

Corporate Peer Challenge

Somerset County Council

20th to 23rd October 2014

Report

1. Background and scope of the peer challenge

On behalf of the team, I would just like to say what a pleasure and privilege it was to be invited in to Somerset to deliver the recent corporate peer challenge. The team appreciated the efforts that went into preparing for the visit and looking after us whilst we were on site and the participation of elected members, staff and partners in the process.

This was one of the corporate peer challenges delivered by the Local Government Association as part of the approach to sector led improvement. Peer challenges are managed and delivered by experienced elected member and officer peers. The peers who delivered the peer challenge were:

Nick Hodgson, former Chief Executive of Derbyshire County Council
Councillor David Hodge, Leader of Surrey County Council
Simon Neilson, Executive Director of Regeneration, Walsall Metropolitan Borough Council
Tony Pounder, Head of Care Act Implementation, Lancashire County Council
Alan Finch, Principal Adviser - Finance, Local Government Association
Zoe De Haes, Change Manager, Surrey County Council (shadowing role)
Chris Bowron, Peer Challenge Manager, Local Government Association

It is important to stress that this was not an inspection. Peer challenges are improvement-orientated and tailored to meet individual councils' needs. Indeed they are designed to complement and add value to a council's own performance and improvement focus. The peers used their experience and knowledge to reflect on the evidence presented to them by people they met, things they saw and material that they read.

The guiding questions for all corporate peer challenges are:

- Does the council understand its local context and has it established a clear set of priorities?
- Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- Does the council have effective political and managerial leadership and is it a constructive partnership?
- Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?

- Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

To tailor the challenge to the needs of Somerset, the council asked us to also consider the following areas of focus:

- Economic growth and prosperity
 - Explore the council's plans and thinking for the future in relation to the economy, particularly in relation to nuclear, connectivity and infrastructure and the key role the Local Enterprise Partnership plays
 - Consider the effectiveness of the council's engagement with partners key to the future economic success of Somerset
- Commissioning and delivery
 - Explore the approaches taken by the council to achieve its ambitions and plans, including the diverse range of 'delivery' models
 - Consider the implications of service delivery changes for the rest of the organisation (particularly in relation to support services)
 - Explore the learning that can be drawn out and shared with the wider sector around the council's approach to commissioning

As you will recall, we undertook to write to you to confirm the team's findings, building on the feedback provided to you on the final day of the peer challenge and, in particular, expanding upon those areas that we highlighted as likely to benefit from some further attention. This report sets out those findings. The contents of the feedback presentation, on which this report expands, are reproduced as an annex at the end of this document.

2. Executive summary and recommendations

Somerset County Council has a stated commitment to 'putting our residents at the heart of all that we do'. It can be proud of the efforts that it has made to engage with and consult the people of Somerset, to actively seek out and listen to the voice of residents. The council recognises that it will need to operate differently in the future, with changes to the way services are provided and who delivers them. It has an openness regarding that delivery and is keen to extend further what is already a mixed economy of service provision.

Children's services in Somerset has come in for some significant criticism following inspections in the last couple of years and this, along with some high profile media attention on related leadership issues, has damaged the council's reputation. The council has accepted the validity of the findings, which provide a clear improvement agenda on which to focus. However, such judgements have had an inevitable impact on the morale and confidence of people within the organisation. It is essential the council now delivers

real and sustained improvement in this critical service. In turn this will build confidence and morale and repair reputational damage that has been done to the council.

The flooding in Somerset in early 2014 attracted a lot of national interest and sparked additional government and public funding. There was some local and national criticism of Somerset County Council initially as it was seen as slow to respond in the early stages. However, this was followed by a huge support effort including diverting existing capacity and resources to helping the communities most affected, which was welcomed and helped to overcome initial reputational damage. Positive outcomes have also been seen in relation to the subsequent flooding recovery phase.

Thus there have been challenging circumstances both in Somerset and the council in recent times. The positive attitude and resilience shown by staff in these circumstances has been notable. The style of leadership being demonstrated by the Leader and Chief Executive now, and particularly the way they are engaging staff across the organisation, is felt to be positive and conducive to helping the organisation move forward. People both within and beyond the council feel the various services and functions within it are working more closely together now. There is felt to be a more 'corporate' approach being demonstrated, starting at the top with the Senior Leadership Team. The council has a clear willingness to invest in its people and to recognise their achievements.

The council has a good track record of resolving its financial challenges and has successfully delivered savings totalling around £100m over the last five years. However, for 2015/16, there is still a significant amount to find and an urgent need to find it. Somerset's approach to its medium term financial plan (MTFP) has served it well to date but this now needs to undergo a fundamental change. Essentially, we see a need for greater rigour and ownership around financial management and planning in the council in order to establish a sustainable budget, ensure senior managers and Cabinet Members adhere to their budget and make certain agreed savings are delivered.

To inform a more rounded approach to addressing the financial challenge, people within the authority are seeking greater clarity around the priorities for Somerset. In fact, since the Administration has consistently highlighted a range of key priorities, what people really seem to be seeking is clarity on what represents less of a priority. A similar sentiment was also expressed by some external stakeholders. As part of all of this, people expressed the desire for the Administration to be bolder in its thinking – with an anxiety that continuing to 'try and get by' through 'salami-slicing' simply serves to undermine and compromise the range of what the council and partners do. They are keen to see a more 'holistic' approach to addressing the financial challenge.

It is important to ensure the Senior Leadership Team and Cabinet have the space and opportunity to collectively consider and take forward those issues that are seen as strategic priorities. The dialogue within and between these bodies, and between individuals who sit on them, is felt to be too focused on 'everyday' issues being faced by the council and preparations for forthcoming Cabinet meetings and not enough on horizon scanning and exploring how to address major strategic challenges and opportunities in a more corporate way.

We see a need for much greater challenge, delivered constructively, by elected members and officers within the full range of the authority's decision-making processes in order to

maintain effective 'checks and balances' and make the best use of the authority's capacity. The Leader is keen to see greater challenge taking place in the authority and that needs to be embraced. He is perfectly placed to demonstrate, through the way he both accepts and provides challenge, that it forms a key part of the organisational culture and way of working and is an important element in providing transparency and driving improvement.

The wider elected membership of the council is seen to have far too limited engagement in, and understanding of, key issues facing the authority despite the range of opportunities presented to them. Major financial and legislative challenges facing the council are poorly understood. The wider elected membership of the council needs to ensure it completely fulfils its corporate leadership responsibilities. Councillors are undoubtedly keen to make more of a difference within their Divisions. A key part of this is about having better information provided to them on their area and to be kept more fully informed. The council acknowledges that its' sharing of information with local councillors needs to improve.

A number of people commented on what they saw as improved relationships between elected members and officers but there is still more that can be done to embed this within the organisation. People also spoke of a deterioration in the relationships between some of the political groups in the council. The council has benefited in the past from what have traditionally been good relationships across the political divides, based on mutual respect, trust and a desire to focus on the greater good of Somerset. Unfortunately this has diminished in recent months and risks damaging the effectiveness of the council and those involved.

The council's 'Change Programme' has been rationalised but it is still very wide ranging. There are still twelve priority areas within it and although this includes some innovative and transformational elements such as the development of a social enterprise for learning disabilities, it also includes those that are concerned with delivering the necessary improvement in children's and adults' services. This raises a question about whether the programme is really focused on what might genuinely be considered 'change' or if it is more of a programme management mechanism containing all, or many of, the key things that the council has on its agenda. There is a wider issue linked to this, which is whether the council is simply trying to do too much at this point in time and is spreading itself too thinly as a result.

Somerset County Council is looking to embed its 'commissioning approach'. This fits with the authority's commitment to a mixed economy of service delivery. Whilst there is some uncertainty and scepticism around the 'commissioning approach' concept, the overwhelming sense is one of people in the council wanting to make it work. However, the authority recognises that it has a way to go before the approach can be said to have become fully embedded. There is widespread variation across the organisation in terms of both the extent and the way in which commissioning has been adopted. Essentially it has evolved differently in different places – there is no single approach. We see the 'commissioning approach' as being at a crossroads. There is a choice for the council between investing significant time and resource in reviewing processes to establish clarity, certainty and consistency around the approach or assisting those less comfortable with the ambiguities and uncertainties to cope with that environment. Absolutely integral to the latter option will be ensuring that people feel trusted and empowered by the council to make things function in the way that enables them to provide the possible service for local people.

Commissioning practice in the council ranges across a spectrum from ‘highly innovative’ and ‘transformative’ to ‘traditional’. The key issue here has to be whether the way the commissioning model is applied in whatever area of the council’s activities aids the delivery of better outcomes and improved services to residents in a way that demonstrates cost effectiveness.

The authority has generally good relations with partners. It is seen to have played a positive role in relation to the Heart of the South West Local Enterprise Partnership (LEP) and has been integral in some of the successes that have been achieved. These include the £130m Growth Deal for the LEP area which will enhance the benefits of the new nuclear power station at Hinkley Point. The council has played a key role in bringing this huge project, with the enormous economic benefits that it will provide, to fruition. It saw the opportunity and strove to make it happen and, along with others, has demonstrated an appetite for risk-taking in order to ensure Somerset can fully capitalise on the opportunities and benefits presented.

Despite the massive economic benefits that Hinkley Point will provide, the council has sought to mitigate the risk of ‘having all the eggs in one basket’ by working to develop a diverse economy including tourism, farming, the marine sector and advanced manufacturing. Somerset and partners in the South West are also pushing effectively for infrastructure enhancements.

Some partners voiced frustration that the council’s actions and approaches do not always reflect the importance it says it attaches to the economic growth agenda. Housing growth is the primary example of this, with them not seeing the council driving the strategic agenda.

Somerset as a place has attracted a lot of media attention over the last year due to the flooding and some high profile issues concerning the council. A ‘leadership of place’ challenge emerges from this, with a concerted effort being required to restore Somerset to the position it previously held. It is clear that partners are keen for the council to lead the response, given the unique mandate it has. However, this has to be done in a way that engages partners and enables them to contribute. As a key part of this, they see it as being important for Somerset to be ‘talked up’ more – for it to present itself as ‘a confident county’.

The improvement agenda and financial challenges facing the council and the ‘leadership of place’ challenge we have outlined represent a major test of the council’s managerial and political leadership. People will judge the effectiveness of the leadership by the way such issues are addressed. Both internally and externally, there is a lot of goodwill towards the council’s ‘new’ leadership. This will not last forever though – there is a limited ‘window of opportunity’ in which the leadership needs to deliver.

In order to help the council focus its thinking going forward, we outline here a small number of recommendations regarding key things we see the authority needing to prioritise:

- The council now delivers real and sustained improvement in children’s services

- The council develops clear plans for addressing the significant budget gap that remains for 2015/16 and establishes greater rigour and ownership of financial management and planning
- Much greater challenge by elected members and officers within the full range of the authority's decision-making processes needs to be delivered
- The council addresses the situation that exists of the wider elected membership of the council having far too limited engagement in, and understanding of, key issues facing the authority and ensure all councillors completely fulfil their corporate leadership responsibilities
- All elected members act to address the deterioration in the relationships that has been seen between some of the political groups
- The council recognises it is trying to do too much at this point in time and is spreading itself too thinly as a result – with a need for prioritisation, involving sequencing things over a longer period of time in order to enable effort and resources to be better focused

3.1 Things to be proud of

Somerset County Council has a stated commitment to 'putting our residents at the heart of all that we do'. It can be proud of the efforts that it has made to engage with and consult the people of Somerset, to actively seek out and listen to the voice of residents. We learnt of a series of 'Listening, Learning, Changing' roadshows that took place last year and gleaned the views of more than 9,000 people. Similar events have been held this year, starting in August. The council also undertakes twice yearly face-to-face 'tracker' surveys with around 900 residents which provide useful insights regarding how the authority is perceived and how it is valued. Also, innovative approaches, including an on-line 'app', have been used to glean people's views on priorities when it comes to developing the council's budget.

The council has a good track record of resolving its financial challenges and has successfully delivered savings totalling around £100m over the last five years. As the financial pressures continue, the authority recognises that it will need to operate differently in the future, with changes to the way services are provided and who delivers them. It has an openness regarding that delivery and is keen to extend further what is already a mixed economy of service provision. This is a key objective behind the council's 'commissioning approach', the detail of which is provided later in this report.

The authority has generally good relations with partners. It is seen to have played a positive role in relation to the Heart of the South West Local Enterprise Partnership (LEP) and has been integral in some of the successes that have been achieved. These include the £130m Growth Deal for the LEP area announced in July this year, with £42m of that being for Somerset, and securing Rural Growth Network Pilot Funding. The council also made a key contribution to the Strategic Economic Plan submitted by the LEP to government this year and is providing support to attempts to secure more in the way of European Union funding.

The Growth Deal will enhance the benefits of the new nuclear power station that is in the final stages of being agreed for Hinkley Point. The council has played a key role in bringing this huge project, with the enormous economic benefits that it will provide, to fruition. Further details on this are provided later in this report. The roll-out of Broadband in the county is also progressing well and, again, the council has played an important role here, as one of six local authorities that form the Connecting Devon and Somerset public private partnership with the LEP and British Telecom.

The council is rightly proud of what it has achieved in relation to its 'SMART Office' project, which has seen parts of County Hall undergo major refurbishment to create a very different working environment for around 1,600 staff. The programme of work for this is now moving on to the next phase and forms part of the development of a 'Taunton Public Service Forum' to be based at County Hall. This will see Taunton Deane Borough Council relocate there and the creation of an integrated Customer Access Hub, other public facilities including a library and café and shared civic space for the two councils. There is also interest from other partners in relocating to a newly refurbished County Hall in the future, including Devon and Somerset Fire Service, Police and Probation. Beyond County Hall, the council is in the process of developing, jointly with partners including other district and borough councils, a series of Customer Access Hubs across the county in order to make best use of public assets.

There have been challenging circumstances both in Somerset and the council in recent times. The positive attitude and resilience shown by staff in these circumstances has been notable. In talking with staff across the organisation, it is clear that they are focused first and foremost on delivering for local people. Whilst not easy, especially given the anxieties that significant budget challenges generate for people regarding their future, they seemed able to put such considerations to one side and avoid being distracted. We also noted how satisfied 'frontline' staff were with the training and development offered to them, the opportunities provided to progress within the organisation and the frequency and quality of their supervision. There is a caveat here, which is that those people we met were drawn from a social care environment rather than from right across the organisation and some were in roles that would be classed as supervisory or managerial rather than 'frontline', so there is always a chance that the experience for other people is different. However, the council has a clear willingness to invest in its people and to recognise their achievements, as seen with the on-line Learning Centre, the management development programme that is being rolled out, the talent management programme for 'rising stars' and the staff awards scheme.

Amongst people we spoke to, the governance structure and arrangements in the council are felt to be sound. The formal corporate governance code was revised in 2011 to conform to CIPFA and SOLACE guidance and a new and simplified Constitution was agreed in July this year. A number of people commented on what they saw as improved relationships between elected members and officers but there is still more that can be done to embed this within the organisation.

3.2 'Legacy' issues

During our discussions with people within the council, the word 'legacy' came up quite frequently. As people outlined what they meant, and cited examples, it became apparent

that there are a number of key events or experiences from the recent past that continue to impact upon the way people think, feel or behave. We felt it was important to understand this in order to be able to set our work and findings in an appropriate context. Our understanding of these 'legacies' is outlined below. All of them represent on-going challenges that the council needs to continue to address.

A lot of people we met spoke about different leadership styles seen in the council previously and the impact they have had. The style of leadership being demonstrated by the Leader and Chief Executive now, and particularly the way they are engaging staff across the organisation, is felt to be positive and conducive to helping the organisation move forward. We expand more on the leadership of the Leader and Chief Executive later in this report.

Children's services in Somerset, has come in for some significant criticism following inspections in the last couple of years. The council has accepted the validity of the findings, which provide a clear improvement agenda on which to focus. However, such judgements have had an inevitable impact on the morale and confidence of people within the organisation. It is essential the council now delivers real and sustained improvement in this critical service. In turn this will build confidence and morale and repair reputational damage that has been done to the council.

The flooding in Somerset in early 2014 attracted a lot of national interest and government and public funding. There was some local and national criticism as support from the council was seen initially to have been slow. There quickly followed a huge support effort including diverting existing capacity and resources to helping the communities most affected. This was welcomed and helped to overcome initial reputational damage. Positive outcomes have also been seen in relation to the flooding recovery phase, in terms of the way the council and key partners have been working together, the council's liaison and engagement with residents and businesses in the affected areas and the building of greater resilience amongst local communities. As an example, the council is leading the Implementation Group set up to oversee the delivery of the 'Somerset Levels & Moors Flood Action Plan' and which comprises organisations such as the Environment Agency, the LEP and DEFRA. The group also involves representatives from local business, including farming, as well as community groups and conservation bodies and is committed to providing strong local leadership and engaging with the communities affected to build consensus, agree which actions should be implemented and determine how communities can increase their own resilience. The success of these measures will be tested when the county experiences the next prolonged period of severe weather.

The council has a good track record of resolving its financial challenges and has successfully delivered savings totalling around £100m over the last five years. However, with 2015/16 representing the most challenging year to date, with a gap of more than £30m being faced, and some difficulties being encountered in achieving agreed savings for the current year, we were concerned at the extent to which people at a range of levels in the organisation seemed to take confidence from what they saw as somebody somewhere 'always having a plan'. Whilst it is right for the council to take confidence from what has been achieved in previous years, the scale of the financial challenge is increasing and the task is becoming ever harder. Financial sustainability will only be achieved as an authority-wide effort and everyone must continue to play their part in finding and delivering savings and income generating opportunities to achieve this end.

Whilst 2015/16 is, of course, the immediate priority, the authority should also look to begin work on 2016/17 and later budget cycles as soon as practicable.

In a context of the council looking to extend its commissioning approach and its mixed economy of service provision, 'Southwest One' and initial 'outsourcing' thinking on the part of authority can be seen to have coloured people's view both of commissioning and of the council's commercial acumen. The 'Southwest One' joint venture between the council, Taunton Deane Borough Council, the Police and IBM to provide a range of 'back office' and support functions is widely seen not to have delivered effectively. It is clear that lessons have been learnt from what was put in place but it still casts a shadow. It is important that the experience does not limit the thinking or ambitions of people in the organisation as they seek to take forward commissioning and look for solutions to unprecedented challenges being faced by the authority. The council has significantly enhanced its commercial and procurement capacity, with the support, guidance and expertise that this function now provides being highly valued by many people we spoke to within the organisation. This will stand the council in good stead going forward.

3.3 The leadership challenge

The Leader and Chief Executive are held in high regard both within and beyond the council for the positive impact they are having on an organisation that has been through a lot in the last few years. Integral to this is the effort that they have put in to engaging staff at all levels across the authority. This has come in the form of a series of staff roadshows and visits to different parts of the organisation and the time and effort that they have put in, along with the openness they have demonstrated, has been appreciated by people. Such engagement by the senior leadership needs to be continued and extended in order to reach more staff and demonstrate that it isn't a 'flash in the pan'. However, in order to be sustainable, responsibility for undertaking it will need to be more widely shared across the Senior Leadership Team and Cabinet. There also needs to be a wider engagement of elected members in the development of policy and corporate planning.

The improvement agenda and financial challenges facing the council represent a major test of the managerial and political leadership. Driving improvement in key service areas, particularly children's, has been a long-standing requirement and now needs to turn in to a reality. The financial situation facing the council, both in relation to delivery against the current year's budget and setting the budget for 2015/16, is a very urgent one. People will judge the effectiveness of the leadership by the way such issues are addressed.

The reputation of Somerset as a place is felt to have diminished over recent years, with the situation not being helped by the media attention around the winter flooding and the coverage of some high profile issues concerning the council. A 'leadership of place' challenge emerges from this, with a concerted effort being required to restore Somerset to the position it previously held. It is clear that partners are keen for the council to lead the response, given the unique mandate it has. However, this has to be done in a way that engages partners and enables them to contribute – the council cannot simply assume control and dominate proceedings. Essentially what people are seeking is what we have come to phrase as 'a co-ordinating council and a confident county'.

Looking beyond the over-arching 'leadership of place' challenge and into delivering the priorities for local people and the future role and shape of the council, a clearer and more

detailed sense of direction needs to be developed. This needs to involve taking the County Council Plan to a more tangible and practical level, enabling people within the council and partner organisations to see how they can contribute and determine the steps necessary to turn it in to a reality. A key aspect of this is developing greater clarity around the implications of what the Plan itself states with regard to the following:

- “With reducing income and increasing demand, it is clear that in the future we will need to change how we work and what we are able to do.”

As with many councils, the authority is likely to look and operate very differently in the future and its relationship with communities and how it works with partner organisations will also undergo change. People are keen to develop a greater sense of what this will involve and the implications and opportunities that will emerge.

As a key consideration in the ‘leadership of place’ challenge, and when it comes to looking at how the council and partners in the county adapt in line with the challenges being faced around public service funding and demand, it is important to note the view of partners that the demise of the Local Strategic Partnership is felt to have opened up a gap, reducing the opportunity for dialogue and engagement over key strategic issues. This needs to be addressed but it will require a solution that is developed with partners to suit local circumstances and with clarity around how it relates to key strategic bodies including the LEP and the Health and Well Being Board.

Both internally and externally, there is a lot of goodwill towards the council’s ‘new’ leadership. This will not last forever though – there is a limited ‘window of opportunity’ in which the leadership needs to deliver progress and improve outcomes around the priority issues being faced by the county and the council.

3.4 Taking things forward – the council

Somerset County Council continues to face a significant financial challenge and indeed, for 2015/16, the savings requirement will be the largest amount required in a single year since the austerity measures took effect. For that year, the anticipated gap is £31m. There is still a significant amount to find and an urgent need to find it. It is clear that the current situation is causing anxiety within the organisation. There is a lot of uncertainty about how the gap will be addressed and lots of people making assumptions that ‘somebody must have a plan’. This links to what we outlined earlier in the report under ‘legacy issues’ regarding the extent to which people have come to believe ‘there is always a plan’ and the risks this generates.

Somerset’s approach to its medium term financial plan (MTFP) has served it well to date but this now needs to undergo a fundamental change. Essentially, we see a need for greater rigour and ownership around financial management and planning in the council in order to establish a sustainable budget, ensure senior managers and Cabinet Members adhere to their budget and make certain agreed savings are delivered. There is a forecast overspend by the council this year of £7m and twenty five per cent of this year’s agreed £10m savings are now being classed as ‘undeliverable’, which suggests that some savings proposals may have been in need of a stronger delivery plan. Such a situation needs to be brought quickly under control through robust leadership and management, with the matter ‘owned’ by the Senior Leadership Team and Cabinet. In light of the current

situation, we suggest the council should review the budget reporting cycle with a view to ensuring reports are provided to elected members in a suitably regular and timely way, in order to enable prompt decisions to be taken where they are necessary. There is also a need for more timely and longer-term financial planning, with a need to already be looking at how to address the budget gaps identified in the medium term financial plan for the years beyond 2015/16.

People both within and beyond the council feel the various services and functions within it are working more closely together now. There is felt to be a more 'corporate' approach being demonstrated, starting at the top with the Senior Leadership Team. However, some of the current approaches seem to work against this. The example cited by many people was the continuing 'salami-slicing' approach to budget-setting, which has seen each service or function modelling savings proposals equating to 6%, 9% and 15% per cent of their budgets. Such an approach, by definition, leads to people simply looking within their own sphere for savings rather than more widely at potential opportunities which are more cross-cutting in nature. It also means that the council ends up pursuing a very large number of different initiatives at the same time.

To inform a more rounded approach to addressing the financial challenge, people within the authority are seeking greater clarity around the priorities for Somerset. In fact, since the Administration has consistently highlighted key priorities such as not increasing Council Tax, not revising thresholds around social care and related transport provision, not increasing the council's borrowing, maintaining the same number of schools as at present and continuing to support 42 Children's Centres, what people really seem to be seeking is clarity on what represents less of a priority. A similar sentiment regarding seeking greater clarity over priorities has been expressed by some external stakeholders as well, as they look to work with the council supporting local people to best effect. As part of all of this, people both internally and externally expressed the desire for the Administration to be bolder in its thinking – with an anxiety that continuing to 'try and get by' through 'salami-slicing' simply serves to undermine and compromise the whole range of what the council and partners do, rather than fully protecting, or even increasing investment in, some areas, whilst dis-investing in or stopping others to enable that.

Both internal and external stakeholders are keen to see a more 'holistic' approach to addressing the financial challenge, one which considers the cumulative impacts across services and partnerships of savings proposals and sees the adoption of more strategic approaches. One example of the type of strategic approach that people would like to see is a more co-ordinated corporate focus on, and plan for, driving 'early intervention and prevention', in order to move away from what is seen currently as a fragmented approach. Another is a similar focus on what the economic growth (and business and housing growth in particular) agenda offers in the way of helping the authority to 'grow' its way, to a certain extent, out of the financial challenge being faced.

Work has begun to build capacity within communities to cope with further austerity and contribute to the council's demand management and prevention agendas. Examples include an investment of £1million in grants available for social enterprise companies, a coherent volunteering structure and investment in a development liaison officer. However, there is still much to be done. A strategic theme that ran through discussions on the Care Act, the transfer of Public Health responsibilities to the council and the potential impact of continued austerity is the need to develop a clear offer to the public for universal and

preventative services. Staff with commissioning responsibilities in a number of areas recognised the importance of building community capacity and maintaining investment in an infrastructure of early intervention and preventative services for vulnerable individuals and families, both for the improved outcomes they can achieve and as part of developing a sustainable financial strategy for the council. This is likely to require a more joined up approach to commissioning both internally and externally with key partners.'

Linked to this issue of developing more strategic approaches, it is important to ensure the Senior Leadership Team and Cabinet have the space and opportunity to collectively consider and take forward those issues that are seen as strategic priorities. Amongst some people we spoke to at this level, the dialogue within and between these bodies, and between individuals who sit on them, is felt to be too focused on 'everyday' issues being faced by the council and preparations for forthcoming Cabinet meetings and not enough on horizon scanning and exploring how to address major strategic challenges and opportunities in a more corporate way.

Based on the discussions we had with people across the council, we see a need for much greater challenge, delivered constructively, by elected members and officers within the full range of the authority's decision-making processes in order to maintain effective 'checks and balances' and make the best use of the authority's capacity. Overview and Scrutiny is felt to provide very limited challenge both to Cabinet as a collective and individual Cabinet Members.

The reporting of performance at Cabinet is also seen to generate little in the way of challenge and limited accountability is shown. Indeed, having looked at the council's 'performance wheel' when last reported to Cabinet, and in a context of the council acknowledging that performance in some areas, including social care, is not good enough, we were surprised to see only a single measure showing as red. That measure related to financial management and the council's forecast overspend this year – around which we have already highlighted the need for greater rigour and challenge. Only by having real transparency around where there is under-performance, and this being owned by Cabinet Members individually and collectively, can the council be in a position to consider shifting ever-reducing resources to focus them on real priority areas and drive improvement where it matters most. To help with this, better use could be made of LG Inform, provided via the LGA, to help the council develop its' understanding of how its' performance compares with other similar local authorities.

The Leader is keen to see greater challenge taking place in the authority and that needs to be embraced. He is perfectly placed to demonstrate, through the way he both accepts and provides challenge, that it forms a key part of the organisational culture and way of working and is an important element in providing transparency and driving improvement.

With a link, at least in part, to the issue of the need for greater challenge within the council, the wider elected membership of the council is seen to have far too limited engagement in, and understanding of, key issues facing the authority. Major financial and legislative challenges facing the council, including the budget situation and implementation of the Care Act, and key responsibilities the authority has around, for example, looked after children and safeguarding, are poorly understood. This is despite the opportunities regularly presented to them, including training sessions, newsletters and briefings. It is felt to be the same small number of councillors from amongst those in non-leadership

positions who involve themselves in training and development activities and participate in forums such as the Children In Care Council. The elected membership of the council needs to ensure it completely fulfils its corporate leadership responsibilities. Consideration should be given to the enhancement of the elected member development programme in order to help to embed greater knowledge of their roles.

Councillors are, however, undoubtedly keen to make more of a difference within their Divisions. This, naturally, is the primary focus of many elected members but they need to be helped further in order to ensure they are able to make the sort of impact they desire and lead their area to best effect. A key part of this is about having better information provided to them on the nature, make-up and priorities for their area and to be kept more fully informed about events, initiatives and developments taking place there. The council acknowledges that its' sharing of information with local councillors needs to improve.

The council has benefited in the past from what have traditionally been good relationships across the political divides, based on mutual respect, trust and a desire to focus on the greater good of Somerset. This has seen constructive dialogue take place between the groups at Leader level and the open sharing of information important to the future direction of the council and the place. However, respect, trust and dialogue between the political groups is not as strong at present, with a wide range of people speaking of a deterioration in the relationships. This risks damaging the effectiveness and reputation of the council and those involved. We call on all councillors to work towards better relationships within the council.

A lot of people we met spoke about the authority being 'process-driven' and 'over-engineering' things. Whilst it is vital for important procedures to be appropriately followed in any organisation, there is a clear view that the council is overly bureaucratic and that people have difficulty in knowing which procedures and processes actually lead to a difference being made and those that simply absorb time and effort. As an example, whilst the council has a process for identifying and reporting risks, people did not see risk being actively managed at the level of the likes of Cabinet and Senior Leadership Team, thus it feels more like a process to people than a key tool for the authority. We would encourage the authority to challenge itself in relation to the level of process that is seen to exist and, in a carefully managed way, look to alleviate any unnecessary burdens that are being placed on people. Essentially, there needs to be a greater focus on outcomes.

ICT, which is delivered through 'SouthWest One' (an external joint venture company), is widely recognised as problematic in the authority, with it acting as a 'blocker' and a cause for frustration. Some people we spoke to have taken to sourcing their own ICT hardware and software, such is the extent to which they see current provision undermining the effectiveness of their services and the way they operate. The situation is largely born out of under-investment in ICT over a number of years. However, there is now a commitment by the council to addressing the issue, with a new Strategic Manager for ICT having very recently commenced in post with a mandate to take things forward and the investment that has been made in 4,000 laptops as part of the SMART Office programme.

The council's 'Change Programme' has been rationalised but it is still very wide ranging. There are still twelve priority areas within it and although this includes some innovative and transformational elements such as the development of a social enterprise for learning disabilities, it also contains those that are concerned with delivering the necessary

improvement in children's and adults' services. This raises a question about whether the programme is really focused on what might genuinely be considered 'change' or if it is more of a programme management mechanism containing all, or many of, the key things that the council has on its agenda. There is a wider issue linked to this, which is whether the council is simply trying to do too much at this point in time and is spreading itself too thinly as a result. When asking people this question, the answer coming back was invariably one of wanting to see more in the way of prioritisation, involving sequencing things over a longer period of time in order to enable effort and resources to be better focused.

3.5 The 'commissioning approach'

Somerset County Council is looking to embed its 'commissioning approach'. Essentially this entails looking to identify the most appropriate way of each current council service or function being delivered in the future and implementing it. This fits with the authority's commitment to a mixed economy of service delivery. Amongst people we met, there was consistency in what they saw as the drivers for this approach:

- Better understanding and meeting the needs of local people
- Helping to address the council's financial challenge
- Challenging the 'status quo' within the organisation

Whilst there is some uncertainty and scepticism around the 'commissioning approach' concept, the overwhelming sense is one of people in the council wanting to make it work. However, the authority recognises that it has a way to go before the approach can be said to have become fully embedded and has therefore established a 'Commissioning Review Project' at an important point in the 'journey' in order to take stock and see what further needs to be done. What emerges from that review can usefully be supplemented by the work we have undertaken.

From our discussions, it can be concluded that there is widespread variation across the organisation in terms of both the extent and the way in which commissioning has been adopted. Within the structure of the organisation, responsibilities are split between 'commissioners' and 'deliverers'. The way commissioning has been adopted, however, sees the split of responsibilities between these two elements being applied differently in different places. Thus, for example, in some parts of the organisation the budget for a service or function sits with the commissioner, whilst in other places it is the delivery arm that takes responsibility for it. There is similar variation in the way performance is monitored and managed and who takes decisions on issues that sit on a spectrum ranging from strategic to operational. Essentially the commissioning model has evolved differently in different places, which the council is content to have seen happen, and thus the model isn't 'black and white'. Human nature dictates that some people operating within it will be more comfortable with this than others. This results in some people being more keen on commissioning than others, some wanting to push it further forwards at greater pace and others wanting to slow down or take stock – all creating a general air of uncertainty as people ask 'where do things go from here?'

We therefore see the 'commissioning approach' as being at a crossroads. There is a choice for the council between investing significant time and resource in reviewing processes to establish clarity, certainty and consistency around the approach – establishing 'black and white' – or assisting those less comfortable with the ambiguities and uncertainties – 'the grey' – to cope with that environment. Absolutely integral to the latter option will be ensuring that people feel trusted and empowered by the council to make things function in the way that enables them to provide the best possible service for local people. Where there aren't clear guidelines to follow, and people are evolving approaches and innovating, they need to feel that they have the confidence of the organisation when doing so.

Whilst, as a peer team, we do not see a problem in most respects with the 'grey' situation that exists around the commissioning model, we do question whether the council can afford the ambiguity that appears to exist around where financial responsibilities sit between commissioners and internal deliverers. In the context of the council forecasting a significant overspend this year, we asked some of those we met where they saw responsibility sitting for this and where 'the buck stopped' in services or functions that were overspending. The answer was that it wasn't always clear. Such ambiguity does not lend itself to the greater rigour that we outlined earlier as being necessary around financial management in the council. Having variation in the arrangements across the organisation is not the issue – it is a lack of clarity about who is responsible from service to service or function to function for controlling spend.

There is also variation in commissioning practice in the council, with it ranging across a spectrum from 'highly innovative' and 'transformative' to 'traditional'. An example of the 'highly innovative' is the work being done around the commissioning of the learning disabilities service, which it is anticipated will lead to it becoming a social enterprise. There is strong interest from government and others nationally in what is being developed and it is hoped transformation funding can be attracted as a result in order to assist the work being undertaken. At the other end of the spectrum some 'deliverers', both from within the council and external to it, indicated what they were experiencing felt like a 'blunt instrument'. This involved them being caught up in what they saw as excessive bureaucracy and contract compliance arrangements centred upon very large numbers of performance indicators, rather than having more of a 'partnership' arrangement that saw them being held to account for delivery against a set of more rounded 'outcome' measures and being able to contribute their thoughts and experiences in order to help improve service delivery. The key issue is whether the way the commissioning model is applied in whatever area of the council's activities aids the delivery of better outcomes and improved services to residents in a way that demonstrates cost effectiveness.

This raises issues in relation to opportunities that may not be being capitalised upon, in terms of 'deliverers' whose insights, knowledge and experience could be being better utilised. Some providers that the council is working with are involved in what is seen as leading edge delivery with other authorities nationally and learning from this could usefully be tapped into. It also raises questions about the proportionality of effort being applied and whether capacity is appropriately allocated to those services and functions representing the greatest priority and risk. Applying rigorous performance management controls to large numbers of performance indicators is unlikely to represent time being spent to best effect. Nor would focusing the council's best commissioning talents in areas

that are less high risk or high profile than, for example, children's services, help the council to move forward as quickly as is required.

As another example, the council's recognition of the scale and complexity of the work needed to develop and shape care markets for personalisation and the Care Act, with other authorities being seen to be further ahead on this than Somerset, should lead it to consider dedicating more of the council's best talents to this complex activity. Extra capacity in this area could also afford the time for greater networking with other councils and support organisations which could helpfully accelerate learning and implementation.

It is positive that the council is starting to recognise the need to consider the 'whole business case' when looking to externalise services. Up until recently, the focus was largely just on the core elements of a service and how that could best be commissioned. Now, the council is thinking more about the implications this has for other council services, in particular support services.

The use of insight and intelligence is recognised as crucial in effective commissioning. There is some good practice around this in the council, for example the research that went in to informing the location of the proposed Customer Access Hubs across the county, but it is readily acknowledged by the council that there is a way to go before this becomes the norm. It is clear that the authority holds vast amounts of information, both corporately and at the individual service level. However, this is not translating readily enough in to intelligence. As one person we spoke to said, the council appears 'rich in data but poor on knowledge'. The work being done to draw together 'business intelligence' as a single function within the authority by the end of this calendar year will help, providing a source of expertise. A key aspect of the work that this function could usefully undertake would involve looking at total resource allocation from across the council and from partners on a geographical basis, looking to ensure that it reflects greatest need or strategic priorities. This emerges from what appears to be a limited understanding of how much investment is made by the public sector in the county and whether it is targeted to best effect.

3.6 Taking things forward - Somerset

Economic development represents a key agenda for Somerset. A hugely important element of this is the development of the new nuclear power station that is in the final stages of being agreed at Hinkley Point. This will represent the largest building project in Western Europe when it gets underway. The council has demonstrated real leadership around this major initiative. It saw the opportunity and strove to make it happen, engaging widely, including lobbying at the national level, to achieve the desired outcome. The council has also, along with others, demonstrated an appetite for risk-taking in order to ensure Somerset can fully capitalise on the opportunities and benefits presented. As well as economic benefits, the project will deliver highways and transport improvements and act to boost the aspirations of people in the area.

Calculated risks have been taken ahead of the sign-off for the project being completely secured, in order to, in particular, maximise the benefits for the education and skills agenda in Somerset. Investment has already been made in a new Energy Skills Centre and a Construction Skills Centre at Bridgwater College and an Innovation and Collaboration Centre is also being progressed for which the council has helped source over £3m of European Regional Development Funding. Local colleges, the LEP, the

council and others involved deserve significant credit for what they have done thus far in aligning the education and skills agenda in the county with the potential Hinkley Point offers.

The council and others forming the Hinkley Point Development Forum are also demonstrating very good strategic thinking by already considering the issue of legacy planning. Avenues are being explored to see how Somerset can continue to secure economic benefits even when Hinkley Point is de-commissioned decades from now, looking to ensure that those businesses that emerge to support it and the nuclear industry generally can go on to provide services and support to other such developments elsewhere nationally and internationally over the years to come.

Despite the massive economic benefits that Hinkley Point will provide, the council has sought to mitigate the risk of 'having all the eggs in one basket' by working to develop a diverse economy including tourism, farming, the marine sector and advanced manufacturing. The council and its partners are also keen to attract more new inward investment to the area. However, we would urge them to ensure they balance this with doing everything they can to support existing local businesses. It is nearly always easier to look after what you have already got. Somerset and partners in the South West are also pushing effectively for infrastructure enhancements. Examples include the development of the A303/A358/A30 transport corridor and the improvement of the rail network.

Something that we noted, and which we see as significant, is how 'silent' the housing growth agenda was during our discussions with the council. This generates concern about potential lost opportunities both for Hinkley Point and more widely. Without significant housing growth, the supply necessary to support Hinkley Point will be far too short and house prices, which are already seen to be high, will only increase further as a result. Housing growth also represents one of the means by which the council sees itself being able to alleviate its financial pressures to a certain extent, through New Homes Bonus and an increased tax base. This will only materialise if the assumption about growth is helped to turn in to a reality.

Some partners we spoke to voiced frustration that the council's actions and approaches do not always reflect the importance it says it attaches to the economic growth agenda. Housing growth is the primary example of this, with them not seeing the council driving the strategic agenda. This is not an issue of the council not being a housing authority, it is about the need for strategic leadership on a complex and sensitive issue. Within all of this, there is a specific frustration on the part of district councils where they see the council's approach to highways development management acting as a constraint, with a need to be more responsive when being consulted upon Planning proposals.

People we spoke to certainly see Somerset as having a huge amount to offer. There are undoubtedly economic challenges but there are also huge opportunities and people are keen for them to be fully capitalised upon. As a key part of this and the 'leadership of place' challenge, they see it as being important for Somerset to be 'talked up' more – for it to present itself as 'a confident county'.

Following on from the peer challenge

Through the peer challenge process we have sought to highlight the positive aspects of the council and the area but we have also outlined some difficult challenges. It has been our aim to provide some detail on them through this report in order to help the council understand and consider them. The council's senior political and managerial leadership will therefore undoubtedly want to reflect further on the findings before determining how they wish to take things forward.

Members of the team would be happy to contribute to any further improvement activity in the future and/or to return to the authority in due course to undertake a short progress review. Andy Bates, as the Local Government Association's Principal Adviser for the region within which the council sits, will continue to act as the main contact between the council and the Local Government Association, particularly in relation to improvement. Hopefully this provides you with a convenient route of access to the organisation, its resources and packages of support going forward.

All of us connected with the peer challenge would like to wish Somerset, both as a council and a place, every success in the future.

Chris Bowron
Programme Manager – Peer Support
Local Government Association

Annex – Contents of the feedback presentation delivered to the council on Thursday 23rd October

Things to be proud of

- The efforts made to engage with and consult the people of Somerset
- The council's openness towards a mixed economy of service delivery
- The positive role the authority plays in relation to the Local Enterprise Partnership and the successes that have been achieved
- The council's role in Hinkley Point
- Generally good relations with partners
- The roll-out of Broadband
- The SMART project and work taking place on co-location with district councils and other partners
- The attitude and resilience shown by staff in challenging circumstances
- The council's willingness to invest in the training and development of staff and provide them with opportunities to progress
- Governance that is felt to be sound, with improved relationships between elected members and officers

'Legacy' issues

- A lot of people have spoken of leadership styles seen in the council previously and their impact
- Inspection judgements – the validity of the findings is accepted and they have provided a clear improvement agenda but there has been an inevitable impact on morale, confidence and reputation
- Winter flooding – there has been reputational damage at both the local and national level in relation to the initial response but positive outcomes have been seen from the recovery phase in terms of working together, liaising with communities and building resilience
- The successful delivery of savings in previous years and resolving of the financial challenges has convinced people 'there is always a plan'
- The experience around South West One and initial 'outsourcing' thinking has coloured people's view of commissioning and the council's commercial acumen

The leadership challenge

- The Leader and Chief Executive are widely held in high regard
- The effort that they have put in to engaging staff at all levels across the organisation has had a very positive impact and been appreciated – but such engagement needs to be continued and responsibility for undertaking it more widely shared
- The improvement agenda and financial challenges facing the council represent a major test of the managerial and political leadership
- The reputation of Somerset as a place is felt to have diminished over recent years
- A 'leadership of place' challenge emerges from this – partners are looking to the council to lead the response but to do so in a way that engages them and enables them to contribute

- People are seeking ‘a co-ordinating council and a confident county’
- A clearer and more detailed sense of direction needs to be developed that takes the County Plan to a more tangible and practical level – enabling people within the council and partners to determine the steps necessary to turn it in to a reality
- A gap is felt to have opened up with the demise of the Local Strategic Partnership and this needs to be addressed
- There is a lot of goodwill towards the council’s ‘new’ leadership but there is a limited ‘window of opportunity’ in which it needs to deliver progress and outcomes

Taking things forward – the council

- The financial challenge – there is a need for greater rigour around financial management and planning in order to establish a sustainable budget, ensure people adhere to their budget and make sure agreed savings are delivered
- The organisation is felt to be working more closely together now but the continuation of a ‘salami-slicing’ approach to budget-setting works against this
- The council’s current situation in relation to setting the 2015/16 budget is causing anxiety, with a lot of uncertainty and assumptions being made that ‘somebody must have a plan’
- There is a need for more timely, longer term financial planning – how to address the budget gaps identified in the medium term financial plan
- There is seen to be the need for a more ‘holistic’ approach to addressing the financial challenge – considering cumulative impacts across services and partnerships and adopting more strategic approaches
- It is important to ensure the Strategic Leadership Team and Cabinet have the space and opportunity to collectively consider and take forward prioritised strategic issues
- Internal and external stakeholders are seeking greater clarity around the priorities for Somerset in order to inform a more rounded approach to addressing the financial challenge
- People have expressed the desire for the Administration to be bolder in its thinking
- There is a need for much greater challenge by elected members and officers within the decision-making processes of the council in order to maintain effective ‘checks and balances’ and make the best use of the authority’s capacity
- A deterioration in the relationships between some of the political groups has been seen in recent months and risks damaging the effectiveness and reputation of the council
- Engagement in, and understanding of, key issues facing the authority by the wider elected membership is seen to be far too limited
- Councillors are keen to make more of a difference within their Divisions and need to be helped to do so
- At present, little is seen to be being undertaken by the council in the way of building capacity within communities to cope with further austerity – something that will need to be done jointly with other partners
- A lot of people have spoken about the authority being ‘process-driven’ and ‘over-engineering’ things – there needs to be a greater focus on outcomes
- Whilst risk management is undertaken, it feels more like a process than a key tool
- ICT is widely recognised as problematic in the authority – historic under-investment, a ‘blocker’ and cause for frustration – but there is now a commitment to addressing it

- The council's 'Change Programme' has been rationalised but it is still very wide ranging and features some huge agendas that go beyond what might be considered 'change'

The 'commissioning approach'

- There is a consistent story around the drivers for the 'commissioning approach':
 - Understanding and meeting the needs of local people
 - Helping to address the financial challenge
 - Challenging the 'status quo' within the organisation
- Whilst there is some uncertainty and scepticism around the concept, the overwhelming sense is one of people wanting to make commissioning work
- The 'Commissioning Review Project' is timely and can be supplemented by the work we have undertaken
- There is widespread variation across the organisation in terms of both the extent and way in which commissioning has been adopted
- The commissioning model isn't 'black and white' - human nature dictates that some people will be more comfortable with this than others
- A crossroads – there is a choice between investing significant time and resource in reviewing processes to establish certainty or ensuring people feel trusted and empowered to make things function in the way that works for their service and context
- However, can the council afford the ambiguity that exists around where financial responsibilities sit?
- Commissioning practice sits across a spectrum from 'highly innovative' and 'transformative' to 'traditional' and for some partners is being experienced as a 'blunt instrument'
- This raises issues in relation to opportunities that may not be being capitalised upon
- It also raises questions about the proportionality of effort being applied and whether capacity is appropriately allocated to those services and functions representing the greatest priority and risk
- The council is starting to recognise the need to consider the 'whole business case' when looking to externalise services, with the implications around support services
- The use of insight and intelligence is recognised as crucial in effective commissioning – there is some good practice around this but it needs to become the norm
- The council was described as 'rich in data but poor on knowledge'
- The work being done to draw together business intelligence within the authority will help with this
- A key aspect of such work could usefully involve looking at total resource allocation from across the council and from partners on a geographical basis, looking to ensure that it reflects greatest need
- There is recognition of the large amount of work that needs to be done by the council to develop and shape care markets for personalisation and the Care Act – this is complex and other authorities are seen to be further ahead

Taking things forward - Somerset

- Economic development represents a key agenda for Somerset

- However, some partners voiced frustration that the council's actions and approaches do not always reflect this
- The council has demonstrated real leadership around Hinkley Point:
 - Seeing the opportunity and making it happen – engaging at the national level
 - Risk-taking, with others, to make the investment necessary to fully capitalise on the opportunities presented
 - Facilitating the alignment of the education and skills agenda with the potential it offers – colleges, LEP and council
 - Legacy planning – thinking very long term in order to ensure the county continues to benefit beyond the 'life' of Hinkley Point
- The council has sought to mitigate the risk of 'having all the eggs in one basket' by working to develop a diverse economy
- The council needs to ensure it balances seeking to attract new businesses with nurturing relationships with those already here
- Somerset and partners in the South West are pushing effectively for infrastructure enhancements
- However, the housing growth agenda has been 'silent' in our discussions with the council – causing concern about potential lost opportunities both for Hinkley Point and more widely
- There is a specific frustration on the part of district councils regarding the council's approach to highways development management
- It is important for Somerset to be 'talked up' more – 'a confident county'