolio holders and council officers is generally understood and individual portfolio holders usually work well with senior managers.
- 31 However considerable political turbulence is having an adverse effect on decision-making and the effectiveness of relationships within the organisation. Political leaders believe some officers to be obstructive. Some managers describe the political dimension as making their delegated responsibilities 'fuzzy' and consider there is too much political interference in what they do, with too much of their time taken up producing extra data and reports for councillors. Uncertainties around the next council elections can make officers reluctant to make decisions now. There is a clear need for more open communication. Senior managers need to manage the political interface more actively and politicians and managers must build more constructive relationships in some areas. There is a need to develop a 'brokerage' approach to policy and decision-making, with more attention given to behind the scenes negotiation, rather than relying on formal political structures that do not always work well. The cabinet and corporate directors together should try to develop a more effective team working approach. Councillors would benefit from some development activity targeted at the issues raised here and in paragraph 23.
- 32 Partner organisations feel that the process for deciding council priorities is not transparent and they are not consulted enough on decisions. Councillors are clear about their democratic mandate to make decisions for the council, but this can sometimes mean limited prior consultation. The council should ensure that its decision processes are transparent, that decision making involves consulting stakeholders and that reasons behind priorities are well communicated.
- 33 Overview and scrutiny is underdeveloped. Having eight scrutiny committees means a lot of scrutiny activity, but successes are limited and there is very little evidence of 'overview', the proactive forward-looking aspect of overview and scrutiny. There is some good practice in the council to build on, such as scrutiny of the night time economy, and scrutiny of children's services that actively encouraged the involvement of children and has been supported with a work plan and training. But to become effective, scrutiny needs to be valued more by the political leadership and supported better by officers across the organisation. The structure for scrutiny, including the number of committees for example, needs review to make most effective use of the staff and resources available.
- 34 The council's standards committee is not working effectively. The standards committee and the role of monitoring officer have a low profile within the council and have dealt with few serious referrals. There is a need for much stronger support from councillors and the committee to play a much more proactive role in promoting ethical governance and managing the behaviour of councillors. At present the committee is not properly constituted, having had only one independent member for the last 18 months when it should have had two. The

council should also consider establishing a separate audit committee and standards committee as the skills required of members can be quite different.

Customer focus and community engagement

Customer focus

- excellent examples of joint working with partners and stakeholders
- the council focuses well on its customers/service users with exemplary customer care by staff in customer service centres
- working hard to provide services that reflect the needs of a diverse population

However

- the city's excellent track record on community cohesion needs to be kept under constant review in the light of recent demographic changes
- some inconsistency in responsiveness and use of user feedback to design or improve services
- performance is below par in some customer facing services

35 There are some excellent examples of working with partners and other stakeholders to deliver good services. Examples include

- the participation strategy for schools that is involving parents in their children's education and contributing to improving examination results
- a network of children's centres, commended by government, is providing coordinated services including healthcare, childcare and education in deprived areas
- a programme of 'streets and spaces' environmental improvements incorporating public consultations in each improvement area
- the new Dawn multidisciplinary centre for homeless people

36 The council focuses well on its customers/service users. It has had a central customer service centre since 1993 and has supplemented this with area customer service centres. We found staff from these centres to have an exemplary degree of focus on customers. The council published consistent service standards across the council and has responded well to customer feedback in for example improving telephone access to housing repair services. The council's website also scored well in the independent survey by the Society of Information Technology Management and provides a full range of online payment services

37 The council works hard to provide services in appropriate ways to reflect the diversity of the local population. For example:

- it has achieved level three of the equality standard for local government and is working towards level four
- it has beacon status in 2006 for culture and sport for hard to reach groups
- accessibility for disabled people is good in main service areas although the proportion of buildings accessible for disabled people is still only about 65

per cent – the council is now working to rationalise its property. Accessibility issues do sometimes get missed at for example partnership meetings

- the council works well with a range of organisations to ensure it can meet the needs of different ethnic and faith communities. It is strong for example on providing a wide range of written information in several different languages and Somali information is provided in an audio format
- individual budgets are being piloted in adult and children’s services to try and ensure services can be tailored to individual need
- the council has been successful in encouraging people from a wide variety of backgrounds to work for the council, and local people do see the council as being ‘theirs’ (though see paragraph 81)

38 The city’s excellent record on community cohesion needs to be kept under constant review as the city’s demographics are changing rapidly. It is working on it, but the council does not have the same understanding of new communities such as Somalis and people from Eastern Europe. Its departmental structure may not be flexible enough to be able to continually adapt its services. The council also must ensure that its recruitment practices meet the need to include people from the new communities developing in Leicester.

39 Although we have shown examples of some very responsive services, this is not consistent across the council. The degree to which users have been able to help shape services, and the effectiveness of using customer complaints and other feedback varies. The corporate complaints system is slow and is not helping front line staff to improve services.

40 Though many services are improving, the council is aware that there are significant service areas where performance needs to improve more strongly. For example processing speeds for new benefits claims have been slow with bottom quartile performance in 2005/06. Telephone access for council tax and benefits enquiries is poor, and this can be exacerbated by letters and communications to claimants being too complicated for the user. Schools performance is improving well, as recognised by OFSTED, but examination results are still well below average. The council is investing in improving these areas and must now manage performance to ensure the pace of improvement is strong enough.

Communication and community engagement

- some effective communication channels such as the website, FACE and Link
- an established culture of consultation
- some excellent examples of empowering people in neighbourhoods to develop their own solutions to local problems; new neighbourhood budgets and managers appreciated by residents

However

- The council needs to invest in a more strategic and effective approach to communications at all levels, giving it a much higher priority
 - local people find it difficult to navigate the council's complex community engagement framework
- 41 The council has some good quality communication channels. Internally its staff magazine 'FACE' is well thought of and there is a useful intranet. Externally the website and council newspaper 'Link' are professional with informative content.
- 42 The council has an established culture of consultation and consults extensively, using a range of residents' surveys, online consultations and a residents' panel as consultation methods. There is a good understanding within the council of local views and needs.
- 43 The council has a good record of working with local communities and providing services to communities in neighbourhoods. It works well to empower local people to deal with local problems such as tackling anti-social behaviour by working with residents and the police. Major programmes such as sure start, children's centres, the new building schools for the future programme, and the LIFT health and social care centres are all examples where the council is working with others to provide effective services at a local level.
- 44 The council is introducing new neighbourhood management structures. Local area committees with budgets for local projects are being piloted. New neighbourhood managers are proactive and well thought of by local residents (although changes to the housing service mean that local council residents are at present missing their local housing officers). The new arrangements have potential to empower local people and provide a key to bringing different agencies and services together effectively at a local level.
- 45 Taking a more strategic and effective approach to communications is a key improvement area for the council. Senior councillors know that the council is not active enough in using communications to manage its reputation. The council suffers from being reactive to bad news, and partners who are not always convinced of its intentions. Many residents and partner organisations perceive that the council does not take consultation seriously, believing that decisions have already been made. To combat this it needs to ensure that staff, residents and both local and regional partners are properly consulted, informed about the results of their engagement with the council and about key successes. As it is, consultation is not managed as part of the council's overall communication strategy and communications such as everyday letters to the public are not considered strategically as a key part of the council's overall contact with residents. This means messages can be inconsistent, and opportunities to improve the council's reputation are being missed. The council recognised a need for good communications around its major regeneration agenda and set aside a substantial part of the regeneration budget to fund it. It needs now to invest in a corporate approach to manage all communications effectively.
- 46 Local people find it difficult to navigate the council's complicated framework for community engagement. There had been a number of area forums where

councillors, local people and representatives of the voluntary sector and other organisations could meet. They did not cover all areas in whole city. The council recently launched area committees in some pilot areas. These are committees of local councillors, (three out of four area committees have only councillors as members) with some allocated budget for local projects, where other organisations and local people can attend, ask questions and speak or apply for funds. Local people we spoke to did not appreciate the formality of area committees, describing an 'us and them' structure and procedures for written questions that they did not like. The result of the changes is that some areas have a forum, some have a committee, some have both, and some have neither.

- 47 The picture is complicated further by other local partnership meetings such as 'joint action groups, known as JAGs, established to deal with crime and disorder issues. Many of the same people attend all the different group meetings. Frequent references to funding for 'super-output areas' rather than natural neighbourhoods are not understood by residents. We found a good deal of confusion among residents and local organisations, and a complete lack of awareness by some local people. Political differences have led to some of the duplication and allegiances to different structures. There is an urgent need to rationalise. Local people need user friendly processes and a straightforward structure for community engagement and local joined up services that they can make sense of and use.

Delivering through partnerships

- a track record of success in delivering some major projects in partnership
- working increasingly well with other councils and partners on shared services, and pooling some resources
- improving relationships with the voluntary sector and working well with partners at a personal level

However

- collaboration with other councils needs further development
- the effects of the new commissioning approach on smaller voluntary sector organisations needs review
- effective structures for the commissioning and delivery of joined-up, multi-agency services are not yet in place

- 48 There have been many considerable successes in Leicester that could only have been delivered by working in partnership. These include key physical developments in the city, such as the schools programme and cultural quarter, that will have a major impact. The LSP has recently restructured, to become more effectively focused on delivery. In order to maintain momentum in the LSP it is important to celebrate and communicate these partnership successes so that the value of collaboration becomes apparent to everyone.

- 49 The council is working increasingly well with other councils on shared services and the willingness of officers to engage in such working relationships is a strength. The council is engaged in a number of collaborative partnerships with a range of organisations. Examples include:

- working with Connexions, the county council and other partners on the children and young people’s agenda. Collaboration and a pooling of resources in relation to post 14 education has increased capacity and provides value for money. The establishment of the Leicester Children and Young People’s Strategic Partnership provides a coordinated approach
 - the 101 non-emergency number project is linking the city council with the police and ultimately Leicestershire county and district councils to provide a single point of contact to deal with matters such as anti-social behaviour, abandoned vehicles and vandalism
 - the council has signed a compact with school governors to tackle school performance
 - the local resilience forum and community safety programme board are good examples of pooling resources with partners to enable new investment
 - working with the three cities group (with Nottingham and Derby city councils) in a range of cultural and economic development and transport projects
- 50 Relationships with the voluntary sector have improved. They were strained by some of the changes to the way the council funds voluntary sector organisations, but the council has recently signed a compact with the voluntary sector and the leader of the council has regular meetings with Voluntary Action Leicester. At a personal level council officers work well with voluntary sector service providers and other agencies such as the primary care trust.
- 51 Although we have highlighted some good practical examples of working with the county council, there are still some tensions between the two councils and room on both sides to promote more collaboration. The three cities group is working well and also has potential to develop its collaborative approach across a wider range of topics.
- 52 The council should review the way it commissions services. One reason is to ensure the current model (see paragraph 26) does not have unplanned effects such as preventing some organisations from being able to access funding for valuable services for bureaucratic rather than service delivery reasons. Decisions made as part of the process can cause problems for small voluntary sector organisations that may operate very cheaply but are unable to meet standards required by the council when commissioning.
- 53 However the bigger challenge now is to consider commissioning at a more strategic level and decide with partners at what level, whether local, city-wide, county-wide or regionally, services should be commissioned and provided. At present ‘joined up’ services often rely upon good personal relationships between individual officers. There is no consistent approach across the whole city to delivering joined up multi-agency services, and neighbourhood arrangements can be too complex (see paragraph 45). It is not yet clear how budgets allocated to area committees will be managed to deliver improvements on the ground, or how neighbourhood management will develop. Local partnership structures, including arrangements for

designing, commissioning and governing multi-agency services need to be reviewed and rationalised so that limited resources are not wasted.

Resource and performance management

Performance Management

- a sound framework for managing performance with enough flexibility for managers
- extending performance management into partnerships
- a good track record of success in improving services

However

- there is not yet a consistent culture of planning and managing performance in a corporate way and new systems are not embedded

54 The council has a sound framework for managing performance. It is well thought through, with all the essential elements in place. So for example:

- a range of national and local performance indicators are used. Key performance indicators are reported to the corporate directors' board, the cabinet and scrutiny committees
- the quality of reporting is a strength, with good use of charts showing trends. Reports maintain a good strategic overview by focusing more on key performance indicators (PIs), reporting CPA score (one to four) and direction of travel (improving, staying the same or getting worse) for each indicator. They could be sharpened by including more actual performance levels and comparative data to make it easier for readers to judge actual performance for themselves, and by amending the direction of travel indication to tell the scale of improvement
- service planning, with service objectives linked to corporate objectives, and performance review for individuals are well established and plans have a three year time span, which encourages forward planning. The framework is flexible in that the organisational requirement for consistent service plans is at a high level. Below that level service managers are free to decide on the form and content of their business plans. The service-planning framework has recently been reviewed and strengthened

55 Performance management is starting to be extended into managing partnership performance. The move to a commissioning framework for voluntary sector funding (see paragraph 26 above) will contribute to more effective performance management. 'Floor target action plans' are now in place that include partner contributions to meeting key targets. A new director of partnership, policy and performance reflects the increasing importance of this aspect of performance management. The council will need to continue developing, with its partners, effective ways of managing partnership performance in order to ensure it can meet its local area agreement (LAA) targets.

56 The council has a good track record of success in improving services. Performance is being managed effectively in some areas and this is leading to noticeable improvements, for example in schools. There is good evidence of intervention where performance levels deteriorate, such as in housing benefits, though

escalation to corporate level can be too slow. The council has started to share good practice in performance management across the council, for example effective sickness absence management in the housing department. This approach should be adopted more widely.

57 There is not yet a consistent culture of planning and managing performance effectively in a corporate way and new systems are not embedded. This can be seen through a number of examples:

- some managers are resistant to the new service planning framework
- the degree of involvement of staff in planning their services is variable across the council
- some managers lack the skills or confidence to tackle poor performance, with too much reliance on (and expected of) human resources systems such as capability or disciplinary procedures
- similarly, better performance management processes are often expected themselves to deliver service improvement
- senior councillors need to be more proactive in giving both positive and challenging feedback about their views on performance to managers

58 While performance in schools, for example, is improving it does remain low. It is important to continue to guard against allowing local conditions to become an excuse for accepting lower performance standards

Resource Management

- Overall resources are managed well with unplanned overspends brought successfully within tight resource constraints and savings targets being met
- budgets have been re-aligned to put more resources into key priority areas
- starting to manage property and other assets strategically
- green and local procurement supports council environmental and economic development objectives

However

- policy led budgeting is new and needs developing and embedding
- value for money needs a strategic management approach with transformational change replacing 'salami slicing' savings
- resources and performance need managing together with better links between costs, outputs and quality
- procurement is not yet managed strategically to realise its full potential for savings

59 The council is managing its overall resources well. Some problems in financial management in particular areas, identified in an independent accountants' report, have been robustly resolved. Although there have been some unplanned overspends they have been successfully managed within the tight constraints the

council has maintained overall. The council has set and met demanding savings targets. The council scored three out of four overall for its Audit Commission use of resources judgment.

- 60 Budgets have been re-aligned to put more resources into the key priority areas of education and environment and this is having a clear effect. Policy led budgeting has been developed and is new in the current year. This will concentrate resources more into priority areas. However it still needs to be embedded and the financial strategy to be better aligned with the corporate plan.
- 61 The council is starting to tackle a property portfolio that needs rationalising. Councillors have been keen to see a physical council presence in localities but the accommodation does not always support effective service delivery. There are many old buildings that are in need of maintenance and some split sites especially in education buildings. The council has made a start on this and some new build projects, such as building schools for the future and LIFT projects, offer opportunities to bring services together in buildings fit for the purpose. Property is one of the projects within the business improvement programme. Assets are starting to be managed more strategically to support corporate objectives.
- 62 Some elements of procurement are managed to support corporate objectives. For example green procurement is taken seriously, to support the council's environmental priorities, and opportunities to tender are well advertised to allow local firms the chance to apply. External contractors said that they find the council's procurement team to be very accessible and 'solution oriented'.
- 63 Value for money is not yet being managed strategically. It is an area scoring only two out of four in the Audit Commission use of resources judgment. Considerable savings have been found, but they have been largely taken opportunistically or by a process of 'salami slicing'. There are limits to how far this can be taken. The council will have to engage more strongly in transformational redesign of services. In some areas such as adult services, where spending has been difficult to control, transformation may require councillors to be prepared to invest more initially in order to deliver longer term savings.
- 64 At present service performance is managed separately from service budgets. They are also reported separately and, although there are some performance indicators relating to costs, this is not consistent. A focus on value for money is difficult without a clear understanding of the links between key elements such as levels of output, service quality, and cost. They need to be managed in a more integrated way and should be reported in a way to enable links to be made. The council has now aligned its service planning and performance reporting cycles with budget cycles to make this easier to achieve. However the 'antiquated' financial management IT system makes active integrated budget and performance management difficult for managers and it will not be replaced until 2008.
- 65 Procurement is an area for development. Contractors are critical of the council's unwieldy legal procedures. Contracting could be developed with more innovative partnership approaches to get more from private sector partners. Market conditioning approaches are in early stages of development. Different council

departments do not manage procurement in a consistent corporate way and, for example, off contract purchasing is not taken seriously in some departments. E-procurement, that would facilitate better control, is not yet in place and is expected only as part of the new financial system in 2008. Procurement needs managing more robustly and strategically now to realise its full potential to deliver savings.

Change and project management

- risk management is well established corporately and in many services
- a business improvement programme aims to deliver savings and improve service
- established robust programme and project management
- a track record of success with some major changes

However

- a need to pick up the pace and drive forward the business improvement programme
- a risk averse culture is slowing progress and risk management needs to be more sophisticated
- the council must develop and give sufficient priority to an embracing communications strategy

66 Corporate risk management is well established with major risks identified and suitable controls in place. Management of risks is also well established in many services and in the new approach to project management. The corporate approach could still be strengthened by, for example consolidating the financial reserves that are still held by some departments.

67 The council has established a business improvement programme (BIP) intended to deliver savings and improve focus on the customer. It is focused essentially on 'back office' services including support services, procurement, resource management systems, property and information management. Its success should both release resources for the front line and make support services more effective.

68 The council has established robust programme management arrangements for the BIP. The council's leadership is very aware that some of its previous service reviews have not delivered the benefits intended. It is important that the council pays as much attention to the final evaluation, implementation and benefits realisation phases of its projects as to the project delivery phase. So for this key programme the directors' board is the overseeing programme board. Individual project managers and project support offices have been established and the whole backed up by a tailored PRINCE2 project management process and extensive project management training.

69 A track record of success with the council's other major change programme – departmental restructuring principally around children's services – gives some confidence in delivery of the BIP.

- 70 The council needs to pick up the pace and drive forward its business improvement programme. The basic programme was decided in September 2005 but it has not moved quickly enough. Services such as human resources are still disaggregated into departments. Good quality human resources support is vital to the success of the wider transformation programme but the human resources changes are not planned to be completed until October 2007. The council will have to find ways of managing its change programmes to deliver more quickly if it is to keep up with changes in the environment in which it operates. Organisational capacity may be an issue in trying to move faster.
- 71 A risk averse culture has developed in some parts of the council that allows bureaucratic processes to slow progress and frustrate the pace of change. An example is the slow progress with the business improvement programme referred to in the last paragraph. This seems partly due to the long time taken to agree a detailed protocol for reviewing services. The protocol also imposes procedural restrictions that will themselves mean reviews take longer. Lengthy legal processes are quoted by contractors as a barrier. Risk management needs to become more sophisticated to meet the challenges of a changing environment. Procedures set up to control risks need to be proportionate and not so unwieldy as to slow progress with change. There is a need to spread the 'can do' culture found in parts of the organisation across the whole.
- 72 If the council is to manage continuing change that will be broader and faster as we suggest in this report, it must develop and give sufficient priority to an embracing communications strategy. We have already commented on the need for effective communication in relation to the council's reputation (see paragraph 45). It needs also to be a key part of change management. At present communications about changes tend to be reactive and are not always supported at the right level or place in the organisation, They are usually effective at higher management levels but information and key messages about change and the 'bigger picture' do not filter down consistently to staff at the front line who claim often to hear things about the council in the local newspaper first. Information is variable and depends too much on the ability of individual managers. Improved communications is a key area for action.

Organisation and people

Organisational design and development

- The key building blocks of structure and management processes are largely in place
- a programme of planned change to some services
- a track record of organisational change to drive out costs and integrate some services

However

- a programme for transformational change is needed to configure council and partners' services at the front line and break down departmentalism
- there is an urgent need to complete the human resources review to ensure effective support is in place for the council's change programme

73 The council has invested appropriately in putting in place the key building blocks for a successful organisation. It has a sound management structure with robust processes for business planning and managing performance, projects and risk.

74 It has a programme of planned change through its business improvement programme that should enable more consistent and effective back office services. Considerable changes have already been implemented in organisational structure to drive out some costs and integrate some services. The new integrated department for children and young people's services is well led and already showing that it can be a success.

75 We have already highlighted the need for a transformational approach to achieving value for money (paragraph 63). The BIP is structured around existing back office functions. But councillors must now be prepared for radical changes in front line services as well as the back office if the council is to keep up in a changing environment. At present the council maintains a very departmental approach to services. But it is difficult to deliver effectively on priorities while services remain fragmented. Ultimately the council will have to look in a more cross-cutting way at what it is setting out to achieve and how the overall resources of the council and its partners should best be configured to deliver it. It will have to fundamentally redesign front line services to enable them to address cross cutting agendas effectively often in multi- agency partnerships. The immediate challenge is to break down departmentalism to develop a 'one council' focus.

76 Good quality human resources support is vital to the success of the wider transformation programme and the human resources review is scheduled for completion in October 2007 (see paragraph 70). The council needs to complete its review urgently and ensure it has effective corporate human resources support in place as soon as possible.

Managing people and diversity

- staff feel strongly that they work for a good council and are well treated by their employer

- the workforce is passionate, committed, inventive and loyal
- there is a robust approach to equality of opportunity and promoting diversity
- addressing management capacity through a programme of development

However

- more use could be made of some key management talent
- an under-representation of black and minority ethnic staff, especially at senior levels needs to be addressed
- the council needs to understand and manage staff concerns and morale more proactively
- departmentalism is leading to inequity in people management across the organisation

- 77 Staff feel strongly that they work for a good council and they are well treated by their employer. We found the workforce to be committed, often passionate, often inventive and very loyal. The Investors in People awards across all council services speak volumes about an organisational commitment to managing staff well and enhancing their knowledge and skills to develop an effective workforce. Training and development is well resourced. Staff have a good understanding of the council's values and its key priorities. The council is developing a learning culture and has for example developed best practice awards for staff to regularly celebrate and learn from their success.
- 78 The council has a robust approach to equality of opportunity and promoting diversity. It has achieved level three of the equality standard for local government and is aiming for level four over the next year. We got a clear impression that this approach was well embedded as part of 'the way we do things around here'.
- 79 The council has recognised management capacity as a risk with a lean middle management structure and the imminent departure of some senior managers. It is investing significantly in improving management capacity through an accredited programme of development for its managers at all levels, clearly linked to management standards. This is in the process of being rolled out across the organisation and will go a long way towards addressing the issues of management culture and confidence that we have raised (see paragraph 57) provided the training is followed up and reinforced in the workplace.
- 80 With senior management capacity stretched, more could also be done to harness existing management capacity and talent, particularly at service director level, where the organisation would benefit from there being more opportunities for working corporately. We have highlighted a need for senior councillors and the top management of the council need to communicate more strongly with staff and be more visible to them (see paragraph 22). Involvement in the management development programme is an opportunity for this.
- 81 Although generally strong on diversity (see paragraph 37) there remains more to be done. For example there remains a noticeably low representation of black and minority ethnic employees at senior management levels within the council. The

proportion of minority ethnic community staff in the workforce (17.7 per cent in 2005/06) is still much lower than the proportion of those people economically active in the community.

- 82 There is an urgent need for the council to get a better understanding of staff concerns and morale in order to manage this possible risk. A consistent theme we heard often from staff and managers was that people were 'review weary'. There have been a lot of service reviews and staff were critical that the benefits of one review were not being realised before another one started. The weariness may be understandable and there is a case for reviewing the review programme. But it cannot be allowed to stand in the way of keeping up with the ever-changing environment in which the council increasingly operates. Sickness absence levels have gone up recently and are now above average, which suggests morale may be suffering. There is no recent staff survey to help understand the underlying causes. Staff certainly feel too little praised by councillors for what they have done well. What is crucial is that enough attention is given to managing the people aspects of change effectively, that staff are supported through it by HR and their own managers, and that the reasons and benefits of change are all communicated.
- 83 The council's departmentalism can lead to inconsistency, either actual or perceived by staff. There are inconsistencies in management practice and culture that we have already raised, and also in areas such as access to training and development. Differences here may have arisen from old departmental practices, some dating from before the council became a unitary council in 1997. Human resources services provided on a departmental basis can also be inconsistent. Differences feed through into areas such as staff morale, with quite different views of this in different departments. The departmental focus also inhibits effective learning between different parts of the organisation especially at the level of front line staff. It is important to communicate a corporate 'one organisation' message and enforce key corporate standards consistently across the council.

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