



Corporate Peer Challenge

North Yorkshire County Council

8th to 11th March 2016

Feedback Report

1. Executive Summary

North Yorkshire County Council (NYCC) is a very good council – its services are highly regarded and the peer review team witnessed areas of excellence. The peer review team found many examples of good and excellent delivery of outcomes for users and residents, underpinned by well thought through and evidenced improvement and delivery plans. The County Council has a clear understanding of the challenges and the opportunities that the County Council and the County face. The County Council has developed a Corporate Plan, Medium Term Financial Strategy (MTFS) and corporate change programme - 2020 North Yorkshire – that set out an effective and pragmatic road map to tackle these challenges and opportunities.

North Yorkshire County Council has a very strong record of delivery. The culture of the organisation is focused, 'can do' and strives for continuous improvement. There is clear expectation and ambition for the Council and the place demonstrated by the senior political and officer leadership. This ambition and commitment to delivering "the best" is shared by staff from across the organisation and by politicians from across all parties. Of service areas the peer team explored we found highly regarded service delivery in Highways, Health and Adult Services with Children's Services being an excellent example of the focus on and culture of improvement. Children's Services are outstanding and provide a beacon for other authorities grappling with the challenges of delivering excellent outcomes for families and children while operating within the context of a constrained budget. The review of the Library provision in North Yorkshire and the transfer to community leadership of significant parts of the service is an excellent example of working with the Community effectively to deliver a good outcome at reduced cost.

The Council has strong and well regarded political and managerial leadership recognised across the organisation and amongst most stakeholders and partners. The relationship between officers and members was positive and the peer review team were impressed with the longer term political vision and willingness to adapt demonstrated by the Leader and the Cabinet. The Council has good but still developing organisational culture. The Council is warm and welcoming and has a loyal and committed workforce. There is good enabling ICT infrastructure being implemented and great use of business intelligence and self-service options.

Going forward collaboration and partnership both internally and externally will become increasingly important. Building on the existing good work already in place the focus on continuing to develop a strong collaborative culture and way of working across the Council should be maintained as a priority for the Chief Executive and the Corporate Leadership Team. The changing nature of local government and the increased focus on growth and commerciality will also require different competencies, skills and behaviours. Succession planning and leadership development therefore, is a key area of consideration for the Council.

NYCC has a very sound financial position and has a tremendous grip of its budget. The Council has an excellent track record of delivering savings early and on occasion over delivering on savings. Consequently, the Council has a reasonable level of unallocated reserves. These provide the Council with strong financial flexibility to invest or mitigate financial demands. The senior politicians and officers lead this agenda for the Council in a collaborative and inclusive way. They are open to innovation and to taking calculated risk. The peer review team saw evidence of an awareness of and willingness to invest to save and invest to generate income.

The peer review team were confident in the developing plans of the Council to deliver the £14 million savings gap. These plans however, are challenging and will require investment to deliver. It is important therefore, that the initial plans and associated business cases for investment are of a good quality though we acknowledge you are aware of this and are working on it. The Council has made progress in this area but has identified that it needs to do more. The governance of the 2020 plan could be more agile. This is recognised and changes are being made to improve the transformation governance and reporting.

The Council has a maturing commercial strategy and culture. The development of SmartSolutions, Yorwaste and NYnet shows the Council's forward thinking on this issue. As RSG funding disappears the reliance on commercial income will increase. It was clear at the time of the review that commercial income could deliver savings within the 2020 programme and into the future as all three bodies have the potential to grow. The Council may also have other opportunities with a strong service delivery brand to commercialise other parts of its operation. The appointment of NYCC as a partner in practice for Children's Social Care is one example of this opportunity. The Council has brought some additional skills to take the commercial agenda forward and has put in place a positive commercial development programme with staff. Going forward the Council will face the challenge of how it commercialises and increases trading while maintaining the focus and capacity of good service delivery.

The peer review team was impressed with the Councils understanding of the systems - small and large - that the Council operates in. The peer review team saw many examples of the Council demonstrating appropriate system leadership. One example of this is the delegation to and support of the Local Enterprise Partnership (LEP) in leading the development of the economy agenda for the County. There is no doubt that NYCC is a good partner and that generally partnerships are strong. Partners reported that for the majority of time the Council understands when to lead and when to step back, describing a peer to peer relationship. Occasionally however, partners reported that the Council can revert to a more traditional County Council model and it can feel like a more unequal relationship. There is no doubt that the challenging relationships the Council faces with some of its district and health partners are complex. In some cases the willingness of certain District Councils to do business with the County Council are limited and rather negative despite the obvious willingness of NYCC to meet and talk to them in a professional and constructive manner. The challenges and necessity of delivering growth however, are key to NYCC future financial viability. The Better Together programme with Selby District Council is an excellent example of the benefits of partnering and collaboration. The appointment to the joint post of Chief Executive of Selby and Assistant Chief Executive of NYCC provides an opportunity to develop the next stage of Better Together, developing the approach to delivering housing and economic growth. It could consider prototyping this in Selby.

The Council has good developing plans on the transformation of the health and care system across North Yorkshire. The investment in extra care and the developing commissioning approach with providers will provide some longer term solutions to the demands and complexity being faced by the County Council. Delivery of these plans is essential to the long term financial viability of the Council. This will be important for the development of the Councils 2020+ strategy. This is an area of risk for the Council as the relationship with some parts of the health system are challenged. Continued focus on this area will be essential and further review or reflection on the challenges in this area may be beneficial.

The voice of the service user comes through loud and clear in the plans and outcomes delivered by the Council. Community engagement has strong foundations and is developing well, the peer review team endorsed the stronger communities and living well programmes. They are early in the development and the scope and scale of both programmes requires further development to deliver the outcomes identified by the Council.

The County Council understands the opportunities devolution and economic growth hold for the County and wider region. The County Council has a unique and essential role in delivering both of these agendas for North Yorkshire. The strength of the LEP and the role the County Council play on the Transport for the North board will be essential for the County. With this greater regional collaboration and developing devolution governance it is important that the Council builds on its success and its role in the region and county and as complexity increases has a clear narrative about how it will deliver the right outcomes for North Yorkshire.

With regard to the key questions set by the Council for the peer team to address we believe you do have a clear set of objectives with robust delivery plans in place to achieve your priorities up to 2020. This is underpinned by a sound financial strategy and a confidence to respond to emerging issues and challenges. The key caveat from the peer team is looking beyond 2020 under a future operating model which incorporates opportunities from devolution and a future view of public services. The Council understands the need to be a smaller and more agile organisation with a stronger focus on economic growth, enabling stronger communities and pursuing appropriate commercial initiatives and have a good understanding of the building blocks required to be a vibrant and modern Council post 2020.

2. Key Considerations

Consideration 1: North Yorkshire County Council is a very good authority. It delivers some outstanding services and was able to provide evidence of tackling difficult issues and dealing with change effectively. The Council is always striving to improve no matter how good the service – this is to be commended. It is however, important to take time to celebrate this success with staff and the wider community and to use these examples to promote and develop the “brand” of the Council as a trusted organisation that delivers.

Consideration 2: The Council has strong and well regarded political and managerial leadership, great staff and a good but developing organisational culture. Building on the existing good work already in place the focus on continuing to develop a strong collaborative culture, focusing on leadership development and succession planning should be maintained as a key priority for the current leadership of the Council.

Consideration 3: The Council has a strong record of delivering savings through efficiencies and service transformation. It is likely that the large proportion of the £14 million gap in the MTFs can be mitigated by this approach. It is essential therefore, that the Council maintains its focus on these savings. A key element of this is the focus on the quality of the initial plans and business cases for investment. Going forward, the transformational governance will also need to be more agile.

Consideration 4: In order to be able to respond to the challenges of 2020+ the Council should take the opportunity now to consider the opportunities and challenges of further commercialisation. It should look to other models from across the local government family on how to manage a portfolio of trading companies and take time to develop a business development or commercial strategy for the Council being clear about the opportunities and the markets and geography it may wish to trade in.

Consideration 5: In order to be able to respond to the challenges of 2020 and 2020+ the success of the Councils partnering and collaboration will be key. The Council must continue with its current approach of regularly taking stock of changing relationships within the health and social care sector in order to further develop partnerships to deliver growth and transformation in the sector.

Consideration 6: In order to be able to respond to the challenges of 2020 and 2020+ the Council should continue to build on the existing good work already in place and maintain the focus on and extend the living well and stronger communities programmes.

Consideration 7: The County Council has a unique and essential role to play in delivering growth and devolution in the region. This is, however, a changing role. In order to be able to respond to the challenges of 2020 and 2020+ the Council should ensure there is clarity alongside partners about the role it will play in any future operating model and the outcomes it seeks to achieve.

Consideration 8: The County Council has an opportunity to benefit from the dividends of growth both directly and indirectly. There are many different models and approaches that the Council could take. In conjunction with consideration of the Councils developing commercial strategy, the Council may wish to commission a further review or piece of work to consider in more depth which model and approach to take. This will be important for both the 2020 and 2020+ programme.

Consideration 9: The Council has well developed plans to 2020. It may wish to consider extending these plans to 2020+ considering three key questions; What kind of Council does NYCC want to be; how does NYCC need to be different post 2020 and how are you going to continue to maintain excellent service delivery whilst becoming more commercial and focusing on growth?

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 their participation was agreed with you. The peers who delivered the peer challenge at North Yorkshire County Council were:

- Gill Steward – Chief Operating Officer, West Sussex County Council
- Colin Noble (Conservative) – Leader of the Council, Suffolk County Council
- Robert Flinter - Deputy Director of Health & Care and Head of Transformation, Staffordshire County Council
- Rob Ayliffe - Head of Performance & Need, Gloucestershire County Council
- Peter Rentell – Programme Manager, Local Government Association (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?
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?

Specifically the Council requested the peer challenge team to review the following areas:

- Do we have a clear set of objectives communicated effectively throughout the Council and with partners to and beyond 2020?
- Confidence of our delivery plans in place up to 2020 and how they fit with strategic objectives?
- Confidence in our ability to respond to challenges and emerging issues such that the Council is fit for purpose in 2020?
- Confidence in realism of the long term financial plan for 2020 and the extent to which it underpins objectives and priorities?

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 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. The team then spent 4 days onsite at North Yorkshire County Council during which they:

- Spoke to more than 140 people including a range of Council staff together with Councillors and external partners and stakeholders;
- Gathered information and views from more than 50 meetings, visits to key sites across the County and additional research and reading; and
- Collectively spent more than 200 hours to determine their findings – the equivalent of one person spending more than five working weeks in North Yorkshire County Council.

This report 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 (8th to 11th March 2016). In presenting feedback to you, they have done so as fellow local government officers and members, 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 the Council is already addressing and progressing.

4. Findings and feedback

4.1 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?

Members and officers of the Council clearly understand the opportunities and challenges both of North Yorkshire as a whole and its constituent parts. There is a strong sense of community identity and pride, demonstrated by officers and members alike, which provides a sense of purpose and consensus around the local priorities and important issues (as evidenced by this year's budget). Councillors act as community leaders.

The Council's ambitions reflect well the priorities and challenges of the local community, and are clearly articulated in the Council Plan. The 2020 ambition clearly sets out an effective road map to tackle future challenges and opportunities with good plans in place to fully deliver. However, given the clarity and importance of these priorities, the peer team believe more could be done to ensure that these are embedded and reinforced across all corporate communications and documentation.

There is a shared understanding of local needs, and awareness of the inequalities between different parts of the County. The need to tackle health inequalities is championed by the Lead Cabinet Member for public health, the public health team and others, and clear efforts have been made through the Joint Strategic Needs Assessment to provide a district- and CCG patch-based view of need. Health and Adult Services (HAS) are developing a care pathway designed to maximise independence, community resilience and wellbeing. The Health and Wellbeing Board (HWBB) have a clear understanding of their role, the complexity of the health and social care system and how they contribute towards system improvements. We saw good systems leadership across the organisation, both small and large.

The Council is addressing the growing demand resulting from an ageing population and is very clear about the role it needs communities to take in helping to address that challenge. The Council is putting *"its money where its mouth is"* by investing in initiatives such as Stronger Communities and Living Well. The future vision for adult social care relies heavily on Stronger Communities and Living Well programmes and any failure to maximise the benefits will impact on elements of the HAS programme including demand management.

NYCC are one of the first 9 local authorities selected by the Department for Education (DfE) as "Partners in Practice" to share learning and practice across the sector. This reflects strong evidence that the Council are seen as one of the best performing authorities for children's services in the country. The looked after children (LAC) performance is particularly strong with significantly reduced numbers of LAC and evidence of better outcomes for children and young people.

Resident engagement and consultation is strong and is overseen by a corporate engagement group. Examples covered a wide range of areas including transportation, libraries, adult social care including learning disability. Officers spoke highly with regard to the "No wrong door" project designed to ensure young people can access the right services at the right time in the right place. A dedicated team provides the service including residential and edge of care workers, a clinical psychologist, a speech and language therapist and a police liaison officer. The project won the innovation category of the LGC awards in March 2016 and the Council are commended for this achievement.

The Council is acutely aware of the challenges of its geography and the complexity of the partnership landscape, but there are also significant strengths and opportunities arising from the attractiveness of North Yorkshire as a place to live and its excellent transport connections

to London and the South East, not to mention the Council's own reputation and track record. The Council may be underestimating the extent and potential of these assets to underpin a clearly articulated devolution/growth vision for the place. We saw evidence of emerging local partnerships to drive the growth agenda.

Whilst relationships with a number of the District Councils within the County are strong, the work with Selby being the strongest, there are clearly significant challenges in working relationships with other Districts. At present the Council manage these issues so that they do not adversely impact on current performance and service delivery and even though tensions exist, the Districts believe relationships are mature enough to work things through and make relationships stronger. Moving forward on any agreed devolution deal will require courageous, firm and influential political and managerial leadership from NYCC. The shared arrangements working successfully with Selby District Council could be a transferable model as a starting point.

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

The political structures within North Yorkshire's geography makes the partnership landscape complex and place-based partnership working difficult. Nevertheless, the Council articulates a strong sense of place, and is active in promoting North Yorkshire, for example through the recent Tour de France. While the boundaries are complicated, and the quality of relationships with District Councils varies, the Council takes a pragmatic approach, taking opportunities where they arise, such as in the shared arrangements with Selby District Council.

There appears to be a good connection between NYCC and its communities and a clear commitment to working at the local level, for example, through Area Committees. However, more could be done to equip these committees with local information about NYCC services and there is potential for them to take on a stronger place-shaping role.

We found good and positive officer and member working relationships and evidence of effective leadership across the organisation despite austerity measures and significant reductions in staff numbers over recent years. In particular, the Chief Executive and Leader of the Council are both clearly demonstrating 'leadership of place' and are widely respected across the organisation and with external partners. We also evidenced a clear passion for the place and mutual respect between officers and members and between members of the different political parties. Staff are highly motivated to deliver good quality services and there is a 'family feel' to the organisation, providing a very supportive environment during challenging times with a 'can do' attitude.

The Council is not afraid to take difficult decisions or to buck national trends. Tough choices have been made about changes to service delivery, but there appears to be a calm and measured approach, underpinned by a rigorous and disciplined approach to implementation. Going forward, as the choices get tougher, it may be that there needs to be more 'grit' and challenge in the decision-making process.

We found good evidence from partners that in the majority of cases the Council understands when it needs to lead and when to tactically take a step back. However, occasionally they reported that the Council can revert to a more traditional County Council model with a more inequitable working relationship. It is noted that the Council has challenging relationships with some of its District Councils and health partners with complex issues which impact on their willingness to do business with NYCC. However, health staff did comment that the senior Council leadership do take a pragmatic approach when dealing with the complexities of the

Clinical Commissioning Group (CCG) geography. CCG's would welcome more flexible place shaping work involving them.

Effective partnership working across all sectors, has enabled the Council to drive significant improvements over recent years, and to position itself well in the current economic climate. Excellent relationships exist with health, police and the LEP that are built on strong mutual trust and respect. Some of the difficult decisions that the health community is seeking to make about local facilities could test the extent of that solidarity. Health partners will be looking for the Council to stand alongside them, so partners will need to have a clear shared vision for the future of health and care in North Yorkshire and to be committed to its implications.

The Council has invested in an excellent relationship with the local voluntary sector, and as a result has a reputation being open to ideas arising from the centre. While it is acknowledged that tensions arise from time to time, there is an open dialogue and a genuine mutual respect that withstands these and the sector knows that the Council listens and learns from its mistakes.

Against this backdrop of positive partnership working, however, some partners expressed a wish to be engaged and involved earlier in the Council's decision-making, and believed that this would open up additional opportunities for the Council that might otherwise be missed.

Those local residents that the team met, for example, through the citizen's panel, were proud of their community and positive on the whole about their relationship with the Council. This commitment could be strengthened further by providing more feedback to the citizen's panel in order to increase their sense of being part of the Council's decision making and to set their involvement into context.

The Council's Stronger Communities approach has a good developing reputation with local partners and it demonstrates the Council's commitment to building and empowering its communities. The team appears to be extremely well connected (both within the Council and the wider community) but also benefits from the openness of Council staff to work collaboratively with them. It is early days for the Council's Living Well programme, but this too has huge potential to harness the energies and commitment of local communities.

There is an evolving understanding that the Council needs to continue to expand its role to beyond that of service delivery. Enabling and influencing others, working more collaboratively and taking on a stronger and integrated commissioning role will need to become consistent features of how the Council operates. Given such a strong service delivery brand the Council should actively pursue other opportunities to commercialise other parts of its operation. This will require the political leadership and senior management team to be courageous and focused.

This style of working will need a new form of debate and relationship with partners and the local community. The aim needs to be the co-creation of a longer term shared vision and ambition for the sustainability and economic viability of the County. The vision and the narratives supporting it will need to be compelling and inspiring. When progressing this, the Council should be confident about using its democratic mandate and the legitimacy this provides to proactively convene stakeholders and harness the capacity they can offer, particularly to push forward on addressing key priorities and challenges, such as investment, housing and growth.

The relationship with local communities will also need to develop even further to support successful place leadership. It needs to go far beyond statutory consultations and feature more engagement and participation. The role of Councillors in community engagement is vital

as community representatives and even more importantly as strategic leaders and Council advocates.

NYCC understands the opportunities devolution and economic growth hold for the County and the wider region. The Council has a unique and essential role in delivering both of these agendas for North Yorkshire. The strength of the LEP and the role the County Council play on the Transport for the North Board will be essential for the County. With this greater regional collaboration and developing devolution governance it is important that the Council builds on its success and its role in the region and county and determines explicitly what it wants to achieve from devolution. It will be essential to have clarity on the narrative about how it will deliver the right outcomes for North Yorkshire.

4.3 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?

There is strong political and managerial leadership, based on a culture of mutual respect and clarity of roles. On the whole, decisions appear to be reached through respectful debate which places the interests of local people at its heart. This consensual approach results in decisions that stick and have shared ownership across the organisation and recognised by partners and stakeholders. Generally we found that excellent working relationships exist between both officers and members and member to member and governance arrangements that were fit for purpose and deliver with a very low number of “call ins” over the previous three years. However, the peer team believe there could be stronger clarity around the purpose of Scrutiny and their engagement to provide enhanced internal challenge.

The peer team were impressed with the clear and longer term political vision along with the willingness to adapt as demonstrated by the Council Leader and the Cabinet. The Council has good, though still developing, organisational culture with staff at all levels reflecting new behaviours and values. However, the changing nature of local government and the increased focus on growth and commercialism will require different skills and competencies going forward so leadership development programmes and succession management will be a critical area of consideration with a skill gap analysis required once a 2020+ operating model for the Council is determined.

While decision-making at the senior level is extremely strong, we did hear from a few sources (external and internal) that occasionally it can be difficult to get decisions made at lower levels. This appears to be an issue where different approaches may be needed in different parts of the County. Middle and front-line managers could be more empowered to take decisions and drive change. Governance arrangements will need to be reviewed and adapted to reflect the changing organisational context.

Nevertheless, the Council has an enviable track record and a solid base on which to build in terms of service delivery, but is also capable of innovating and experimenting with alternative models of delivery. The outcomes that are being achieved for vulnerable children and young people are genuinely inspiring, and are deservedly raising the profile of the Council, but we saw examples of excellence across all service areas against a backdrop of solid, consistent performance. Given this, it is surprising that North Yorkshire doesn't feature more prominently on the national 'radar'.

The Council is self-aware and the peer team felt that the Position Statement prepared for the peer challenge, identifying strengths and areas of challenge, represented an accurate picture of where the Council is on its improvement journey.

The peer team were confident in the developing plans of the Council to deliver the £14m savings gap. We believe that the plans for efficiencies and service transformation alone are likely to meet this shortfall, however, plans are challenging and will require investment in order to deliver. In considering the position for 2020+ the Council will need to further strengthen business cases for investment and ensure they are of good quality.

Increasingly, front line staff and managers at all levels of the organisation will be working within systems rather than just working for the Council. Operating in a system requires different skills. It also sometimes means not taking the lead role. It will be important to empower and support staff to work in this way.

4.4 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?

The Council is financially resilient and has good and well-developed medium term financial plans in place. It is delivering its savings early, through a mixture of service reviews, service redesign, commerciality and income generation. Crucially, the Children's Services budget is under control, and plans are in place to mitigate the impact of growing demand for adult social care together with the development of a plan to address the adult social care MTFS saving gap in the medium term. The early delivery of savings and this strong financial management has earned the Council some financial 'headroom' to think about the longer term, and to invest to save. Overall the Council has a tremendous grip on its financial position.

There are a reasonable level of reserves that are managed in a planned way with no planned use of reserves to support the revenue budget. The Council has underspent its budget in recent years by a relatively small amount at the operational service level. The Council has a clear track record of delivering savings with a strong position on revenue reserves and broadly delivers its capital programme each year. The capital plan is heavily dependent on funding from grants and contributions and the Council do not embark on related projects until it is confident it has secured the grant funding. The programme uses a very limited amount of capital receipts or its funding and the approach of holding a sum unallocated across the programme is prudent. Capital investment funded by revenue savings is an option the Council has available to stimulate appropriate and sustainable growth.

The next iteration of the Council's financial strategy is likely to demand a further step-change in its capacity and the skills of its employees, and it is crucial that the Council begins to think now about how it can develop and enhance those skills, particularly in areas such as commerciality (both in terms of understanding the true unit costs of delivering services, but also as an effective commissioner) and stimulating economic growth.

The working age population across the County has a low dependency on benefits which is likely to be positive for the Council. However, the business rate base is not buoyant and compares poorly with other Councils. This lack of buoyancy might be a risk going forward as the opportunities to grow business rate income may be limited. There are also a high number of property assets compared to other County Councils and this is a clear opportunity in terms of articulating a clear strategy to use these buildings for delivery of services or income generation, or to dispose. The peer team suggest that you need to sweat these considerable assets for your commercial benefit.

The Council has already created significant capacity to drive and manage transformation, and as delivery of the savings programme becomes more challenging, this is likely to be tested. The main areas of risk to savings have been identified and the current work to enhance the tracking of benefits (particularly in relation to the Adults Assessment Pathway) will help to reduce the risk of slippage or under-delivery. Going forward, the project management

arrangements will need to be more agile and 'fleet of foot' in order to make sure that change governance arrangements, including business cases remain relevant and up to date with changing circumstances. Currently the Council appear to be risk aware and are managing risk in an effective manner, however, as circumstances change going forward, with an increase in more speculative decision-making, a different appetite for risk will be needed.

That said, the Council clearly understands the crucial role that culture and leadership play in driving transformation, and in both respects, is displaying the behaviours needed.

We found a real desire to take advantage of new opportunities and this needs to align to where the Council's future income streams are; for example to exploit opportunities around business rates as well as to effectively manage risk around this income stream.

The Council is managing budget pressures in Health and Adult Services (HAS) by using demographic growth contingencies within its budget but it must ensure budgets continuously reflect and respond to changing demand patterns in order to address demographic growth going forward, particularly given the level of savings planned in its MTFS for HAS. Transformation of the health and care system is essential for longer term financial viability.

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

Staff are noticeably loyal, passionate and committed to delivering their best for NYCC through a strong 'public service ethos'. That came across very strongly during our time in North Yorkshire and this is a real asset for the Council. We were also struck by the positive pragmatism, adaptability and flexibility of officers, and their willingness to take on new responsibilities and roles. Staff told us it was a very warm and friendly place to work, Corporate Directors all had a regular 'open door' policy and walked the floor regularly to talk with staff informally. This are very low sickness levels and this underpins a strong resilient workforce. In addition, the recent staff survey had an extremely positive and high response that staff are clear about what they are expected to achieve in their roles and that they understand how their work contributes to the overall success for the Council.

Good member engagement, including cross-party engagement, acts as a key building block to capacity and the Council has been innovative in its excellent use of volunteers to run services such as Libraries. Significant learning can be gained from the thought processes that went into the libraries review as a model to assist with the Council's requirement to have stronger and more self-sufficient individuals and communities.

There are a comprehensive range of self-service solutions established around expenses, leave, bookings with a purchase to pay module coming on stream in the near future. The Council are utilising the Oracle finance system well in terms of self-service and real time management data/information with workflow systems in place. This increases productivity, utilises real time data to inform decision making and engenders empowerment amongst staff and is the right corporate approach in a large rural County like North Yorkshire.

To support the continuation of this agile deployment of staff, the Council has recognised the growing importance of staff development. This needs to continue and be enhanced to support the further development of new management skills that will be required in the future, including change and programme management, commissioning and contract management. However, the Council will need to ensure the correct balance between developing staff and implementing new systems and processes. One area that the peer team picked up from a variety of sources was the Council's position on succession planning. Given that the Council has a very high retention rate for its staff and has delivered so well over recent years there is a concern that succession has not been a key priority, however, looking at the age profile of current senior

managers this must be given a higher priority and could be aligned with the Middle Managers development programme.

The peer team were very impressed with the Innovations and Awards winners with excellent examples of the work they have undertaken including carers emergency cards, deflecting demand from the children's services system and improving services for the visually impaired. Winners the peer team met and on-line videos demonstrated the clear passion of the individuals involved to make a difference and there was very positive feedback from service users. The Council should be commended on this work.

We found robust transformational delivery plans in place ably supported by good and developing IT solutions and systems. As part of an emerging commercialisation strategy further opportunities exist to sell traded services and IT systems to generate income. Smart Solutions income is projected to rise from £46m to £60m in 2019/20 though it wasn't clear from our analysis what the profit element of this work would be. The Council would benefit from establishing a methodology to apply a consistent approach to determining trading profit and to developing commercial skills across the workforce as part of workforce planning.

Existing transformation governance arrangements are currently acceptable as there is not a "burning platform" so speed can be traded off against costs and quality. The Operations Group would benefit from a review in order to determine its role and how it can best add value to the overall transformation governance arrangements, particularly as NYCC move into the next phase of their change programme. As part of this the Council must continue to develop commissioning arrangements and consider alternative service delivery models through robust options appraisal processes. There is an excellent open and transparent working relationship with Trade Unions around the overall change programme, which enables satisfactory compromises to be agreed.

As highlighted above, the Council has made calculated investments in order to build and develop capacity, both internal and external. It benefits from an enormous amount of goodwill from staff, partners, communities and citizens, and demonstrates that it understands the value of good relationships, particularly with voluntary and community groups, for example, the bi-annual meetings between the Council and the voluntary sector leaders.

Staff are extremely committed and willing to go the extra mile (not only in times of emergency, but also on a day-to-day basis). They are engaged, committed and proud to work for the Council, and initiatives such as the Innovation Awards means that the transformation programme is 'bottom-up' as well as 'top-down'.

The mixed relationship with districts also means that the Council's influence is more limited in some parts of the County. The Council should be doing all it can to learn from and build upon the Selby work in order to improve relationships with its more reluctant district partners.

The Council clearly recognises the advantages of its scale and has used this to establish its credibility as a provider of services. The Council has invested in corporate capacity in priority areas, stronger communities and project and programme management in particular, but may also need to consider building further corporate capacity in areas such as business intelligence and performance in order to ensure there is sufficient challenge in the system to drive out the next round of savings. This will require the Council to maintain financial flexibility in order to invest and innovate as appropriate.

5. Next steps

Immediate next steps

We appreciate you will want to reflect on these findings and suggestions with your senior managerial and political leadership in order to determine how the Council 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. Mark Edgell, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). His contact details are: mark.edgell@local.gov.uk Tel. No: 07747 636910.

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this report to help inform your ongoing consideration. Signposting with regard to certain areas detailed in this report are included in Appendix 1 to this letter.

Follow up visit

The LGA 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 the progress it has made against the areas of improvement and development identified by the peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next 12-18 months.

Appendix 1 – LGA Signposting Links

Available LGA support:

Economic Growth Adviser programme - £7000 grant funding and access to the LGA's pool of local growth advisers to provide between 12-14 day's support to a project designed by the Council focused on the implementation of local growth priorities.

<http://www.local.gov.uk/economic-growth-advisor>

Productivity Expert programme - £6000 grant funding and access to the LGA's pool of productivity experts to provide 10 days support to any project that will lead to ambitious efficiency savings or significant income generation.

http://www.local.gov.uk/web/guest/productivity/-/journal_content/56/10180/3510632/ARTICLE

For more information on the above programme contact joanne.straw@local.gov.uk

Care and Health Improvement Programme efficiency project:

The LGA have launched an efficiency project that aims to help develop innovative, efficient and sustainable approaches in care and health services. This project, which will run to March 2017, will help Councils develop their approaches to improving efficiency in care and health, creating experience and learning that the rest of the sector can draw on. The project focuses on areas identified by the sector as posing a systematic challenge that have the potential to yield efficiency savings, whilst not duplicating other support programmes already in place. These are: commissioning and market shaping; integration; and managing demand for care and health services.

For further information please contact Amanda.Whittaker-Brown@local.gov.uk

LGA signposting:

North Yorkshire may also want to use digital as an enabler for some of the recommendations we have made. Although there aren't any open opportunities to bid for funding, the Council may be interested in some of the lessons learnt from other Councils:

http://www.local.gov.uk/web/guest/productivity/-/journal_content/56/10180/6357119/ARTICLE

Commissioning Academy for Elected Members is a fully subsidised and highly popular two day residential course supporting Councillors to explore ways to improve the commissioning activity of their Councils through political leadership. New dates will be announced in the near future:

http://www.local.gov.uk/productivity/-/journal_content/56/10180/3865378?_56_INSTANCE_0000_templateId=ARTICLE

Health and social care integration is a significant area of opportunity for North Yorkshire. Amanda Whittaker-Brown is leading on a piece of work in this area. The interim findings on savings potential and best practice are available via: http://www.local.gov.uk/productivity/-/journal_content/56/10180/3371097?_56_INSTANCE_0000_templateId=ARTICLE. The final report will be published in due course.

The National Social Care Category Strategy and its supporting resources may also be of interest: <http://www.local.gov.uk/web/lg-procurement/health-and-social-care>

This is all support available through the LGA's Productivity team and there will be more opportunities through the Leadership team and Centre for Public Scrutiny.