Corporate Peer Challenge
Surrey County Council

13th to 16th March 2017

Feedback Report

1.   Executive Summary

There is very widespread recognition that the culture of Surrey County Council has improved significantly over recent years. People within the organisation outlined an environment that is now much more open, supportive and positive and many partners described a changed organisation, one that is much better to work with. The cultural change that has taken place can be attributed to a number of factors including the over-arching leadership philosophy, the well-embedded organisational values and the investment that has been made in the council's staff and elected members. The scale of cultural change that has taken place is testimony to the drive, passion and commitment of the leadership and staff of the council.

The council has a wide range of achievements that it can point to over recent years, including around the delivery of savings and efficiencies, working in partnership and improved service outcomes. £450m of savings have been achieved by the council since 2010. The reduction has been effectively managed in a way that has sought to minimise the impact on services and residents and the approach that has been taken has focused on bringing about transformation and improvement rather than delivering a more traditional 'savings programme' of budget cuts. The council has worked with others to establish a range of new partnership initiatives and activities, including the Multi-Agency Safeguarding Hub and the Restorative Justice Hub, whilst the Surrey Family Support Programme is a great example of the county council working together with district and borough council colleagues and other partners to deliver services focused on users' needs. The council's leadership of the work on Sustainability and Transformation Plans is seen as exemplary.

However, the pressure the council is facing is unrelenting. Children's social care performance is seen to be improving but this needs to be accelerated and the demographic changes taking place in Surrey are leading to growing demand across a range of council services. The financial challenge for the council remains, with the scale of the savings required in the new financial year being unprecedented in the authority's history.

There is much work to do to ensure the three year medium term financial plan is sustainable. People within the council are confident that the situation will be addressed and have a good track record to base that confidence on. There are a number of strategies to respond to the scale and urgency of the financial challenge and it is imperative that these are translated into specific action plans that provide greater certainty of how the financial gap will be closed. This will undoubtedly involve taking very difficult decisions about areas of activity that the council has no desire to touch. We recognise the difficult nature of the challenge facing the authority but it is important to act now in order to avoid a financial crisis that the council will have tremendous difficulty to address in a strategic and managed way.

The council is entering a new phase, defined by the commencement of a new Administration in May, the unprecedented scale of financial challenge in the next financial year and a heightened profile and level of scrutiny at both the local and national level. This new phase will require the council to demonstrate that it is an exemplar of local government performance, innovation and efficiency – that it is at the leading edge of local councils.

In entering a new phase, the council needs to be able to convey what it is aspiring to for the people of Surrey and the ways in which it will go about achieving the ambitions it holds. We suggest that the council refreshes its narrative so that there is greater understanding of its vision for place, a vision for public services across the county and a vision for the council as an organisation. We see the process of developing the vision as being just as important as the vision itself. It provides the opportunity to engage the public and partners in shaping the future of their place and the role they have to play in it. Key aspects to be considered within this include the concept of co-design with residents and partners, future workforce requirements and the future role of elected members.

We would encourage the facilitation of a discussion within the organisation regarding what we see as the need to underpin the over-arching leadership philosophy. The philosophy is reflected in the concepts of 'network leadership' and 'distributed leadership' – the delivery of shared objectives through a 'One team' mentality. Various conversations during the course of the peer challenge indicated a requirement both for a greater understanding of the philosophy to be developed within the council and for this philosophy to be supplemented with a greater degree of 'organisational leadership' in order to ensure clearer accountabilities and greater drive.

At a time of increasing financial pressure, it is easy for organisations to retrench and focus on their own priorities and resources. It is inevitable that partners will look at the council's financial position and be anxious about the ability of the authority to maintain spend and investment in services and projects that they are involved in. The council acknowledging these concerns and assuaging them wherever feasible would be welcomed. Where savings have to take place, partners want the council to work with them in order that they can jointly manage the impact. It is important for the council to consider the value that existing and future partners have to offer during the next period of financial challenge - partners are keen for the council to ensure it utilises the capacity, knowledge and expertise that they can bring.

2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some early practical actions, in addition to the conversations onsite which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the council:

- Develop a refreshed inclusive narrative for place and public services across Surrey and the council

- Ensure the three year medium term financial plan is sustainable and owned by the whole council

- Consider the impact of future transformation on staff, including workforce planning implications, morale and valuing their contribution

- Consider the value that existing and future partners have to offer during the next period of financial challenge and how 'One Team for Surrey' can maximise these opportunities for success

- Facilitate a discussion within the organisation regarding the need to underpin the over-arching leadership philosophy

3.   Summary of the peer challenge approach

The peer team

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

- Gavin Jones, Chief Executive, Essex County Council
- Councillor Jennifer Mein, Leader, Lancashire County Council (Labour)
- Jo Walker, Director of Strategic Finance, Gloucestershire County Council
- Andrew Donaldson, Head of Strategic Policy and Partnerships, Staffordshire County Council
- Associate Peer, Alan Lotinga
- Ashleigh Moore, National Graduate Development Programme, Hampshire County Council (shadowing role)
- Chris Bowron, Peer Challenge Manager, LGA

Scope and focus

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

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?

2. Leadership of place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?

3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?

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4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?

5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, you asked the peer team to consider/review/provide feedback on:

- Financial sustainability: do we have a coherent strategy for maintaining sustainability?

- Public engagement: how do we meet the expectations of residents who may not have experienced the recession as elsewhere in the country?

- Organisational capacity: the capability and capacity of staff, particularly around the need to have staff who can lead the transformation agenda

- Leadership of place: Surrey's connectivity with London, coupled with having some key MPs – what does leadership of place need to look like in a place like Surrey (which is a key contributor to the national economy)

- Governance: does Surrey have the mechanisms in place for elected members to assure themselves on the performance of key services, including children's.

The peer challenge process

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

The current LGA sector-led improvement support offer includes an expectation that all councils will have a corporate peer challenge every 4 to 5 years.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges being faced. The team then spent 4 days onsite with the council.

This report provides a summary of the peer team's findings. It expands on the feedback presentation provided by the peer team at the end of their on-site visit. In presenting feedback to you, they have done so as fellow local government officers and elected members, not professional consultants or inspectors. By its nature, the peer challenge

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is a snapshot in time. We appreciate that some of the feedback may be about things you are now already addressing and progressing.

4. Feedback

4.1 A changed organisation

There is very widespread recognition that the culture of Surrey County Council has improved significantly over recent years. This was a consistent theme throughout our discussions and is reflected in the way that staff and elected members feel and the improving relationships that the council is seen to have with partners. The Frater Report was frequently referenced in our conversations and the publishing of this in 2009 was clearly a seminal moment for the council. The council has come a long way since then and people within the organisation outlined an environment that is much more open, supportive and positive. Many of the partners that we spoke with similarly described a changed organisation, summed up essentially by it being seen as 'a much better council to work with'.

The cultural change that has taken place can be attributed to a number of factors. The over-arching leadership philosophy that has been applied, centred on the concept of 'network leadership' which we look at in detail later in this report, has sought to facilitate people working together to make connections across the organisation and develop collective responsibility.

The council's organisational values of 'listen', 'responsibility', 'trust' and 'respect' have played a significant role – they are long-established, well-embedded and have a high profile within the council. Last year, the council reviewed its behaviours framework, carrying out a range of interviews with people across the organisation to understand the behaviours they felt were most important to the authority's future success. The findings from this formed the basis of a new behaviour framework which sits at the heart of the performance appraisal process.

There has been investment made in the council's staff and elected members. The 'High Performance Development Programme' has been established to equip senior managers to deliver the scale of change needed and to lead in challenging times. Managers indicate that they now feel better able to challenge unacceptable behaviour, address poor performance and be open to constructive challenge. A coaching programme for Cabinet members has also been delivered.

The work delivered around HR and organisational development has led to 80 per cent of people saying their performance has improved and a 49 per cent reduction in the number of days lost to sickness absence.

The scale of cultural change that has taken place is testimony to the drive, passion and commitment of the leadership and staff of the council.

4.2 Achievements

The council has a wide range of achievements that it can point to over recent years. These can be split into four categories:-

> ➢ Savings and efficiencies:

£450m of savings have been achieved by the council since 2010. To set this in context, the council's current annual budget is slightly more than £1.6 billion. The reduction has been effectively managed in a way that has sought to minimise the impact on services and residents. The approach that has been taken has focused on bringing about transformation and improvement rather than delivering a more traditional 'savings programme' of budget cuts. One example of the approach taken is a series of Public Value Reviews, with an objective of reshaping service provision to gain greater value from council spend. Another is a series of Rapid Improvement Events to identify improvements in ways of working and processes in order to secure greater efficiency. One of the outcomes has been a 79 per cent reduction in the time taken to authorise a full social care assessment.

The council has a good track record of delivering within budget, with an overall underspend reported in the financial out-turn at the end of each of the last six financial years.

> Partnership:

The council has worked with others to establish a range of new partnership initiatives and activities. One example is the Multi-Agency Safeguarding Hub (MASH) that includes, amongst others, staff from mental health and other NHS services, Victim Support and the police as well as staff from the council. The MASH covers safeguarding for both children and adults.

Another example is the Restorative Justice Hub hosted by the council at the request of the Surrey Criminal Justice Partnership Board and Surrey's Police and Crime Commissioner. The hub operates as a partnership between all the key criminal justice agencies including the police, victim support services, the National Probation Service, prisons, courts, KSS Community Rehabilitation Company and the Youth Support Service.

A third example is the Orbis partnership between Surrey County Council and East Sussex County Council which has involved the amalgamation of business support functions under a single shared leadership. This has provided the council with greater opportunities for the use of innovative technology. Brighton and Hove City Council is now set to join the partnership. There is also an Orbis Public Law partnership which combines four councils' legal teams and, in so doing, provides the ability to recruit and retain legal staff more easily, better manage demand and offer the specialised legal support that each council individually could not retain – whilst simultaneously being able to make savings.

> Service outcomes:

The Surrey Family Support Programme is delivered by six local teams across the county. They co-ordinate help for families when they are experiencing a range of interwoven problems that are impacting on their family wellbeing. The service is delivered from local district and borough council offices and provides a single, joined-up package of support and resources which is inclusive of the skills and expertise of a range of different services such as health, education, social care, housing and money management. It offers an opportunity for all statutory and voluntary agencies in Surrey that work with families to work together in a collaborative way around a family's needs.

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Led by the Chief Constable, with the support of the Health and Wellbeing Board to deliver the aims of the wider national Mental Health Crisis Care Concordat, Surrey partners have worked very hard to develop alternative crisis mental health provision and preventative support to deliver a dramatic reduction in the number of people detained in custody under Section 136 of the Mental Health Act 1983 ("place of safety"), from well over 100 over a year ago to only two recently.

> ➢ On-going work:

The council is involved in the development of three Sustainability and Transformation Plans covering the geography of Surrey and adjacent areas. STPs are the overarching strategic plans, for the next five years, aimed at ensuring the sustainability of local health and care systems financially and in terms of the quality of services and health outcomes for local people. The largest of these, in terms of the number of Surrey residents that the STP covers, is Surrey Heartlands. More about the approach being taken in Surrey Heartlands is included later in this report.

Three Southern Counties (3SC) is a partnership of 26 councils in Surrey, East Sussex and West Sussex, three Local Enterprise Partnerships, East Sussex Fire Authority and the South Downs National Park Authority. A key proposal which has emerged from discussions in the partnership is to establish a Sub National Transport Body for the South East. This would cover a larger geography than the 3SC and focus in particular on investment in strategic transport infrastructure, including investment by Highways England and Network Rail.

The council has been instrumental in work undertaken recently looking at infrastructure needs and the use of public sector assets in Surrey. There has been an initial stock-take with each district and borough council focused on economic development and place making opportunities and joint teams have been developed between the councils in each place to focus on the delivery of infrastructure projects. The council has also been considering the wider infrastructure needs of the county to address planned population growth. A Corporate Asset Panel has been established to provide oversight of asset planning and management in each locality.

Throughout all of this, the council has demonstrated its commitment to its staff and residents, to working jointly with local partners and to working across a wider geography than Surrey in order to deliver benefit for residents.

4.3   However …

As we have outlined, there is a great deal that the council has achieved over recent years. However, the pressure it is facing is unrelenting. Children's social care performance is seen to be improving but there is a recognised need for this to be accelerated, whilst the demographic changes taking place in Surrey are leading to growing demand, particularly in relation to school places and adult social care needs.

The financial challenge for the council remains, with the scale of the savings required in the next financial year (2017/18) being unprecedented in the council's history. The financial pressures being faced, which have had a very high profile recently, have

inevitably generated anxiety for partners around the ability of the authority to maintain spend and investment in services and projects that they are involved in.

There is desire internally and externally for greater consistency in delivery, follow-through and pace. Internal examples include more consistent use across the council of the sophisticated tools for tracking financial and other performance including planned savings, the need to continuously monitor and keep on top of staff workload pressures and ensure these are fairly and proportionately allocated and a need to ensure best practice in project and programme management approaches and techniques are replicated and embedded, at pace.

External examples include: the need to have realistic, proportionate and consistent approaches to commissioning services from an increasingly fragile voluntary and community sector, and indeed treating the sector more as a "partnership of equals"; to quickly extend to the wider community the council's approach to the co-production and delivery of crucial preventative/demand management programmes such as the Family, Friends and Communities, Early Help and Special Educational Needs programmes; learning from best practice in neighbouring areas in relation to the at-pace, effective delivery of key growth and infrastructure projects.

4.4   Financial planning and viability

Over the three financial years from 2017/18 to 2019/20, the council needs to save a further £290m. The immediate savings challenge entails achieving £123m of the £290m in 2017/18. The scale of the savings challenge facing the council next year is unprecedented in its history. Given that context, it is not surprising that it is 2017/18 that is dominating people's thinking and focus. However, given the medium-term nature of the overall savings challenge, it is important to try and look at the situation over a three year period and, by doing so, maintain a strategic approach. There is much work to do to ensure the three year medium term financial plan is sustainable. Once this has been achieved, it needs to be owned by the whole council.

Whilst work on identifying the 2017/18 savings was in full swing at the time of the peer challenge, time was clearly of the essence with only two weeks being left at that stage until the start of the new financial year. Delivering a balanced budget for 2017/18 is a huge challenge for the council. It is important to remember that, even when this has been achieved, the fact that some of the contribution to the £123m is 'one off' in nature means that proportion of the savings won't be able to be repeated in subsequent years – making the challenge in subsequent years even greater.

The distinction between the council's finances being 'unsustainable' and 'sustainable' is the difference between:

➢ 'What the council has to do plus what it would like to do'

➢ 'What it can afford to do'

The council commissioned a Financial Resilience Review from the Chartered Institute of Public Finance and Accountancy (CIPFA), the findings from which were reported to the

authority in December 2016. This highlighted the council's financial resilience as being 'unsustainable' – the consequence of a large unidentified savings gap and rapidly reducing reserves.

People within the council are confident that the financial situation will be addressed and have a good track record to base that confidence on. There are a number of strategies in place. The council has worked actively to secure the benefits of effective two-tier working. This underpins its belief that the localisation of business rates is a key opportunity for the eleven districts and boroughs and the county council. Meanwhile, the council has ensured residents are aware of the potential trade-off between levels of service and levels of council tax.

It is important that people have hope. However, such is the scale and urgency of the financial challenge that now is the time for the council to have clearer plans that provide greater certainty – to maximise its control of the situation. This will undoubtedly involve taking very difficult decisions about areas of activity that the council has no desire to touch. The reality, however, as identified by CIPFA, is that there is scope and choice available to the council. There are clear political choices to be made, for example, about levels of spend on libraries, bus subsidies, road maintenance, street lighting and parking charges.

We recognise the difficult nature of the challenge facing the council but it is important to act now in order to avoid a financial crisis that the council will have tremendous difficulty to address in a strategic and managed way.

4.5   Moving into a new phase

The council is entering a new phase, defined by:

> ➢ The commencement of a new Administration following the council elections in May this year

> ➢ An unprecedented scale of financial challenge in the next financial year (2017/18) as part of a very challenging financial position over the medium term

> ➢ A heightened profile and level of scrutiny at both the local and national level

This new phase will require the council to demonstrate that it is an exemplar of local government performance, innovation and efficiency – that it is at the leading edge of local councils.

There are a number of themes that we see as being central to success in this new phase:

> ➢ The ambition you have and the story you want to tell
> ➢ Leading the organisation
> ➢ Collaborative working
> ➢ Capacity, learning and support

We outline each of these in the following sections of this report.

4.6 Your narrative

In entering a new phase, the council needs to be able to convey what it is aspiring to for the people of Surrey and the ways in which it will go about achieving the ambitions it holds. We suggest that the council refreshes its narrative in a way that enables this and which builds on the Vision ('One Team for Surrey') and Purpose ('Ensure Surrey residents remain healthy, safe and confident about their future') outlined in the current corporate strategy. The council may wish to consider sitting at the heart of that narrative:

> ➢ A vision for place

> ➢ A vision for public services across the county

> ➢ A vision for the council as an organisation

We see the process of developing the vision as being just as important as the vision itself. It provides the opportunity to engage the public and partners in shaping the future of their place and the role they have to play in it.

The work that is being undertaken currently, under the auspices of the STP for the Surrey Heartlands area (which covers a population of 850,000) to engage local people in identifying local priorities and shaping service design for the future, is reflective of the approach that the council is looking to bring in the future to consultation and engagement. This 'bottom-up' approach, involving a broad cross-section of residents (thus involving a much wider range of people than existing users of services) that is reflective of the make-up of the population as a whole, is a very good example of the 'co-design' approach that the council is keen to see applied widely within Surrey.

The concept of co-design is likely to be central in the future narrative and adopting a co-design approach to developing that narrative would be very powerful. The re-shaping of public services that the STP is likely to entail is also reflective of a future in which there is likely to be fundamental revision of how, where and by whom public services are provided. Again, this concept is likely to sit at the heart of the future narrative.

In determining a vision of the council as an organisation, there are a number of themes that we suggest the authority may wish to consider situating at the heart of its thinking on organisational strategy:

> ➢ What does the workforce of tomorrow look like and how will you plan for it?

> Whilst the council has an existing workforce strategy, there is acknowledgement that it needs revision in order to ensure it is fit for purpose and becomes a driver of the necessary change.

> ➢ How does the council maximise the benefit it gleans from elected members?

> Significant turnover in the elected membership of the council will take place in the elections in May, simply as a consequence of a large number of councillors not standing again. This provides a timely opportunity for the county council to take

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stock of its governance arrangements and determine how it can secure greater benefit from, and provide increased fulfilment for, its' elected membership. The Cabinet model of local government, by nature, positions only a proportion of councillors at the heart of strategic decision-making. Scrutiny as it is applied in Surrey is seen to be limited in the value that it provides and the Local Committees, which are a sound concept in terms of focusing on a smaller geography and linking together two tiers of local government, have yet to realise their full potential. All of this provides food for thought around the role of representative democracy, including at the borough/district and town/parish levels of local government, that could be outlined in the future narrative.

➢ What potential does technology offer the council and how can it best capitalise upon it?

Whilst the council already uses data and analytics widely, there is felt to be the opportunity for it to play a more systemic role, particularly in relation to managing demand for services. The council talks about 'digital' but there is seen to be a need for it to be placed more at the heart of service transformation. Also, how far ahead does the council want to look in relation to technology? The potential of, as examples, robotics and driverless cars to drastically change how, respectively, services are delivered and the highways system operates, could potentially already come in to the council's thinking.

4.7 Leading the organisation

The position statement developed by the council, in order to inform the work of the peer challenge team, outlined the importance of a 'One Council' approach – the authority working as one team to achieve the best outcomes and highest quality services possible for the people that the authority serves.

Considerable effort has gone into culture change and the development of an overarching leadership model that aims to facilitate people working together to make connections and to develop collective responsibility. Nevertheless, under pressure teams can look to find solutions within their own part of the organisation. The importance of working collaboratively across Portfolios and Directorates is increased by the financial challenge being faced, in order to maximise both efficiency and the potential for the necessary savings to be achieved in a strategic way that minimises the impact as far as is possible.

As we outlined in the previous section of this report, there is a timely opportunity for the council to take stock of its governance arrangements in order to maximise the effectiveness of the roles played by elected members, whether that be in their communities, the governance structure or the leadership of the organisation.

Based on our discussions, we would encourage the facilitation of a discussion within the organisation regarding what we see as the need to underpin the over-arching leadership philosophy in the new phase that the council is entering. The philosophy is reflected in the 'network leadership' model outlined by the Monitor Institute and entails the following characteristics:

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- Role, behaviour
- Collective
- Facilitative
- Emergent
- Relational, connected
- Bottom-up

In using this approach, the council is endeavouring to develop 'distributed leadership' – essentially seeking the delivery of shared objectives through a 'One team' mentality. This is best reflected in the council's creation of four networks that are encouraging staff to recognise their contribution to the authority's strategic objectives and seeks to mobilise the resources of the whole organisation to work together on what is important. The 'Prosperous Places Network', for example, looks to focus on improving the way in which the council understands and promotes the role of place in its activities and how it works with partner organisations, particularly the boroughs and districts. The 'Continuous Improvement and Productivity Network' seeks to identify areas for improvement in the way the council delivers its activities, developing and refining current policy and practice in order to bring about greater productivity and improved service outcomes for residents.

The Monitor Institute also have a model reflecting more traditional 'organisational leadership', defined as having the following characteristics:

- Position, authority
- Individual
- Control
- Directive
- Transactional
- Top-down

This approach can be seen in areas of the council's activity such as the driving of improvements and savings in children's and adults services.

Various conversations that we had during the course of the peer challenge indicated a requirement both for a greater understanding to be developed within the council regarding the 'network leadership' model and for this over-arching leadership philosophy to be supplemented with a greater degree of 'organisational leadership' to ensure clearer accountabilities and greater drive. The need for this is consistent with the feedback that we received from some partner organisations, outlined earlier in this report, regarding a lack of consistency in delivery, follow-through and pace by the council. We suggest tailoring the extent to which each leadership approach is applied, depending on the circumstances, and developing a better general understanding within the organisation of the 'network leadership' approach.

4.8 Collaborative working

The 'One Team for Surrey' vision is already in place and there is much good work, which we have already highlighted, that is taking place both strategically and operationally between partner organisations. We have encouraged this approach to be placed at the

centre of a narrative to be developed for the place and public services of Surrey as a new phase is entered into.

There are elements that emerged from our discussions with partners that we would encourage the council to draw learning from, all of which are constructive and relate to a theme of valuing partners and their existing or potential contribution. This is all in a context of what we outlined earlier regarding many partners seeing the council as a changed organisation – as 'a much better council to work with' – and the financial challenge that is being widely faced by partners as well as the council.

At a time of increasing financial pressure, it is easy for organisations to retrench and focus on their own priorities and resources. This is an entirely instinctive reaction to the situation being faced but it risks coming to the fore at precisely the moment partners most need to stick together and thus maximise the potential to secure efficiencies and savings by adopting joined-up approaches to changes in services and ways of working.

It is inevitable that partners will look at the council's financial position and be anxious about the ability of the authority to maintain spend and investment in services and projects that they are involved in. The council acknowledging these concerns and assuaging them wherever feasible would be welcomed. Where savings have to take place, partners want the council to work with them in order that they can jointly manage the impact.

It is important for the council to consider the value that existing and future partners have to offer during the next period of financial challenge and how 'One Team for Surrey' can maximise opportunities for success. Partners are keen for the council to ensure it utilises the capacity, knowledge and expertise that they can bring. This is particularly the case with partners in the business community and the voluntary and community sector. For example, the business community is willing to help more and at pace to co-design and deliver major infrastructure and growth projects, drawing on their own expertise, knowledge and experience, and that of working in neighbouring areas, from where good practice can be replicated. The voluntary and community sector also have a great wealth of experience and knowledge of what works well elsewhere, in relation to effective approaches to co-ordinated procurement and commissioning, putting policy into practice consistently and innovation.

4.9   Capacity, learning and support

As the council moves into a new phase, it will be important to assess the capacity and capability that already exists in the organisation and beyond and ensure this is used to best effect. Better capitalising wherever possible upon capacity that already exists can be supplemented by investing in such expertise as may be necessary, but not currently available to the council, to deliver its ambitions. We make particular reference here to a perceived tendency for the council to want to develop its own solutions rather than turn to others, particularly the private and third sectors, for support. This in turn links to a question that we would encourage the council to ask itself at regular intervals – 'where can we best learn from and who can help'? Many of the savings challenges facing the council over the coming years will already have been tackled by other authorities. The opportunity therefore exists to capitalise upon the learning of others who have gone before. This is

particularly the case in those services and functions, highlighted earlier where, compared to other councils, spend is higher or income is lower.

Taking the learning that will emerge as the council tries new things and then applying that learning more widely and at scale has the potential to significantly benefit the council. Several people that we spoke to within the organisation expressed the view that the council needs to be more systematic in its approach to this. The work taking place under the STP to involve local people in identifying local priorities and shaping service design for the future is an example of an approach that offers great opportunities to learn and has the potential to be adopted more widely.

It is important for the council to consider the impact of future change and transformation on staff, including workforce planning implications, morale and valuing their contribution. As outlined earlier, whilst the council has an existing workforce strategy, there is acknowledgement that it requires revision in order to be appropriate for delivering the future needs of the organisation. Alongside this, supporting staff through the difficult times is important. The unprecedented financial challenge being faced means that things will get increasingly tough for staff. The council has participated in the Best Companies survey over several years. It has significant data from that and other exercises such as its temperature checks done in partnership with trade unions to have very granular action plans that continually respond to issues as they affect specific teams across the council. It is crucial that this focus is sustained. The council has a good track record in terms of valuing and investing in its people. Maintaining this through the period that lies ahead will deliver widespread benefit.

5.   Next steps

Immediate next steps

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

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Mona Sehgal, Principal Adviser, is the main contact between the council and the Local Government Association (LGA).

We are keen to continue the relationship we have formed with the council throughout the peer challenge.

Follow up visit

The LGA Corporate Peer Challenge process includes a follow-up visit. The purpose of the visit is to help the council assess the impact of the peer challenge and demonstrate the progress that has been made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the council. There has been discussion about the visit taking place in March 2018.

Next corporate peer challenge

The current LGA sector-led improvement support offer includes an expectation that all councils will have a corporate peer challenge or finance peer review every 4 to 5 years. It is therefore anticipated that the council will commission their next peer challenge by 2021.

Annex – Contents of the feedback presentation delivered to the council on Thursday 16th March 2017

A changed organisation

- There is very widespread recognition that the culture of Surrey County Council has improved significantly over recent years

- This is reflected in the way people within the organisation feel and the improving relationships that the council is seen to have with partners

- The change that has taken place is down to the leadership philosophy and organisational values and the investment that has been made in the council's staff and elected members

- The scale of change that has taken place is testimony to the drive, passion and commitment of the leadership and staff of the council

Achievements

- The council has a wide range of achievements that it can point to over recent years:

  - ➢ Savings and efficiencies:

    - o There have been £450m of savings achieved since 2010
    - o These have been effectively managed in a way that has sought to minimise the impact on services and residents
    - o The approach that has been taken has focused on transformation and improvement rather than a more traditional 'savings programme' – Public Value Reviews and Rapid Improvement Events
    - o Improvement in people's performance and reduced sickness absence
    - o The council has a good track record of delivering within budget

  - ➢ Partnership:

    - o Multi-Agency Safeguarding Hub
    - o Restorative Justice
    - o Orbis

  - ➢ Service outcomes:

    - o Family Support Programme
    - o Crisis Mental Health

  - ➢ On-going work:

    - o Sustainability and Transformation Plans
    - o Sub National Transport Body
    - o Infrastructure

        o Public sector assets

- Throughout all of this, the council has demonstrated its commitment to its staff and residents, to working jointly with local partners and to working across a wider geography than Surrey in order to deliver benefit for residents

However …

- The pressure on the council is unrelenting:

  - ➢ Children's social care performance
  - ➢ The continuous financial challenge
  - ➢ Growing demand

- The anxiety of your partners over your financial pressures

- There is frustration over a lack of consistency in delivery, follow-through and pace

Financial planning and viability

- Over the three years to 2019/20 the council needs to save £290m

- The distinction between the council's finances being 'unsustainable' and 'sustainable' is the difference between:

  - ➢ 'What the council has to do plus what it would like to do'
  - ➢ 'What it can afford to do'

- The immediate savings challenge entails saving £123m in 2017/18 in order to achieve a balanced budget

- The scale of the savings challenge facing the council in 2017/18 is unprecedented in its history

- Some of the contribution to the £123m is 'one off' in nature, with this not being able to be repeated in subsequent years

- There is 'hope' within the council that the situation can be addressed and there are a number of ambitions that underpin this – as has been the case in the past

- However, now is the time for clearer plans that provide greater certainty – in order to avoid a financial crisis that the council will have tremendous difficulty to address in a strategic and managed way

Moving into a new phase

- The council is entering a new phase – a new Administration, an unprecedented financial challenge and a heightened profile and level of scrutiny

- This new phase will require the council to demonstrate that it is an exemplar of local government performance, innovation and efficiency

- There are a number of themes that we see as being central to success in this new phase:

  - ➢ The ambition you have and the story you want to tell
  - ➢ Leading the organisation
  - ➢ Collaborative working
  - ➢ Capacity, learning and support

Your narrative

- In entering a new phase, the council needs to be able to convey what it is aspiring to for Surrey and the ways in which it will go about achieving the ambitions it holds

- We suggest that you develop a narrative that enables this

- You may wish to consider sitting at the heart of that narrative:

  - ➢ A vision for place
  - ➢ A vision for public services across the county
  - ➢ A vision for the council as an organisation

- The process of developing the vision is just as important as the vision itself

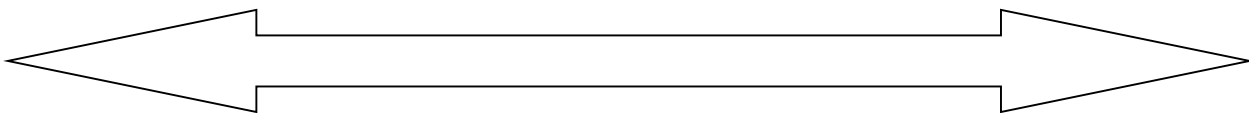**Organisational strategy – areas for consideration …**

- How will you engage the public and partners in genuine collaboration? – co-design

- What does the workforce of tomorrow look like and how will you plan for it?

- How does the council maximise the benefit it gleans from elected members? – future role

- Is there a more systemic role for data and analytics in managing demand?

- Should 'digital' be more at the heart of service transformation?

- How far ahead? – robotics, driverless cars

Leading the organisation

- 'One Council'

- The importance of working collaboratively across Portfolios and Directorates

- An opportunity to maximise the effectiveness of the roles played by elected members in the governance structure

- The need to facilitate a discussion within the organisation regarding the need to underpin the over-arching leadership philosophy in the new phase

Leadership model

Network leadership	Organisational leadership
• Role, behaviour • Collective • Facilitative • Emergent • Relational, connected • Bottom-up	• Position, authority • Individual • Control • Directive • Transactional • Top-down

Monitor Institute: Social networks for social change

Collaborative working

- 'One Team for Surrey'

- At a time of increasing financial pressure, it is easy for organisations to retrench and focus on their priorities and their own resources – precisely when partners need to stick together most

- Valuing partners:

  ➤ Ensuring the council utilises the capacity, knowledge and expertise that partners have to offer
  ➤ Consideration of other partners' concerns
  ➤ Carefully managing the impact of savings

Capacity, learning and support

- Assessing the capacity and capability that already exists in the organisation and beyond, ensuring this is used to best effect and supplementing it with the necessary expertise and investment to deliver the ambitions

- Where can the council best learn from and who can help?

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- Taking the learning that will emerge as the council tries new things and then taking the opportunity to apply that learning more widely and at scale

- Ensuring that the workforce strategy is appropriate for delivering the future needs of the organisation

- The importance of supporting staff through difficult times – early actions and maintaining morale