Russell Williams  
Chief Executive  
Ipswich Borough Council  
Grafton House  
15-17 Russell Road  
Ipswich IP1 2DE  

February 2014

Dear Russell  

**Ipswich Borough Council Corporate Peer Challenge**  
**2nd-5th December 2013**

On behalf of the peer team I would like to say what a pleasure and privilege it was to be invited into Ipswich Borough Council to deliver the recent corporate peer challenge as part of the Local Government Association (LGA) offer to support sector-led improvement.

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 at Ipswich were:

- Peter Sloman – Chief Executive of Oxford City Council
- Councillor Michael Payne – Deputy Leader of Gedling Borough Council
- Tricia Marshall – Director of Resources, Canterbury City Council
- Andy Mahon – Partner (Management Consulting), BDO
- Morgan McSweeney – Head of Labour Political Group Office, LGA *(shadow)*
- Paul Clarke – Programme Manager, LGA *(peer challenge manager)*

**Scope and focus of the peer challenge**

You asked the peer team to provide an external ‘light touch health-check’ of the organisation by considering the following core components looked at by all corporate peer challenges:

1. **Understanding of the local context and priority setting:** Does the council understand its local context and has it established a clear set of priorities?

2. **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?
3. Political and managerial leadership: Does the council have effective political and managerial leadership and is it a constructive partnership?

4. Governance and decision-making: Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?

5. Organisational capacity: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

You also asked the peer team to focus on your current thinking, plans and proposals for income generation and in doing so provide constructive challenge and feedback on whether the organisation has the skills and expertise, decision-making processes and organisational culture it needs to support a more active income generation strategy.

The peer challenge process

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 focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. They then spent 4 days onsite at Ipswich, during which they:

- Spoke to more than 60 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 30 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 250 hours to determine their findings – the equivalent of one person spending more than 7 weeks at Ipswich Borough Council.

This letter provides a summary of the peer team’s findings. It builds on the initial feedback presentation provided by the peer team at the end of their on-site visit (2nd-5th December 2013). Two of the team then returned to Ipswich on 28th January 2014 and presented the team’s findings to an audience including councillors, staff and external stakeholders. In presenting feedback to you, they have done so as fellow local government officers and councillors, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.
Summary of feedback: overall observations and messages

Ipswich Borough Council is a solid and stable authority. It has well respected leadership and committed staff who are knowledgeable and passionate about the area. There is a widespread knowledge and understanding of the Council’s priorities and some good examples of how these are driving delivery and outcomes, including council house building, the protection of frontline services and the cultural offer, plus some notable progress in terms of regenerating the town centre and waterfront development. Basic frontline services look to be performing well, and there is a good awareness across the organisation of the financial challenges that lie ahead.

The Council has rightly started to think and plan for the future challenges through a transformation programme. The programme includes the key work-streams and projects one might expect to see, for example a schedule of service reviews, cultural change activity and a focus on identifying further cost reduction and income generation potential. There are risks, however, that the programme will not deliver the level of transformational change needed to meet the longer-term financial challenges. This is potentially exacerbated by some aspects of the current organisational culture which may be a barrier to the pace of change now required. There is a real opportunity for the Council to seize the moment to get ‘ahead of the curve’ and create headroom for investment.

This opportunity has been created by cautious financial management to date. Compared to many other authorities Ipswich is in a sound financial position, and plans are in place to deliver a funded budget for the next 2-3 years. However, the current financial strategy is predicated on drawing heavily from reserves and there is not yet a convincing longer-term strategy to reduce spending and secure savings. In particular, assumptions and aspirations for income generation need further exploration, consensus, and leadership. There is an array of current practice to build on, and some emerging thinking and evolving proposals. But there is a need for a more strategic approach and ownership of the agenda, together with a need to more firmly embed the Transformation Programme and the income related elements within it. The emphasis should be on a smaller number of ‘big ticket’ items which you are confident will deliver the financial returns required to ensure future viability and sustainability.

To help inform and drive the transformation of the Council there is a need to focus more on a longer term strategic and compelling vision for the future development and growth of Ipswich as a place, which will in turn help determine and define the shape and style of the future organisation. Building consensus amongst partners who are receptive to a more explicit and bold leadership of place from the Council will be an essential part of this.

In short, there look to be a set of current circumstances and conditions that provide the basis on which to lead, drive and implement the change and transformation required. A solid financial base, relative politically stability, an organisation aware of
the challenge ahead, an appetite from partners to be involved, and a willingness to invite external challenge and support all combine to provide the conditions to move forward. We strongly encourage you to seize the opportunity to capitalise on this moment in time.

Summary of feedback: current performance, ability and capacity to deliver future ambitions

Understanding of local context and priority setting

There is a consistent and impressive awareness of the Council’s key priorities across the organisation. Staff, Councillors and other stakeholders were able to articulate the three key priorities of jobs & skills, council house building and protecting frontline services. The priorities are clearly driving what the Council does and there is obvious pride in the delivery to date, such as the commencement of the council house building programme. There is notable progress against other key priorities such as a new economic development strategy and notable regeneration of the town centre and waterfront. The priority to protect frontline services appears to have done just that to date.

The three key priorities are clearly driven by the immediate political imperatives and there is a clear focus on what the council is striving to do in the short term future. The current Corporate Plan (‘Building a Better Future’) sets out a clear set of aims and activities, but it is not clear what the longer term vision is, either for the borough or Council, that these Corporate Plan activities are targeted to deliver. You have already acknowledged a need to create space for more senior councillor and senior management time to consider the strategic direction of the organisation and place. We think this is important and suggest you ensure it enables a clearly expressed and led vision for Ipswich to help engage partners and other stakeholders about the longer term priorities for the borough and inform the organisational transformation required to deliver these.

The ‘State of Ipswich’ Report is a good indication of your ambition to provide robust, reliable and consistent data and information to inform priorities and decision making. Providing an analysis of socio-economic information available, it is a document that is evidently valued by Area Committees who use it to inform their local action plans (e.g. determining the provision of youth leisure facilities in one area, and active living initiative for older people in another). Councillors value the ward level information provided and feel it enhances their community leadership role. We know you are looking to develop the Report further and in doing so we encourage you to consider its link with the Corporate Plan to create a more explicit connection between the analysis of need and the Council’s priorities.
Staff and councillors are clearly very knowledgeable about the borough and its needs. But we think there will be benefit in considering a more systematic approach to listening to communities and customers. Currently the Area Committees are the main mechanism for doing this. They are undoubtedly an effective means by which to engage communities on key issues and proposals, and turn out at consultation events commissioned by Committees (e.g. wind farms) seems to suggest this.

We appreciate there are other targeted forms of engagement such as through the Tenants Associations. However, we questioned whether a more diverse and co-ordinated range of community engagement, customer feedback, and consultation mechanisms might provide a more rounded analysis of local needs. This might not necessarily be new activity, but a better harnessing of what already happens. Either way, the information and intelligence (soft and hard) collated will help provide a better reality check of priorities and the delivery of desired outcomes.

**Financial planning and viability**

There is a good awareness of the financial challenge by councillors, officers and staff. Most people we engaged with understood that the Council had a Medium Term Financial Strategy that will deliver a balanced and/or funded budget for the next 2 – 3 years. The Council’s external auditor has given an unqualified opinion for the past few years and you have evidently taken a cautious approach to financial management. This has undoubtedly contributed to the current stable position (relative to many other authorities) which provides a good basis and opportunity to plan for the future.

This now needs to happen in earnest as while the financial position at the moment is fairly strong, you are likely to have some real and significant financial challenges moving forwards. The current financial strategy is predicated on drawing heavily from reserves over the next couple of years and increasing your income generation. While this is a sustainable strategy for the short term there is not yet a fully formed longer-term strategy to reduce spending and secure savings. With no immediate ‘burning platform’, we saw no strong appetite to make speedy and significant progress on defining and agreeing this. In short the significant budget gap identified for 2016/17 is essentially an underlying gap now but one that you are able to, and have chosen to, defer (in part at least) to be addressed at a later date.

At worst there are significant risks with the current approach. At best there will be missed opportunities to realise savings earlier and enable investment in priorities and new ways of working. We suggest that robust and thorough planning for the future needs to start now, seizing on the opportunity you have created. A longer term sustainable financial strategy is essential. This is likely to include ways to improve efficiency, manage demand and possibly stop doing some things as well as increasing income. The further development of the transformation programme and an income
generation strategy are of course essential elements and enablers of this and we comment more on both later in this letter.

In moving forward, there is existing good practice to build on such as the inclusive process in place which enables cross-party engagement across each Executive portfolio about budget savings proposals and options. The Budget Working Group is well regarded and seems to be effective in providing a corporate and political consideration of savings proposals. It may be that the emphasis of the cross party groups could be shifted to focus more on the longer term and strategic options, rather than just the annual savings proposals.

There may be a need to utilise more of the ‘invest to save’ resources already set aside to invest more in change and transformational capacity and activity. You are already investing of course, but if you are serious about income generation and further significant cost reduction then some of the potential ‘big ticket’ options and strategic choices (e.g. re-design of back office processes, moving some frontline services into a trust or shared services arrangement, etc.) will need substantial exploration, consideration and investment if they are to provide the financial returns required. You are already using additional capacity and external expertise in some areas e.g. customer services strategy development and the cross cutting procurement review. But you should consider how to ensure you have the right capacity and expertise for a large programme of work.

**Political and Managerial Leadership**

The Leader and Chief Executive are well thought of and respected by staff and stakeholders. Many people we spoke with commented positively on their visibility within the organisation. You have recognised the importance of having an effective ‘top team’ (CMT and Executive) of officers and councillors that can drive the strategic direction of the Council. As a result you have taken the opportunity of an externally funded and facilitated programme focused on developing team working between the newly formed Corporate Management Team (CMT) and Executive councillors.

One outcome of this is an agreement to create more space and time for CMT and Executive to consider strategic matters. We understand you are proposing to set time aside for this kind of dialogue and plan to have away days as a CMT and Executive Team once or twice a year. We think this is essential and encourage you to make progress with this. There are without a doubt some key strategic issues and choices that need consideration – not least developing a vision for the borough and considering the future transformation of the council.

There is a clear opportunity for more ‘leadership of place’ in Ipswich. The leadership focus is currently on running the council as a direct service delivery organisation. As one person put it ‘transformation has to be about Ipswich as well as the Council’. A
greater emphasis is now needed on the Council’s crucial community leadership, so that it can proactively direct the borough, influence others and leverage in external capacity. In doing this, there is an opportunity to further enhance your credibility with partners and other external stakeholders, many of whom are looking to the Borough Council to provide leadership and co-ordination.

You know this, but need to quickly consider how best the political and managerial leadership can work both together and individually in their respective roles to provide the leadership needed and expected. You will need to consider the leadership capacity and styles needed to lead the organisation and place. Reviewing the organisational support provided to the Leader should be part of this we suggest.

There appear to be good councillor/officer relationships at a senior level based on mutual respect and trust. There is a regular dialogue and meetings between individual executive portfolio holders and senior managers. But we questioned whether the informal working arrangements and open plan office environment at Ipswich mean that the respective roles and responsibilities of councillors and officers can get blurred from time to time. Regular and informal dialogue is of course healthy and helpful, but it can also mean the focus is on day-to-day operational matters.

Creating the time for senior management and executive councillors to focus on strategic choices will help provide clarity on the future direction and development of the organisation. This includes whether there is anything ‘off limits’ as regards future ways of working and service delivery. For example, does “protecting frontline services” mean the protection of services or the preservation of council jobs? Clarity is needed on this. Considering and agreeing any preferred delivery approaches or models will ensure the thinking time, skills, capacity and resource of the organisation are deployed efficiently and effectively.

It will also provide a clearer framework for decisions and more empowerment, enabling clearer and more confident delegation of operational management with appropriate responsibilities to senior officers. Officers – both managers and staff – feel that there is a tendency for responsibility for decisions to ‘to go up the chain’ rather than being delegated down. ‘Risk averse’, ‘hierarchical’ and ‘bottleneck of frustration’ were how some described the day-to-day decision-making culture at Ipswich.

**Governance and decision-making**

There appears to be sound governance at Ipswich in terms of the key components and processes one would expect to see around conduct, decision making, financial control and risk management being in place. You have no concerns as regards ethics and standards, or any recent cases or significant governance issues in the past. There are a range of corporate officer working groups that provide a focus on key areas such as property, HR and health & safety. You are aware of certain elements that need
reviewing and updating, such as performance management and Employee Code of Conduct, and have plans in place to develop these.

The political decision-making arrangements provide appropriate and timely opportunities for non-executive councillors to inform policy development and decision-making. The Portfolio holder working groups are a good example of this, enabling cross party involvement on a range of issues and topics. Overview and Scrutiny, chaired by an opposition councillor, also provides opportunities for councillors to inform and influence. Area Committees are clearly enabling councillors to lead community engagement and action in their wards, and are valued by them. The Early Warning Group considers a list of items from the Forward Plan and other key issues and provides an early opportunity for senior councillors (from the controlling group) to be briefed by officers. We have already mentioned the Budget Working Group.

To develop current practice further, we questioned whether Overview and Scrutiny and the Area Committees could be more strategically focused. For example, Area Committees could take more of a role in enabling, empowering and developing communities and their capacity. The focus of the Overview and Scrutiny work programme might benefit from being more aligned with the Corporate Plan and Transformation Programme, ensuring it is involved in the ‘big issues’ the Council is developing its thinking and proposals on.

We also suggested that the support and facilities provided for councillors could better enable councillors to perform their roles. Compared to many other councils we have experienced the provision at Ipswich seems sparse. There do not appear to be any dedicated facilities or meeting spaces for councillors within the open plan environment of the main Council offices. This might hinder the ability of councillors to fulfill their distinctively different roles from officers, and indeed some councillors we engaged with suggested this was the case. We know you have a cross-party working group that oversees the councillor development programme, and you may wish to consider broadening its remit to cover support to councillors so that current arrangements are reviewed with the involvement of a range of councillors.

We did not examine your Constitution or Scheme of Delegation in detail, but there does seem to be a gap between theory and practice in terms of accountability and empowerment across the organisation. Officers do not feel empowered and confident to take decisions or manage risks. We heard several references to a default position of decisions being referred to a more senior level. As a result the Council is described by many to be ‘risk averse’. We know that a review of the Council’s constitution is underway and that a training programme for both councillors and officers will support the changes. We encourage you to consider as part of your Transformation Programme how you create a culture and practice where decisions are taken in the right place with people held to account for outcomes. As mentioned earlier, clarity and communication on the strategic choices and direction will help with this.
Organisational Capacity (and the Transformation Programme)

You have rightly recognised the Council will need to further develop and evolve if it is to continue to deliver priorities in the context of increasing financial challenges. There has been some focus on improving the productivity and efficiency of the organisation. For example, you have improved internal communications and staff engagement (e.g. through the staff survey, the ‘Wibbi’ staff suggestion scheme and regular blogs), invested in management and councillor development programmes, and are reviewing sickness absence management. You are developing a new performance management framework which will bring together performance measures, finance indicators and risk management into a single dashboard, enabling better business intelligence. We think this is an important strand of work.

A Transformation Programme has recently started which is rightly focused on cultural change, capability and driving financial savings. You are keen that transformation is done ‘by the organisation’, rather than ‘done to the organisation’, and the intention is to internally lead and deliver the programme, building the skills/expertise of staff and a culture of internal peer review. This is positive, and has the potential to build capacity, knowledge and expertise within the Council. We know you are receptive to bringing in temporary external capacity and expertise when it is required, e.g. training and development support and HR expertise to help implement Single Status.

The latter is a key project within the programme. Given the length of time that Single Status has been on the agenda, its implementation on 1st April will be an important step in demonstrating to the organisation that things can get done. This is particularly important given the perceptions amongst some staff that the first couple of service reviews undertaken are unlikely to deliver radical change or transformation, though we recognise that early reviews in such programmes don’t always deliver radical change.

The appointment of the Chief Operating Officer has clearly brought energy and a change of pace to transformation across the organisation. You have rightly recognised that as the Transformation Programme gathers pace there will be a need to further develop capacity and capability of other managers to oversee it. Notwithstanding the positive start, energy and enthusiasm, and the fact that the programme had only been in place for six months at the time of our visit, we think there are some critical elements of the Transformation that may need to be addressed if it is to deliver all of the required outcomes and expectations.

The most fundamental of these is being clear on what the Council is transforming from and to. ‘What are we transforming ourselves into?’ was a question frequently posed during our visit. When transformed what will the organisation look like? Is transformation about new models of service delivery, business process re-engineering, or other things such as income generation or commercialisation? Whilst you told us there are clear
objectives for the programme which were communicated through cascade briefings and roadshows led by the Corporate Management Team, there is evidently a need for more on-going communication and for the emerging strategy to be shared.

There are other areas for consideration:

- The current delivery model potentially constrains transformation. In particular there is a lack of clarity about whether ‘protection of frontline services’ is about services themselves or the delivery mechanism. (If viewed as the latter, which it was by some people we met, then alternative delivery options which may potentially deliver significant savings may not get the level of attention which they might otherwise merit)

- There is a need for clarity on who is leading the transformation and ensuring political sponsorship, ownership and support at key stages. Currently political input to service reviews is seen by many to be towards the end of the reviews. In practice, we understand portfolio holders are involved throughout, and that there is some involvement by the Early Warning Group in scoping and specification of the reviews, and that the Leader, Deputy Leader and Portfolio Holder for Resources review progress on a regular basis. Better engagement at each of these stages will ensure more explicit political sense-checking and leadership.

- There are mixed perceptions and confidence about service review objectives and their ability to deliver radical transformation. Whilst including every service area within the review programme gives a clear message that all services must make a contribution through improvement and reducing costs, the focus of the reviews comes across as looking to focus predominantly on individual services rather than on ‘big ticket’ items or cross-cutting themes (such as maintenance, customer services, and property & assets). Some cross-cutting reviews are being programmed (e.g. procurement, communications, administration) but more emphasis on these is likely to secure bigger buy-in and return.

- We questioned whether the approach of service managers reviewing their own services will result in the robust challenge and transformational proposals sought? Or indeed whether there was any impetus, incentive or motivation for managers whose services were in a later tranche of the programme to put forward any proposals for change now.

**Income generation**

You asked the peer team to focus on your current thinking, plans and proposals for income generation and in doing so provide constructive challenge and feedback on whether the organisation has the skills and expertise, decision-making processes and organisational culture it needs to support a more active
income generation strategy. We provided some practical suggestions and action points when onsite, while the following section provides a summary of our key observations and feedback.

There is a track record and learning to build on and in that sense income generation is not a radical new direction of travel for Ipswich. There are current examples of trading and income generation such as the retail activity in sports centres, and pockets of ‘entrepreneurship’ across the organisation including the way the parks service markets its services.

However, if the Council is serious about pursuing income generation as part of its financial strategy and Transformation Programme there are things it needs to consider and address, including:

- The wide range of views about whether income generation is a key part of the financial strategy, and whether it will make a significant contribution to the financial deficit and reduce reliance on government grants. This combined with an array of different views about what it encompasses makes it critical we think to provide a clear message about what income generation means for Ipswich and to set a policy framework for it which aligns with the Council’s Corporate Plan, political priorities and the legal context for both charging for services and trading.

- There is potentially conflict between some income generation opportunities and other political priorities. For example, the conflict between trading and being in competition with local companies, and implementing the Living Wage. This will need some political debate.

- The corporate focus on income generation to date seems to have lost momentum. The Income Maximisation Group (IMAX) has effectively been disbanded and it is unclear where the leadership and energy for this work will come from within the organisation. We understand the Transformation programme is now the primary vehicle for taking this forward. It is therefore important that income generation features prominently in the programme/projects once the income generation policy is developed and that the policy development is pro-actively managed and led by the Transformation Board.

- Though it is part of the Transformation Programme it is not clear who in the organisation is leading and/or driving income generation. This will be important in providing a mandate for exploration and investment of resource. If income generation is to make a significant contribution then agreeing the handful of ‘big ticket’ items within the policy framework set, will be critical.
• There may be other cultural, political and organisational barriers to change which could undermine the ability of the council to explore, develop and implement new delivery models. For example, if there is a commitment to maintain in-house delivery of services. Consistent financial and business information on the ‘true’ performance of all services that have a potential trading element will be needed – including clarity about services’ contribution to corporate overheads. There will need to be an appetite for (managed) risk and a willingness to invest in the feasibility of potential options – something we did not see much evidence of.

All of this is do-able we think. But it will require a clear policy, strategy, leadership and action plan, the development of which should be a prominent and explicit part of the Transformation Programme. We encourage you to seize the opportunity and move things forward at pace in a planned and proactive manner. We also encourage you to draw on the learning, challenge and support available from the sector as there are undoubtedly other authorities with practice to learn from.

Our recommendations: suggestions for your consideration

The peer team developed some key suggestions for you to consider. These are based on what we saw, heard and read. Drawing on our experience of the sector and knowledge of local government improvement, the following are things we think will build on your current skills, practice and experience, deliver some quick wins, and develop the strengths you will need to progress your transformation agenda:

1. Consider how best to build on your leadership of place: including the respective personal and collective roles and responsibilities, leadership focus, styles and capacity and support for the Leader to do this.

2. Build further mechanisms for community engagement, consultation and customer feedback to inform your plans: better harness, co-ordinate existing activity and consider new approaches required.

3. Re-shape and reinvigorate the Transformation Programme, ensuring it has political ownership, clear leadership, and clear objectives so that outcomes and expectations are delivered.

4. Determine and agree the ‘big ticket’ projects most likely to achieve the financial savings and income generation required. Ensure there are robust implementation plans within the Transformation Programme to deliver and communicate them.

5. Get ‘ahead of the curve’ financially by accelerating your financial planning and proposals to realise the potential to make savings earlier to fund priorities and invest in the future.
6. Better delegate decision making on operational matters – enabling senior management and councillors to focus on strategic choices and leadership of place.

7. Agree a policy and strategy for income generation: including defining what income generation, means for Ipswich, setting a policy framework, exploring the opportunities and building the strategy.

Next steps

You have already begun to reflect on these findings and suggestions with your senior managerial and political leadership to determine how the council wishes to take things forward. During the feedback session and discussion on 28th January 2014 you have identified the following four issues as the one’s where future attention should be focussed: Leadership of Place (item 1 above); Income generation (part of item 4 above); determining and focussing on ‘big ticket’ items (part of item 4 above); and ensuring delegations/decision-making take place at the right level (item 6 above).

As part of the peer challenge process, there is an offer of continued activity to support this. In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. We have provided some sign-posting to other sources of information and examples of practice and thinking.

I thought it helpful to provide contact details for Rachel Litherland who, as you know, is our Principal Adviser (East of England). Rachel can be contacted via email at rachel.litherland@local.gov.uk and tel. 07795 076834. She is the main contact between your authority and the Local Government Association. Hopefully this provides you with a convenient route of access to the Local Government Association, its resources and any further support.

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.

Paul Clarke – Peer Challenge Manager
Local Government Association
On behalf of the peer challenge team