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Dear Dorcas

### **Derbyshire Dales District Council - Corporate Peer Challenge**

On behalf of the peer team, thank you for your invitation into Derbyshire Dales District Council to deliver the recent peer challenge. The team felt privileged to be allowed to conduct its work with the support of you and your colleagues who were open and engaged with the process.

You asked the peer team to provide an external view of the council and give recognition of progress made; and supportive challenge and feedback on how you are prepared to meet future issues and opportunities for Derbyshire Dales.

You also asked the team to provide specific feedback on testing the council's thinking on its future model to:

1. Ensure it is a slim and flexible, fit-for-purpose Council, ready for the extremely tight financial situation that lies ahead, and able to harness the strengths of its rural communities by:
  - reviewing the Council's priorities for relevance and realism
  - considering the future operating model and role of the council
  - offering a view on how the organisation's capacity and services are being focused on achieving its priorities
2. Move forward economic prosperity in the Derbyshire Dales, when government/LEP funds are, so far, targeted elsewhere and by reviewing the approach to economic growth in the district to attract 'high wage, high skill jobs'.

In addition the peer team considered the ability, resilience and capacity of the council to deliver its future ambitions by looking at:

- Understanding of local context and priority setting: Does the council understand its local context and has it established a clear set of priorities?
- Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?

- Political and managerial leadership: Does the council have effective political and managerial leadership and is it a constructive partnership?
- Governance and decision-making: Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
- Organisational capacity: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

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

This letter provides a summary of the feedback that was presented at the end of our recent on-site visit. In presenting this the peer challenge team has done so as fellow local government officers and members, not professional consultants or inspectors. Our intention is to provide recognition of the progress Derbyshire Dales District Council has made in recent years while also stimulating debate and thinking about future challenges.

### **Overall message**

Derbyshire Dales is a strongly performing council which is supported by good officer and Member working relationships. Staff are keenly aware of the challenges that lie ahead for the council to meet future funding pressures and wish to be involved in shaping the future council model that is to be developed to respond to these.

The council is ambitious and has a strong vision to deliver a high quality environment for residents and businesses and to present this as part of the district's offer to visitors who make an important contribution to the local economy. The council has a commitment to addressing rural needs, a good understanding of the diversity of needs across the district and a strong connection to local communities.

Political and managerial leadership is well respected and partners and staff are positive about the Chief Executive being up for new ways of working to meet future challenges. The council has a strong Leader who is recognised regionally and nationally as an advocate for the district. Partners are positive about working with the council and of the opportunities and mutual benefits to be gained by working more closely.

However, there is also recognition that this ambition does need to be reframed at a time of current local government financial constraint. The council is facing a funding gap of £1.18m over the three year period to 2016-2017, likely to rise with the recent spending review for 2015-2016 and the planned reduction in New Homes Bonus. It is recognised that this will require a resetting of priorities aligned to available resources, along with new ways of working. There is a genuine desire from Members, staff and partners to address this gap and, in doing so, to consider different ways of working.

In addition the council's own ability to fund capital intensive projects is diminishing and it needs to rethink how it will meet future challenges, including the long-term maintenance of its assets.

Local economic growth is a recent corporate priority with the council seeking to sustain its current economy and to shape this for the future. The council's aspiration is that this should provide 'high-wage, high-skill jobs'. However, at the moment there is no council growth strategy, only a limited resource deployed to economic development and no detail on how the aspiration of high-wage and high-skill jobs will be realised.

There are a number of notable characteristics that will bear on this. The ratio of housing costs to average wage is the second highest in England so housing, in particular affordable housing, will be important for current and future residents. In addition an ageing population (22 per cent over 65 years where the English average is 16 per cent) will have implications for future health care provision, care sector employment and the employment profile. There are the issues of out migration of younger people in search of education and employment and a recognised need to help young people to meet the employment needs of the future economy.

To respond to this the council appreciates that the 'Peak District' brand is powerful and holds great potential. Partners are keen to work with the council to provide a rural Dales voice to exert greater influence the Local Enterprise Partnerships (LEPs). This is important to not only set out the unique 'Wider Peak District' offer but also to generate the increased partnership capacity to work together to deliver shared outcomes.

Making progress on economic development will depend upon building stronger and more productive relationships with the LEPs and being clearer on what the local offer is and what outcomes are sought from this relationship. An essential interface with the LEPs will be achieved through the enhancement of the Wider Peak District partnership. This will require partners to acknowledge that there is vastly more in common than different. The benefits would be a stronger voice as well as better use of shared resources, whatever shape this may take.

The scheduled programme of service reviews will be a key opportunity for internal service challenge to deliver efficiencies. Alongside this will be the longer-term challenge to: map out the considerable financial pressures ahead; to consider the future design principles that will define the future council; agree a more detailed set of priorities aligned to resources; and develop the characteristics of council transformation that will not only deliver the council's future operating model but present a new council offer to residents and businesses. It will be important that service reviews are taken in a more corporate context of what the council will do in the future and how.

Planning ahead for the funding shortfall and resetting the council's priorities to mitigate the impact of public expenditure cuts will require leadership. It will need managers to firmly direct the process and provide support to elected Members. The longer-term prize for the council is to develop a future operating model which transforms the current model that is no longer fit for the current demands of local government and Derbyshire Dales. This will require Members to acknowledge the financial challenges facing the council, to be receptive to the innovative ways of future working required, and to commit to change. This

should then provide the basis for the political leadership necessary to direct the shape of the future operating model.

## **The recent journey**

### Current and future operating model

The council had asked the peer challenge team to explore the extent to which the council is a slim and flexible, fit-for-purpose and ready for the extremely tight financial situation that lies ahead. Also in relation to this its ability to harness the strengths of its rural communities by:

- the relevance and realism of the council's priorities
- the future operating model and role of the council
- how the organisation's capacity and services are being focused on achieving its priorities.

The term 'operating model' is used throughout this letter. To avoid confusion over this term the working definition is how an organisation of complex systems operates to accomplish its function. It can be described as the way an organisation does business today.

The current operating model has provided the council with high quality services over the last eight years. This has been supported by a history of financial, political and managerial stability with a focus on objectives of: housing which meets local needs; a clean and prosperous Dales and safe and healthy communities. The transfer of the council's housing stock in 2002 provided a capital receipt of circa £12m which supported the delivery of affordable housing and the building of the Arc Leisure Centre.

The council has been open to other forms of service provision and has entered into shared services arrangements for ICT with North East Derbyshire and Bolsover councils and a joint choice based letting scheme with Amber Valley, Erewash and High Peak councils. It has recently engaged with Chesterfield Borough Council to share the delivery of its revenues and benefits service through arvato. However, these arrangements appeared to opportunistic rather than planned strategically as part of an overall view on what constituted core services and those which might lend themselves to other forms of service delivery.

The commitment to affordable housing has been highly successful with the enabling of 1,029 affordable homes since 2002. Over this period the council has secured £51m of new housing investment from the Homes and Communities Agency (HCA) and from housing associations, with council contributions, in particular land assets and financial grant. More recently this has been supported through right to buy (RTB) receipts [provided by contractual provision at the time of the housing stock transfer to Dale Homes], which for 2012-2013 amounted to circa £500k. However, there are no significant property assets to support future delivery and RTB receipts will inevitably taper off as available housing stock is depleted. A big question for the council is how will it be able to maintain its priority on affordable housing when its own resources to support this will be greatly reduced?

As with most other councils, who face similar financial challenges, a debate is beginning to consider future forms of service delivery with greatly reduced resources and the new ways

of working required to support this. This debate needs to be opened up and it will be essential to create strategic space for senior officers and Members to evaluate current and new ways of working, to review the council's priorities and how these might need to be adjusted to be aligned to future resources and to begin consideration of innovative ways of working. The LGA will be able to point towards aspects of innovative practice elsewhere that the council might learn from.

This process should involve consideration of the design principles that might underpin the future operating model. These could include, for example, the use of technology, Agile working, a revised Member role and what this could be, new ways of partnership working and what this would look like, a mixed economy of service provision etc. What is clear is that the current model is unsustainable and the council needs to stand back to carefully consider what design principles should characterise the new model.

This shift will be aided by the scheduled service reviews. One of the key drivers for this review programme is to ensure that all service efficiencies can be obtained before consideration is given to future delivery arrangements. This should support the shift to a new operating model by identifying core services.

Thought should be given both to the leadership and collective roles of management, staff and Members in shaping and delivering sustainable transformation. The transformation process should carry the ambition that the new model can provide a new and compelling offer, for the council, residents and businesses, of how future services will be delivered.

### Economic growth and prosperity

Economic growth is a recent priority for the council and is described in the Corporate Plan 2013-2014 as being important to "enable development sites and business growth".

The council can be proud of the work it has done to provide a high class environment for residents and businesses in particular at its market towns, in its parks and gardens and through the provision of leisure facilities. There are good examples of high quality recent development at the Agricultural Business Centre, the Arc Leisure Centre as well as the strong record on affordable housing.

For a smaller council the resources available to support local economic growth are invariably modest and seemed to the team likely to be insufficient with the important priority of working with the LEPs growing as a key area of activity. One way to strengthen resources would be to ensure that other services and activities are fully engaged with the council's economic growth function, for example housing, planning, tourism, marketing and communications. Another would be to combine with partners to jointly fund posts that would derive mutual benefits. These could be funded through an 'invest to save' programme, which is discussed later in this letter. The appetite amongst key partners, to create a stronger joint voice and specialist roles, is positive.

Tourism is an important sector for the council with the Dales attracting 6.9m visitors a year and generating £296m for the local economy. The Peak District National Park Authority (NPA) has a statutory purpose of 'promoting, understanding and enjoyment' which closely relates to tourism and recreation. With this in mind it could be productive for the council to discuss with the Peak District NPA the opportunities for closer working on tourism, to

generate additional capacity across the two organisations and together to further develop this mutually important sector.

It will also be important for the council to develop capacity by working with partners to achieve common objectives. There will be an important role for Business Peak District which is supported by the council with the Peak District NPA, High Peak Borough Council and Staffordshire Moorlands District Council. Although this partnership is still at a relatively early stage it clearly has potential to become a voice for the sub-region to engage with the LEPs. This potential can be enhanced further with clear evidence of partners wanting to work with the council to develop a stronger voice for the Wider Peak District.

The current economy in the Derbyshire Dales is dominated by micro-businesses, with 90 per cent of firms employing 10 employees or less. The council recognises that a priority must be to support this sector during the current difficult economic climate. The role of the no-cost Business Advice service is important to not only sustain the current businesses and support their growth ambitions but also to nurture future businesses. The council's community strategy vision is for 'high-wage, high-skill jobs' but this appears to be more of an aspiration than with any clear understanding of what these jobs might look like and how they might be attracted to the area. For this to be meaningful the aspiration will need more detail and evidence of what form this will take and how it will be developed.

The LEPs are an increasingly important feature of the economic growth landscape. This has been enhanced with the recent Government announcement to establish a single funding pot for growth worth £2m annually, which LEPs can apply for from 2015-2016. Although the 'pot' is less than recommended by the Heseltine review ('No Stone Unturned', 2012) LEP funding is expected to grow over the coming years with additional transport funding and responsibility for EU structural investment funds.

The council is currently working with two LEPs: the Derbyshire, Derby and Nottinghamshire, Nottingham LEP (D2N2) and the Sheffield City Region. From what the team were told it appears that more progress has been made with the Sheffield City Region LEP with the council being offered a place on the board. D2N2 seems to have made slower progress and relations with the council have been strained by the council not being granted a place on the board although this is currently being reviewed. Both LEPs will be important for the council and the view of the peer challenge team is that historical differences of view should be set aside to develop a relationship that can be productive. This must involve developing the Derbyshire Dales brand as part of the Wider Peak District voice to engage with the LEPs. It will be equally important to set out what the outcomes are the council and the Wider Peak District are seeking to gain and, particularly, to set out what the unique offer is that the area can offer the LEPs.

It would be beneficial for the council to develop a local growth strategy that sets out the council's priorities and outcomes from economic development, the unique offer of the area to contribute toward this, what resources will be applied and how partners can be engaged in this. This would need to be aligned to the sub-regional objectives of Business Peak District, to be contained in its Strategic Investment Plan. The latter is to be developed so developing the council's local growth strategy would be timely and would also coincide with the adoption of the Local Plan scheduled for 2014.

There is a Derbyshire Economic Partnership that is currently working on an economic strategy. The partnership is supported by funding from the council of £15k per annum. The partnership appears to be changing from its original role of working with the former regional development agency and supporting the Leader funding stream to providing a voice to engage with the LEPs. [Leader is an EU programme for rural development and has been an important source of funding for Derbyshire Dales. The current Leader programme ends in December 2013 and the next programme is expected to start in 2015.] It was not clear to the team what the core activity is of the Derbyshire Economic Partnership, or what value is obtained from it by the council. If this is confirmed by the council then this is a partnership that should be reviewed for its future purpose and value.

Superfast broadband will be important for existing and future businesses in the economy and is a priority for Business Peak District. It is a priority for the council, for the Peak Partnership and for Business Peak, in particular to support the existing and future economy. Superfast broadband is to be installed by 2016 with 95 per cent property coverage for Derbyshire. There is no information currently on what coverage there will be in the Derbyshire Dales but there are concerns that this will focus on those areas closest to urban centres and that the largely rural and very isolated areas will not gain this benefit. The overall coverage for the council area could be greatly lower than 95 per cent planned for all Derbyshire. It is estimated that 98.2 per cent of “the 34,964 properties within the Derbyshire Dales...are in areas where there is no current or planned investment/intervention from commercial providers for superfast broadband provision.”

The council is currently engaged in promoting superfast broadband registration as a means to demonstrate to providers that the level of take-up would be high and to encourage investment. Although final decisions have not yet been made on rollout coverage it seems likely that coverage in the Wider Peak District could be much lower than the 95 per cent overall coverage. This presents a risk to economic growth for the Derbyshire Dales and to citizen/business inequality through a ‘digital divide’.

The council is exploring alternative options but these could be extended by working in partnership with Business Peak District, to develop contingency plans in association with the Peak District NPA and High Peak and Staffordshire Moorlands councils. These would include Defra funding via the Rural Communities Broadband Fund and by exploring community solutions through alternative broadband technologies. What this would also do is develop working closely with these principal partners and build the partnership framework for future work.

### Local context and priority setting

The peer challenge team were struck by the retention of the Local Strategic Partnership (LSP) especially when in other parts of the country many councils are discontinuing such arrangements. The LSP – recently renamed Peak District Partnership – has a Sustainable Community Strategy (SCS) and the vision from this is shared by the council in its Corporate Plan. Furthermore this SCS is shared by High Peak Borough Council which is also a member of the Peak District Partnership. This highlights the value that the council attaches to partnership working for the delivery of community priorities. It is also reinforced by the clear messages given to the team that partners want to work with the council. However, there needs to be an honest dialogue to check other partners’ commitment and how this will translate into shared delivery beyond the plans.

The peer challenge team were impressed by the strength of the geographical identity and affinity across the Wider Peak area. Although the relationships with principal partners in the Wider Peak have not always run smoothly, for example the council and High Peak were working to a joint Local Plan until last year; they have more in common than difference. The particular value of this identity is to present a significant sub-regional rural voice able to influence the LEPs and Derbyshire County Council on the area's needs and its unique offer. Clearly this sub-regional voice can be strengthened further by working closely with neighbouring Derbyshire councils. Consolidating this sub-regional voice will be essential for the future funding of work on economic growth which is going to be driven by the LEPs.

The Peak District Partnership was established in 2003 and is working to a strategy for the period 2009-2014. However, it has never had resources to deliver on its priorities. Its role has primarily been on influencing. With the current strategy about to come to an end there is an opportunity for the partnership to review its priorities and also the resources that might support partnership delivery. This is not to propose additional resources but rather that consideration be given to switching existing resources to partnership priorities. This could include, for example: superfast broadband; tourism and branding for the Wider Peak; marketing of proposed commercial sites to developers; housing development and enabling affordable housing etc.

Finally, the current Corporate Plan sets out three key priorities: housing which meets local needs; a clean, green and prosperous Dales; and safe and healthy communities. Only the first of these provides a clear understanding of outcomes. The latter two have targets but these are limited in number and are insufficient to support the development of more detailed Service Plans. While there are specific measurable priorities, the question is do they align to the high level outcomes such as high wage and high skilled jobs? The council's priorities are not only unsustainable at current levels due to the changing financial climate but they lack the clarity to align priorities to resources and to measure the achievement of outcomes.

### Management and political leadership

The council has enjoyed longstanding political continuity through the same administration. The Leader and Deputy Leader have held their positions for some years and provide considerable experience in setting the political direction for the council. There is recognition by Members of all political groups that there has been strong and balanced leadership and that this has been well deployed to the council's benefit. This understanding is confirmed with external partners. Supporting this is a change of cultural style from the new Chief Executive that is open and supportive. The council rightly takes pride in retaining service levels during a time of financial cuts.

From the team's meeting with Members it was evident that there is a wide range of private sector skills, together with enthusiasm, to support the council. There was also an awareness that they need to develop further their elected Member skills and that they have a great deal more to offer in support of the political leadership of the council.

Allied with this is the recognition that political succession planning will be important. While longstanding political leadership brings clear benefits it has loaded too much on too few and cannot continue unchanged. Not only will it be important to consider where the future

political leaders may be, and how they might be developed, but also how the council can make improved use of the Member resource to enhance community leadership.

The current environment of local government is changing fast and it is important for Members to keep abreast of developments. It is understandable that traditionally Members may have focused more on their local areas particularly when resources were more plentiful. However, in the time of financial austerity Members will need to be supported to adapt to a new role which will include directing the council 'to do less with less' and to make difficult decisions on future priorities and resources.

Part of this new role could be enhanced by involving Members in the service reviews. Not only would close involvement ensure building a more detailed understanding of current and future model options but it would support the subsequent decision making process through Member involvement from the outset.

It might be useful for the council to consider how it might provide briefings on key issues to ensure that Members are kept informed and engaged. This will be important also for widening the understanding of these issues when debated in committee and council and to improve subsequent decision making.

Finally, this is not only an opportune time to rebuild the Wider Peak Partnership relationship but, with its important role to lobby and influence more widely, there is much to be gained from making this work.

### Financial planning and viability

The council has done well in recent years to achieve the savings required without major cuts or impact on high standards of its frontline services.

The savings in recent years have been largely achieved by restructure savings and new service delivery arrangements. The latter has been obtained by a willingness to develop new models for alternative delivery of services by communities or by sharing with partners. For example, savings of £385k per annum from the recent waste and recycling contract (2012) with Serco; with Chesterfield Borough Council to share the delivery of its revenues and benefits service through arvato, which is anticipated to achieve £60,000 savings per annum over an eight year contract period; and shared services arrangements for ICT with North East Derbyshire and Bolsover councils, delivering shared savings of circa £200k plus additional joint procurement savings.

Derbyshire Dales has been hit hard by the local government finance settlement due to wider local government spending pressures. The Government's June spending review announcement of a further 15.3 per cent cut for district councils in 2015-2016<sup>16</sup> means the council is facing some tough spending decisions. After already dealing with cuts of 54.2 per cent from 2011/12 to 2014/15, this new 15.3 per cent cut means Derbyshire Dales District Council could be looking at a total 70 per cent cut in Government grant in just five years.

The council has continued to receive good levels of receipts from right to buy (a contract provision from the transfer of its housing stock) which provided a receipt for 2012-2013 of

circa £0.5m and has enabled the continuation of the council's priority to its affordable housing delivery.

It has also continued to employ sound accountancy practices and controls that meet regulatory and audit requirements and made a balanced budget each year. Sound budget management has avoided budget overspends and supported the delivery of major projects to budget.

However, the council is facing a funding gap of at least £1.18m over the three period to 2016-2017, likely to rise to £1.7- 2m with the recent spending review for 2015-2016. The council is confident that these savings can be made with the service reviews being acknowledged as a key driver to meet this funding gap, with anticipated savings to be obtained from changed service arrangements such as revenues and benefits, grounds maintenance and the car parking charges review.

However, even if these savings are achieved in the short-term this is acknowledged as deferring to the longer-term a bigger set of potential problems. Cracks in these arrangements are starting to appear. The factors contributing to this are:

- The entire allocation of New Homes Bonus (NHB) is being used to support the revenue budget – for 2013-2014 this amounts £535,539. NHB is not guaranteed as a long-term source of funding and presents a risk that if NHB were to end it would provide a significant gap in the budget. This is also exacerbated by the recent Government announcement that circa 35 per cent of NHB is to be top-sliced to finance the single funding pot for growth referred to earlier.
- Council tax has been frozen for 2013-2014. Compared to raising council tax by the permitted 1.95 per cent the effect of freezing is to increase the savings requirement over a four period by approximately £670k
- The council has been using funding from its General Reserve to support the revenue budget. The council's 'Performance Plan and Revenue Budget 2013-2014' (March 2013) makes clear that "balances...can only be used once...continued use of balances to support on-going spending is not sustainable beyond the life of the available amount".
- Most council assets (land and capital receipts) have been used in recent years
- The Medium Term Financial Strategy states that, "The financial risk in respect of the council's long-term financial position is assessed as 'high'".

Council assets/finances are close to depletion and will not sustain current levels of service delivery. The cracks have started to appear in terms of future investment needed to develop people, ICT, maintenance of assets and services. A fundamental question for the council is how will it manage change in its operating environment with significantly, reducing formula grant funding and more volatile income streams? Equally, has the council focused as much as will be needed on its future capital needs, especially repair and renewal of assets?

It is impressive that the council had built a new leisure centre at a cost of £12m at a time of austerity, thereby providing a leisure centre for each of the district's major towns. However,

the annual net cost to the council of its leisure function is £1.9 m. This highlights the importance of leisure forming part of the first tranche of service review. The council has successfully achieved leisure service efficiencies in recent years (with subsidy levels being reduced from £2.2m to £1.45m – excluding the new build Arc centre) however the high level of subsidy – nearly 20 per cent of the council’s revenue budget – means that a thorough review to obtain the full extent of available efficiencies is essential. Having conducted the service review this could then provide a firm platform for considering alternative service delivery options and also an opportunity to update the current Leisure Strategy, dated 2004-2008.

The council’s capital and reserves are nearing depletion from: recently high expenditure levels; a high resource commitment to affordable housing and leisure provision; and from supporting the revenue budget in recent years. The implications of this are that the resources for future spend are greatly limited, the spending levels of the past will need to be reconsidered and financing of long-term capital will need planning. This will require a resetting of council priorities, with these more clearly aligned to resources. This should provide the underpinning for the new operating model. Building on this should lead the council towards transformation in how services are provided with the prize of developing a new offer for residents and businesses.

The council should consider a longer-term financial view beyond the Medium Term Financial Plan view of two to three years. The benefits for the council would include:

- A. A clearer picture of spend commitments, both capital and revenue. Some longer-term spend issues are not addressed in the Medium Term Financial Plan which has largely a revenue focus.
- B. Enable the council to plan its role (the new operating model) in dialogue with Members and staff so that all can see the longer-term impact of austerity and scenarios.
- C. An ability to identify the level of investment needed in areas such as ICT or people in line with its future role.
- D. To promote examples of increased self-serve to reduce administration costs and achieve savings. This may not simply be financial savings but productivity gains. How will the workforce work more smartly? ICT has potential for better information organisation, security, less floor space from filing cabinets etc. There is the ability to save paper, postage and work in more mobile ways which can be more productive.
- E. An ability to plan for more corporate change projects that may take over a year to implement and embed, especially where behaviour change, new ICT systems or new skills are needed.
- F. Plan to make greater financial savings each year that are greater than the formula grant reduction to help establish an ‘invest to save’ fund for long-term transformation as current reserves or capital are either committed or near ‘depletion’.

To support an understanding of longer-term funding the council will need to consider better financial management information and a corporate long-term view of:

- Asset management spend for vehicles, equipment, ICT, repairs etc.
- Costs, productivity and how this benchmarks to other councils
- Identify through the service review the core services that will continue to be provided by the council and those services that might lend themselves to alternative provision. The latter should set out the benefits – financial and otherwise – of alternative provision
- The setting up of an invest to save fund with funding criteria including a return on investment
- Identifying new/enhanced income streams
- New working arrangements with housing associations and the HCA to deliver affordable housing in the longer-term

This would be assisted by more scenario planning for longer-term risks such as:

- Fallout of New Homes Bonus, rising demand in council tax benefit, business rate relief rules by Government
- No formula grant (which local government is preparing for)
- Depletion of reserves

The key is to try and get ahead of the financial curve, so that the council can better control and shape its destiny. For that the council needs good quality long-term information on all financial commitments and then using this to get buy-in from Members and staff, rather than be reacting to further revenue reductions or new capital demands.

### Capacity

It was clear to the team that staff understand the changes occurring in local government due to financial pressures and the corresponding need for change at Derbyshire Dales. What was very positive was they felt they had much to offer this process and wanted to be involved.

The ability of staff to contribute to the council is highlighted by their initiative to successfully access external funding, for example Sport England, Heritage Lottery funding etc. For example, the modernisation of pool changing rooms at Ashbourne Leisure Centre was supported by a Sport England funding bid of £175k and a council contribution of £20k and a separate funding bid of £180k for a Village Games project, with council funding of £45k. This had successfully worked for larger projects and for smaller community projects, with the latter providing a strong council connection to communities.

The council's transfer of its housing stock to Dales Housing provided a capital receipt of circa £12m which the council used to support its priorities of affordable housing delivery and leisure, in particular funding for the new Arc leisure centre.

There is a commitment to community engagement and this is supported by a Consultation and Engagement Strategy 2010-2014. A key vehicle for community engagement is via three community forums, with these being well attended. An area for future consideration might be to the allocation of area budgets that would permit modest spend on community priorities.

The council is also open to discussions with communities on asset transfer and adopted an Assets of Community Value policy in March 2013. Practical examples are Winksworth learner pool transferred to a community trust led by Derbyshire Dales CVS and Rural Action Derbyshire; and the Matlock Bath Pavilion transferred to a trust that was able to access funding not available to the council. Beyond the willingness to transfer assets where appropriate this highlights the commitment of the council to engage on long-standing community dialogue before a proposal can be put to council.

The most recent council restructure appears to have reduced the strategic capacity in some quarters. For example, the team were told that in Corporate Management Team (CMT) departmental/service issues are often given greater weight than corporate issues. This may be indicative of problems in CMT working arrangements. It is recognised and fully understood that directors and senior managers will often need to represent and promote the views of their departments. However, if there is a conflict between the 'departmental view' and the wider corporate needs of the organisation, then the latter's requirements must take precedence.

With the depletion of capital assets there are limited asset options to support future financial cuts. The service review programme will be important to ensure that the council is confident that it has obtained all the efficiency savings it can from current arrangements. Longer-term even this is unlikely to be sufficient and the council may need to be preparing for service and council transformation in a move away from the traditional way that local government services have been funded and provided. Change in local government has traditionally been incremental but with the financial pressures looming preparing for the future is likely to require step change to meet impending challenges.

Economic growth is now a council priority but with the increasing work in this area the question will be whether existing resources are sufficient. The council could usefully consider how other internal services might combine to develop additional capacity and how working more closely with partners might also develop capacity. External partners clearly stated their interest in exploring this.

Innovation and transformation for the council could be supported by establishing an 'invest to save' programme, possibly funded from reserves. This could be deployed for evaluated bids that support service transformation and deliver an efficiency saving. Examples of how this could work would include commissioning external skills to support some service reviews, and the use of shared posts for council priorities with matched funding from partners.

Despite the work with community forums community engagement and community asset transfer is still at an early stage. This is developing with service reviews, for example on ground maintenance, setting out options where increased community involvement in some areas, for example sports clubs, can contribute to service standards. For the peer challenge team it was clear that service standards can follow a range of options from high service and high cost to low service and low cost, with the range in between. Part of the future considerations for the council, given continuing funding resource pressures, will involve rethinking what individuals and communities might take on themselves, where traditionally this might have been provided by the council. This will be an important area for development for local government and for Derbyshire Dales.

Supporting this would be achieved by developing further the Member community leadership role. This would support a heightened level of community engagement, in particular with town and parish councils, and support the new approaches that will be required for the future operating model.

An important design feature for the new operating model will be to review the potential for IT to deliver transformation and service delivery. Two examples highlight this. If the council were to consider a shift to Agile working then current arrangements would be inadequate with staff outside the Town Hall unable to access the council's network. The second example is the council's planning system. There is a partial electronic planning system but this is incomplete and not fully implemented. This means the council operates a paper-based planning system with off-site archiving alongside an electronic system that is not fully utilised. This is inefficient. IT has the potential to drive efficiencies in existing working arrangements as well as enabling new ways of working.

Finally, in moving to new ways of working for staff and the council then HR will have an important role to support staff and the organisation, in particular through a prioritised training and development programme.

#### Governance and decision making

The council's governance arrangements appear robust and respond to Audit Commission recommendations.

The council has shown its willingness to make difficult decisions. The obvious recent example is that of waste collection when the council adopted a controversial decision to move waste from a weekly to a fortnightly collection. It was positive that from reviewing the implementation of this that the council agreed to add a weekly food waste collection in response to public concerns. The council is due to consider another controversial subject on its car parking charge policy. However, the council has been protected from having to make too many difficult decisions as front-line services have by and large been protected to a high level. The council will not be able to sustain these service levels and this will require senior officers and Members needing to make more difficult decisions.

Where the council has moved to shared service arrangements the governance and client-side arrangements appear to be working well.

The council is supporting the development of Neighbourhood Plans although, thus far, this is limited to one - due to resource constraints. This is Localism in action but a future consideration will be how the council will support more of these plans if the demand grows?

Until now most Member representation on significant outside bodies has been through a relatively small number of Members. This places greater demand on fewer Members and the council would benefit from extending external representation more widely to ease that workload and also to share the experience more widely. This links to the point about succession planning made earlier.

The council has a comprehensive performance management framework but with the move away from Best Value Performance Indicators there is an opportunity to move to a smaller key performance indicator (KPI) set and to make these more qualitative.

Partnership working will become increasingly important to develop capacity at a time of reducing resources. To support this the council would benefit from a more strategic view of partnership working and aligning this to council priorities and outcomes. This would ensure that the council is working with those partnerships that have a positive impact and support the delivery of council priorities and that those partnerships who fail on this test are discontinued.

A potentially important partnership could be with town and parish councils (there are 107 parishes and 78 town and parish councils of varying size and capacity). There is currently a town and parish council annual conference but little else by way of formal working contact. The opportunity would be to engage with town and parish councils on council transformation and the implications for future service delivery and the changing roles for communities and individuals on service provision. For example, the council has had some experience of asset transfer and this is an area that could be developed in the future. Similarly the council is supporting Neighbourhood Plans and this is an area that is likely to develop. An opportunity could exist to work with town and parish councils to discuss potential sites and development opportunities for affordable housing and local business sites. Supporting this approach could include a key role for Members, following the model of community leadership described earlier.

### **Moving forward - suggestions for consideration**

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

#### The future operating model

1. The council will need to review its Corporate Plan matching available resources to a more sharply defined set of priorities
2. Political and managerial leaders will need to work closely to ensure organisational priorities inform the review of the Corporate Plan
3. Review the senior officer structure to ensure coherence, roles and management responsibilities are set at the optimum level for the forthcoming changes anticipated and that the Corporate Management Team develops a corporate working style
4. Assess whether the resource and skills capacity are available to deliver the more significant service reviews, for example leisure, and whether these might need to be commissioned externally
5. Use the service review as a beginning for council transformation and create strategic space for senior Members and officers to begin evaluating the design principles of the new operating model. An important design feature for the new operating model will be to review the potential for IT to deliver transformation and service delivery.

6. Consider an 'invest to save' policy as a means to obtain service efficiencies, transformation and service improvements

### Resources

7. The Corporate Plan needs to respond to the looming funding gap and ensure that this is addressed by a combination of longer-term financial planning, planned efficiencies, service cuts and service transformation
8. The council should consider a longer-term strategy for affordable housing as the opportunities for council contributory funding are being reduced.

### Economic development

9. Produce a local economic growth strategy, in association with partners, with detail on how the aspiration of high-wage and high-skill jobs will be realised. This should be aligned to a sub-regional strategy from Business Peak District and involve discussion with the LEPs.
10. Build the potential of the Derbyshire Dales brand as part of the Wider Peak District voice to engage with the LEPs. This should also set out what the outcomes are the council and the Wider Peak District are seeking to gain and what the unique offer is that the area can offer the LEPs.
11. Discuss with the Peak District NPA the opportunities for closer working on tourism to generate additional capacity across the two organisations. The Peak District National Park Authority (NPA) has a statutory purpose of 'promoting, understanding and enjoyment' which closely relates to tourism and recreation. Tourism is an important sector of the local economy.

### Partnership working

12. Review current arrangements on partnership working with a view for these to be recast to support delivery of the council's new set of priorities and Corporate Plan objectives
13. Explore alternative options for superfast broadband to develop contingency plans by working in partnership with Business Peak District, in association with the Peak District NPA and High Peak and Staffordshire Moorlands councils. This would also develop closer working with principal partners and build the partnership framework for future work.
14. Review the priorities and resources that might support partnership delivery via the Peak Partnership This is not to propose additional resources but rather that consideration be given to switching existing resources to partnership priorities. This could include, for example: superfast broadband; tourism and branding for the Wider Peak; marketing of proposed commercial sites to developers; housing development and enabling affordable housing etc.

### Community engagement

15. Enhance community engagement via three community forums with the allocation of area budgets to allow permit spend on local community priorities
16. Initiate a community debate across the district on what individuals and communities might take on themselves, where traditionally this might have been provided by the council

## Supporting the Member role

17. Develop political succession planning and associated arrangements so that political leadership can be spread more widely. Not only will it be important to consider where the future political leaders may be and how they might be developed but also how the council can make improved use of the Member resource to enhance community leadership.
18. Develop further the Member community leadership role. This would support a heightened level of community engagement, in particular with town and parish councils, and support the new approaches that will be required for the future operating model.
19. Support Member development to keep abreast of a fast changing local government environment. Consider the provision of briefings on key internal/external issues to ensure that Members are kept informed and engaged. This will be important also for widening the understanding of these issues when debated in committee and council and to improve subsequent decision making. This could be enhanced by involving Members in the service reviews. Not only would close involvement ensure building a more detailed understanding of current and future model options but it would support the subsequent decision making process.

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

## **Next steps**

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership before determining how the council wishes to take things forward.

As part of the peer challenge process, there is an offer of continued activity to support this. In particular the LGA is able to offer up to 12 days of Productivity Expert programme support and access to its Economic Growth Advisors programme.

We would also wish to offer an improvement and prioritisation workshop to the council to take place some time after this letter is received by the council. I look forward to finalising the detail of that activity as soon as possible.

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. Mark Edgell, Principal Adviser (East Midlands, Yorkshire and the Humber, North East) is the main contact between your authority and the Local Government Association. Mark can be contacted via email at [mark.edgell@local.gov.uk](mailto:mark.edgell@local.gov.uk) (or tel. 07747 636910) and can provide access to our resources and any further support.

In the meantime, all of us connected with the peer challenge would like to wish you every success going forward. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

Yours sincerely

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On behalf of the peer challenge team:

- Manjeet Gill, Chief Executive, West Lindsey District Council
- Councillor Chris Knowles-Fitton, Leader of Craven District Council
- David Butterworth, Chief Executive, Yorkshire Dales National Park Authority
- Mike Hammond, Director of Transformation, Babergh and Mid Suffolk District Councils

**Appendix 1** – Feedback slides  
**Appendix 2** – Signposting note