

Corporate Peer Challenge **Sunderland City Council**

April 2019

Feedback Report

1. Executive Summary

The new leadership of the council, led by the Leader and Chief Executive, is ambitious and clearly recognises the need to bring about widespread and wide-reaching improvement to both the council and the city. This is matched by the energy and an urgency to commence significant delivery. There are several new external senior appointments across the city's anchor organisations which also present opportunities for organisations to work together with the council in new ways.

Several opportunities are emerging which will enable Sunderland City Council to work with partners and bring about substantial and enduring change and improvements for its residents, businesses and stakeholders. The council needs to build on the evident pride in Sunderland the place and re-engage with communities, working with local people to bring about long-term change.

The scale and intensity of the socio-economic problems facing the city coupled with the opportunities for change and maximising local assets has led to the council setting out a long-term programme of radical change which has already commenced. The development of the City Plan, the new shared vision for Sunderland, is a good start. but the range and scale of improvement facing the city and ambition of the new City Plan is substantial.

Sunderland is impacted by widespread and deep deprivation, and on some matters, indices show that performance is worsening. In health for example, the city's performance is poor and health inequalities are widening across several indicators, including obesity, prevalence of smoking, life expectancy of men, and teenage pregnancies. Stronger and more overt corporate and community working is needed: tackling health inequalities and improving outcomes for children and young people are not just the responsibility of individual services or directorates within the council, and significant progress on these and other big challenges will only be made if everyone takes greater interest and ownership of them.

The time is ripe for the council and its partners through the delivery of the City Plan to work together towards becoming a more inclusive city: this is a once in a generation opportunity to lead and develop the full potential of the city and all of its communities. For the City Plan to successfully move into delivery there needs to be clarity and granular detail about what the council, its partners and individuals will do, in what order and by when. Once the details are agreed the action plans must be monitored through rigorous performance reporting and review.

At times the impatience to achieve will need to be tempered by the need to carefully stage and sequence delivery in order to get the maximum impact. Everyone will also need to have a relentless focus on delivery and not be side tracked by the as yet unknown but inevitable obstacles along the way. Neighbouring and other councils are willing and ready to work with the council to enable it to play a more significant and visible role, which in turn will bring added benefits to both Sunderland and the region.

There will be further challenges ahead and members and officers need to be prepared for more difficult decisions, some of which may be unpopular amongst themselves or with residents, or which prove to be radical in the Sunderland context. Once those decisions

are made, members will need to stick to them. Some of these decisions will be necessary if the council is to continue to balance its budget: along with many other upper tier councils this will be increasingly difficult after 2019/20 and further consideration should be given of what the council can no longer afford to do.

Resources will be required in order to support change and allow the council to be less traditionally organised and become more focused and agile. This too will be a challenge, given the impact that austerity has had so far on the council's finances and the capacity and depleted volume of its workforce. If the City Plan is to be delivered then the council's finances will require better alignment to it, and more managed risks will need to be taken, particularly on the use of reserves and borrowing.

Bringing about improvement and a new and invigorated approach is important if the move to the new City Hall is to be successful by its target date of 2021. The current Civic Centre, built in 1970, is not only in a poor state of repair and is expensive to maintain: its design is hampering more modern working practices and improved culture, and it reinforces silo working and a lack of a corporate and collaborative approach.

Investment in employees and tackling the issues presented in last year's staff survey will also be a significant factor in the success of the new City Hall and the council of the future. The council's workforce requires a refocusing to enable staff to play their part in achieving the vision and goals set out in the city plan. Attention needs to be paid to the skills the council will need, establishing the current level of workforce skills and the investment needed to move to a new focus on engagement with, and the enablement of, residents.

Area arrangements have been in place for several years and members enjoy their roles through the area committees. As resources become tighter and the City Plan becomes more prominent the arrangements could play a much stronger role in re-engaging with residents and shaping a new relationship with the council which is less reliant on traditional methods of service delivery, and which has a sharper focus on value for money.

Care and attention will also be needed on relationships across the city. Within the council this means that members and officers need to have the utmost respect for each other's roles and responsibilities, and for good governance. Members will need to be prepared for change which will challenge their and officers' established ways of doing things. This means allowing partners to lead more, and members playing a crucial role in enabling residents to have a greater voice and influence on what is delivered and how, whilst at the same time becoming less reliant on what the council has traditionally provided.

Recommendations

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

- 1. Establish a clear narrative for the place, including the city's role in the region.**

It is unclear how the council relates to its near neighbours as well as to the other

councils within the sub-region and region. There is an appetite from neighbouring councils to work more collaboratively with Sunderland to develop projects of mutual benefit

2. **Clarify and communicate the vision and priorities.** Although the City Plan has been agreed there is more to do to ensure that everyone, internally and externally of the council, understands what it means and what the council is trying to achieve
3. **Take steps to ensure the city's identity is fully inclusive.** Sunderland faces significant deprivation and performance is worsening on some measures. A new approach needs to bring communities together to participate in the development and delivery of the City Plan. Engagement and empowerment could be overtly prominent in new ways of working, to ensure that as many people, including the most disadvantaged, can benefit from the council's future plans
4. **Ambitions and aspirations for children and young people need to be at the centre of the City Plan.** The City Plan is a once in a generation opportunity to act on improving outcomes for children and young people, and to tackle the outward migration from the city
5. **The children's and young people's improvement agenda needs to be owned by the whole council.** Progress is being made on services for children and young people, but the overall Ofsted rating for Sunderland in 2018 remained inadequate. Ownership of the improvement agenda at the corporate level appears to be low. The council needs to decide whether it wants to accelerate improvement and if so, the increased levels of resources it will allocate to support that improvement. In addition, identifying the contribution every council service can make to this priority will increase shared ownership and accountability
6. **The council and city need to develop an asset-based approach to improving health outcomes, reducing inequalities and enabling wellbeing.** A new mindset based on working alongside communities in the spirit of co-production should be considered so that local people have a greater say in services and what the council will and will not do to support improved quality of life. A next step should be to consider the contribution every council service can make to this priority; this will help to increase shared ownership and accountability
7. **Adopt an evidence-based approach to change and apply it consistently through a new workforce strategy and programme to address culture and behaviours.** If the move to City Hall in 2021 is to be successful, then the council needs to ensure the cultural change programme will be delivered in anticipation of the move
8. **Rebase the MTFs over at least a 3-year period, and align to the City Plan.** The current MTFs needs to have a longer-term focus, and be specifically realigned to support the delivery of the City Plan. It should include details of how the council anticipates delivering further savings targets, and its overall financial sustainability in the long term
9. **Revisit member-officer relationships, roles and responsibilities.** Some working practices are traditional and need to be clarified and brought up to date. A

programme of awareness raising, linked to the council's stated values, needs to be delivered

- 10. Align performance and risk management frameworks to City Plan.** The next step for the City Plan should be the development of detailed delivery plans which show what the council is expecting to achieve, who will deliver it across the partnership, and the resources and risks involved
- 11. Review the operation of area arrangements.** The impact of the area committee arrangements could have a sharper focus on outcomes and value for money, aligned to the council's vision, and be more specific about the roles and impact of members
- 12. Future council: be clear on role, purpose and function.** The long-term, future operating model of the council needs to be articulated and consideration should be given to the purpose of the council, how it will relate to its communities, and what it will and will not deliver for local people. This needs to relate to residents', businesses' and partners' aspirations for Sunderland, the overall resources at the council's disposal, and the delivery of the City Plan

2. 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 at Sunderland City Council were:

- Martin Reeves, Chief Executive, Coventry City Council
- Cllr Sir Stephen Houghton, Leader, Barnsley Council
- Sharon Kemp, Chief Executive, Rotherham Council
- Fiona Reynolds, Director of Public Health, Cheshire East Council
- Joanna Ruffle, Director of Transformation, Southend Council
- Naomi Cooke, Head of Workforce, LGA
- Judith Hurcombe, 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 cover. 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?

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

6. Public health arrangements
7. The City Plan

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. 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. We would like to thank everyone we met for their openness and willingness to share their views about the council and how it could improve.

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 Sunderland, during which they:

- Spoke to more than 150 people including a range of council staff together with members and external partners and stakeholders.
- Gathered information and views from more than 45 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 280 hours to determine their findings – the equivalent of one person spending more than 7 weeks in Sunderland.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (2nd-5th April 2019). 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 you are already addressing and progressing.

3. Feedback

3.1 Understanding of the local place and priority setting

There is clear evidence of a collective passion for Sunderland, from members, officers and stakeholders. Identity with and pride in the city and its surrounding areas, and not least its football club, is very strong.

The challenges facing the city are well understood, are clearly articulated and are evidence based. They are widespread and include outward migration, an underperforming local economy described in a series of reports as a “laggard city”, poor health outcomes and low skills. This understanding is largely backed by a comprehensive array of evidence, as well as good analysis of what the data implies: however, in health there is less evidence presented than is ideal, and more broadly, across the city the voice of the resident is fairly muted.

The City Plan, developed by the new leadership of the council during 2018, is the new shared vision for Sunderland, replacing the Council’s Corporate Plan and key partnership strategy documents including the 3, 6, 9 Vision agreed in June 2017. It sets out three themes of Dynamic City, Healthy City and Vibrant City, with actions, targets, outcomes and associated performance indicators through to 2030. There is enthusiasm for the Plan from both within the council and from partners and stakeholders about what it might achieve, although was still under development at the time of the Peer team’s visit. The Plan has the potential to be the catalyst for change for the city over the next decade.

Although the Plan sets out some longer term aims, going forward the council is less clear about its role beyond its boundaries. Other councils are enthusiastic about working with the city council and it playing a more significant role in the region than it has undertaken in recent years. There is enthusiasm from others to work with the council, both on a formal and informal basis, and a next step could be to work with others to develop joint projects which are of mutual benefit, and which have the added bonus of raising the council’s profile and improving its reputation in the region.

There is mixed understanding about the council’s priorities from staff and members. Some of this may be because the City Plan is relatively new and as yet lacks the granularity which will help explain priorities and what they mean to service delivery on a day to day basis. Once the details are agreed consideration should be given to a communications programme which helps everyone to understand those priorities, as well as be able to articulate and understand what is not a priority, and what the council will stop doing.

A missing element within the vision and City Plan is residents’ views. A residents’ survey was undertaken during 2018 and this showed some significant areas for improvement between the council and its citizens. The messages contained within the

survey could be used as the basis of open dialogue between the council about its future role, what is expected of residents and how the council will reform service delivery. It could also be used as a baseline to track how the council has a greater focus on delivering outcomes, including its reputation. A next step should be for the council to communicate those findings to participants and to residents.

3.2 Leadership of Place

Partners speak highly of the new leadership partnership at the top of the organisation. The efforts made to date to engage with stakeholders have been appreciated, particularly in seeking to address the perceptions of the council previously having been strongly inwardly focused. Partners speak with enthusiasm of the potential that the new City Plan brings for re-energised engagement and partnership working. In the past few months there have been new appointments at senior level across a range of partner agencies and this provides further opportunities to focus on the future, build new working relationships and develop collective systems leadership for the city.

Partnership governance arrangements through the Sunderland Partnership are undergoing revision to reflect the City Plan and will include new revised boards for each of the 3 themes, building on well-established arrangements.

The council and its partners appear to be less certain of the council's long-term role and function, both within and beyond its boundaries. At times and in various documents it describes itself as a community leadership council, and other times a cooperative council. Taking some time now to articulate what the council is for, what it will provide and what it can no longer afford or intend to do for residents will be both useful and necessary in giving shape to the City Plan as well as for future resource requirements. This is important because continuing to provide services without a fundamental rethink, alongside increased demand pressures and reducing budgets, is likely to become financially unsustainable.

An element of the council's future purpose and role in Sunderland should also be explicitly explored in the finalisation of the City Plan. Whilst the council does not have the power or authority to control everything which happens within its borders, and is not likely to in the foreseeable future, nonetheless it can continue to have significant influence through its role as convener of place. This is particularly important on issues where there are significant challenges, for example in educational achievement by working closely with academies across the city. Looking forward, the creation of a core narrative which explains Sunderland's role and intentions for the future could be a powerful engagement tool, both within and beyond the city's borders, and would help to address the disconnect described by partners.

A residents' survey was undertaken in autumn 2018 and this showed some significant areas in need of improvement:

- The reputation of the council is low, with only 21% of respondents showing satisfaction with how the council runs things, compared to the LGA collated average of 60% at October 2018
- Only 18% of respondents felt that the council takes residents' views into account,

- and a similar proportion felt that the council provides value for money
- Whilst 66% felt satisfied with their locality, this is 12 percentage points below the LGA collated average conducted at the same time
 - There are a wide number of indicators which suggest that the council needs to change its approach, for example on perceptions of city centre safety, its cleanliness and its broad offer. The company undertaking the research describes this performance on reputation as “very weak”

These results suggest a widespread disconnect between the council and residents. The results could be used as a baseline for widespread improvement, particularly in reconnecting with residents through the delivery of the City Plan, and to improve community resilience and dealing with some recent localized community tensions.

Area committee structures are established across the whole of the city, arranged across 5 regeneration areas, and each committee is supported by a Place and People Board with the remit of delivering the committee’s priorities. Each committee has delegated budgets in the form of a Strategic Initiatives Budget and a Community Chest. As the council’s resources become tighter, more consideration should be given to value for money and how the grants process supports outcomes. The approach could also provide a greater opportunity for members to exercise their community leadership roles, and to improve the reputation of the council with residents. In doing so a different model could be explored which ties in greater community involvement and engagement, rather than a straightforward allocation of grants. This would also help to develop an ethos of communities doing more for themselves, rather than relying on the council for resources.

Brexit is a challenge for all councils and the Nissan presence in Sunderland creates a further dimension, and potential uncertainty for the long term. The company is significant to the region and its workforce is around twice that of the council. Although there is commitment to current production lines, and the council has been regarded as an excellent partner, what happens in the longer term is unclear. Taking some time now in future thinking and developing a long-term economic strategy which covers all scenarios, in consultation with partners both within and beyond the council’s boundary, would be a good investment of time and energy.

3.3 Organisational leadership and governance

The new political and managerial leadership at the helm of the council is also recognised internally and welcomed as bringing opportunities for a change in style and impact. The visibility of the new Chief Executive with staff has also been welcomed by them.

There is acknowledgement that the organisation needs to change and there is an appetite to do so at the most senior as well as frontline levels. A senior management restructure has recently been implemented to support the delivery of the City Plan, which will also save the council around £1m per annum. There are however concerns both from staff and partners about capacity and the need to re-energise the council’s culture and ability to deliver.

There is absolutely no doubt that the Chief Executive and senior leadership have a

window of opportunity to set a new organisational direction to deliver the ambitious political priorities for the city. However, for the City Plan to be successfully owned, embedded and integral to deep, sustainable and systemic cultural change, it requires a unified values-driven top team. This is a substantial challenge as there are so many competing council and city priorities, but the energy and will to lead this was evident.

The oversight of council-wide performance that the Chief Officer Group has instigated is to be welcomed, and this can be further developed and embedded to drive collective ownership of delivery and achievement of outcomes against targets.

Delivery within services is evident and might be expected, but in contrast, collaboration across the council on systemic change and tackling long term issues is less evident: a degree of silo working is acknowledged by employees. Two examples of where a more corporate approach would be beneficial in delivering outcomes are in Children's Services improvement, and in public health. The council was rated as "inadequate" by Ofsted in 2015 and there was some improvement noted in the last inspection during 2018, but the overall rating for the service remains the same. Children's and young people's issues, not only the inspection ratings but more widely, appear to have a low profile and a lack of collective ownership at corporate level, and improvement in this area seems to be regarded as more of a departmental rather than council wide problem. Public health has a similarly low profile with expectations of improvement appearing to be a departmental matter, rather than being an issue for the council as a whole.

Members' roles and responsibilities are clearly defined through the code of conduct. Following the appointment of a new Cabinet in 2018 a bespoke session outlining the remit of the Leader and Cabinet was undertaken at the start of the municipal year. There have been however some incidents of poor behaviour by members which have caused concern. Member-officer working relationships need to remain an ongoing area for attention, to ensure that boundaries, roles and responsibilities are respected and maintained. This in part is an issue about respect and understanding of mutual roles, and ensuring that neither is undermining each other. There are officer concerns about decisions being taken and members being unwilling to stick with those decisions once the implications are fully realised, through by-passing procedures or ignoring them. Officers need to be able to respectfully challenge members in such instances without fear of repercussions, and members need to be willing to listen to that advice and act upon it.

Elsewhere in this report reference is made to training and development for officers, and the best members will ensure they keep up to date with good practice. The City Plan will bring challenges to established ways of working and consideration needs to be given to the skills required for members as well as for officers. These include establishing the skills current and future members need to deliver the council of the future, and how members can improve capacity building within their local communities.

The first employee survey since 2012 was undertaken in the autumn of 2018 and was conducted with the intention of it being a benchmark for future surveys. The results show significant areas for improvement are required, including trust and confidence in senior managers; communication with staff; workloads and stress; flexible working arrangements; and the need to develop a more collaborative and engaging culture to ensure employees feel involved. At the time of the onsite element of the peer

challenge, feedback on the results of the survey had not been communicated to staff: this needs addressing soon because it is compounding some of the issues about trust and confidence raised by employees. To get the most benefit from the survey the communication of the results should be used to stimulate dialogue and opportunities for staff at all levels to discuss and recommend changes.

In common with other councils, training and development opportunities have been impacted by funding cuts and this was flagged by employees in the survey, and as part of the peer challenge, as an area of concern and there are perceptions of under investment in staff development, including for managerial skills and development. There are also concerns about the lack of training for the introduction of Microsoft Office 365 and whether utilising “super users” to cascade information will be enough. The lack of training opportunities is having an impact on staff morale and individual’s feelings about whether the organisation values them.

Having the right skills in the right teams is fundamental to successful service delivery. Given the departure of staff in recent years who collectively had substantial knowledge and experience, the council needs to know what skills it has and to assess whether they are in the right places, and what further investment is needed. Opportunities already exist to achieve this, for example there is evidence of utilising the apprenticeship levy but there is less evidence that this is part of a wider workforce strategy.

Flexible working arrangements too are an important element of staff morale, yet the focus and policy appears to have taken a retrograde direction in recent years when staff were discouraged from working from home. This is another contributory factor in employees feeling negative about, and not trusted by the council. The new City Hall working arrangements and office space will depend on more extensive use of agile working if the move is to be a success: consideration needs to be given to this element of the council’s approach, and its impact on culture, to enable the organisation to be ready for the move in 2021.

Overall the organisation appears to have adopted a deficit narrative and many people involved in the peer challenge appeared to be looking backwards with a focus of how the council previously operated, reflected in a day to day terminology of loss and depletion. Some of this is perhaps inevitable given the scale of austerity affecting both the council and its communities, the scale of the challenges affecting the area and with Children’s Services continuing with an “inadequate” Ofsted judgement since 2015. This deficit language also appears to apply to people management through the employee appraisal scheme which includes a focus on poor behaviours rather than positive attributes and staff development. This also misses an opportunity to look forward and address the need for succession planning.

The number of employees directly employed by the council has also reduced from around 7,900 in 2010 to around 2,900 now, although these figures are blurred due to different ways of delivering services. The number of people employed in the arms-length companies for children and adult care, and in different school arrangements (maintained, academies and voluntary aided) mean the headcount overall is still over 10,000 people. Nonetheless the changes in numbers have resulted in a sometimes tired and negative phraseology, rather than of opportunity and improvement, and there is an absence of an overt can-do culture.

There is recognition that changes made to senior officer structures also need to be underpinned by a change in leadership approach and style and a cultural change programme is being developed. Delivery of the Civic Centre Cultural Change programme will be essential if the council is to deliver on its broader ambitions for Sunderland, and to be prepared for the new City Hall move in 2021. The programme identifies 3 phases to reset and modernise approaches to organisational development and engagement with employees, including:

- Addressing the patchy coverage of employee appraisals and their concerns about whether the current approach adds value to their roles or personal or professional development. A new workforce strategy is planned which will include a new appraisal scheme: this provides an opportunity to reinvigorate the current approach with a more positive and asset-based framework
- Making better use of technology to deliver and support services, and improve efficiency, for example in agile working and homeworking

The programme includes the use of further employee surveys to measure improvement against the baseline, with activities every 6 months at September 2019 and March 2020 to assess progress: consideration should be given to releasing the employee survey results from 2018 promptly, because the longer the results are not released the longer people will speculate further about the contents.

Over and above the Civic Centre move, further consideration should be given to the type of workforce needed for the long term. The new workforce strategy should address the skills and behaviours needed to deliver the council's vision, alongside what sort of employer the council wants to be. It needs to consider how it will attract new skills and talent to the council, as well as nurture and develop existing staff. It should also include a staff engagement plan, apprenticeships and succession planning.

As the City Plan is developed the council's governance and decision-making structures and its communications approach should be realigned to reflect its priorities. Political structures are largely traditional but could be adapted to reflect more cross-cutting themes and to ensure there is clear accountability for the themes in the plan.

Employees told us that the delegation scheme results in a slow decision making and inhibits the council from being a flexible and adaptive organisation. If the scheme of delegation is revisited this could also allow for faster and more flexible decision making, in alignment with the Plan.

The overview and scrutiny function was reviewed with the support of the Centre for Public Scrutiny in 2016. A work programme is developed for each year, following a development session at the start of the year, and this is focused on high level issues. However, it is hard to see whether issues of concern from residents feature strongly within the work programme.

3.4 Financial planning and viability

The council has a balanced budget and has relatively high levels of reserves: at the end of 2017/18 useable reserves were £159.1m, and the final revenue outturn was an

underspend of £0.8m. The revenue budget for 2019/20 is £239.5m and the total capital programme is £376.9m with anticipated capital expenditure of £168.9m during the current financial year. The external audit opinion in recent years is positive and does not show any significant areas of concern. The council's finances appear to be well managed, with a strong traditional technical accounting approach which is prudent.

The anticipated budget gap between 2019/20 and 2021/22 is anticipated as £54.5m, and how savings will be achieved beyond the current financial year is yet to be identified. The savings required to bridge the gap for the current financial year is £25m. The budget gap between 2011 and 2019 was £290m. In common with other upper tier councils there are demand-led pressures in Children's and Adults services.

The reporting arrangements on the delivery of savings plans are not as clear as they could be:-outturn figures for 2017/18 showed an underspend of £17.5m, but it is not easy to identify how this figure was derived. Although there has been a transformation programme, and a Chief Officer Group Transformation Board was established in September 2018, the approach appears to have been largely about meeting savings targets rather than bringing about widespread radical change which in the long term would make the council more viable and sustainable. More consideration and articulation of the long-term purpose and role of the council would be beneficial to the approach to transformation. New reporting arrangements are scheduled from the start of the 2019/20 financial year, including monitoring reports on a red, amber, green rating for each month: this should help to improve awareness and understanding of progress against targets.

The current Medium-Term Financial Strategy (MTFS) covers the period to 2021/22. As with all local authorities in the current financial and economic climate, we would urge SCC to take a fresh look at its MTFS, including the proposed transformation savings, to ensure it is robust in light of an anticipated one year, emergency spending review settlement only.

There are also modelling assumptions on significant business rate retention, which again must be stress tested, not least with respect to Brexit impact and shocks to the automotive and advanced manufacturing sector in the City and region. Finally, as reflected previously, service re-design savings are framework rather than costed and risk assessed. Predicted income streams need robust analysis and Sunderland City Council does not really have a proven track record of innovation and delivery in this area of commercialisation.

The reframing of the MTFS for beyond 2020 should reflect the priorities within the City Plan, for example reinventing the local economy and revitalising the city centre, as well as a greater outcome focus on cross-cutting issues, for example improving services for children and young people. Consideration should be given to a longer time frame of up to 5 years in line with the anticipated CIPFA Code of Financial Conduct, due to be launched in the summer of 2019.

Difficult decisions have been made to support the council's budget, for example a programme of libraries closures was undertaken during 2014, resulting in a saving of over £850,000. The council's workforce has reduced by around half since 2011,

although some employees work for the wholly council owned arms-length companies, of Together for Children (the Children's Trust), and Sunderland Care and Support Ltd (a local authority trading company responsible for delivering social care including telecare).

3.5 Public Health arrangements

Sunderland is described by partners as "one of those top ten places where Public Health is just hard": the challenge is significant. The Director of Public Health's most recent Annual Report illustrates a number of challenges, including:

- One in five children live in poverty and in some wards, it is as high as one in four children
- Healthy Life Expectancy is 20 years shorter than Life Expectancy in Sunderland, indicating that many residents are spending a significant part of their lives dealing with ill health, and many of their conditions will be life-limiting
- Behaviours such as smoking, alcohol use, poor diet and low levels of physical activity are the drivers of this, and the Health and Wellbeing Board's focus on these is appropriate
- However, mental health wellbeing appears to have a low profile

There are some good examples of council wide working, for example the Culture and Events Team's work with Adult Social Care users to reduce social isolation. However, the responsibility of improving the public's health sits with the council in its widest sense, not solely with the Public Health Team. More can be done to encourage all services and individuals to collaborate and improve the public's health, and to maximise partnership working within the city, for example with residents to support resilient communities and more independent individuals.

More widely the council could maximise partnership working within the region, for example, working with other councils on fluoridation. It could play a leading role within regional networks including the Association of Directors of Public Health Network to shape the approach to Public Health interventions across the region.

The JSNA documents appear to be summaries of Public Health England data rather than providing a nuanced understanding of local need, and more detailed analysis is needed to inform practice. Whilst performance is not intelligence, performance data can inform intelligence. We were told that the council "does not understand our residents in the way that we need to" and this will be a contributory factor in the council not fully understanding the drivers of poor health in its wards. Consideration should be given to undertaking more work to understand in more detail what is happening in each of the council's wards, as for example Cheshire East council is doing: <https://www.cheshireeast.gov.uk/pdf/jsna/ward-profile-tartan-rug/ward-profile-tartan-rug-nov17-ce-produced-18-08-23.pdf>

Effective engagement, co-design and co-production is patchy, and could improve if the council begins to regard its residents as a resource and asset. A greater focus on co-production of service commissioning, strategy development and implementation would help to create more public ownership of health issues.

The Healthy City aspect of the City Plan is focused on social care, the Public Health Commissioned Services and includes a section on education and skills as well as housing.

It could give a stronger message that our health is shaped by where we live, work and play (more so than by services). Examples of action undertaken by other areas includes:

- Connecting poorer communities to jobs by public transport, including by cycling – Transport for Greater Manchester took this approach: (<https://www.tfgm.com/2040/delivery-plan-2020-2025>)
- Creating an environment that supports mental health and wellbeing: (<https://www.urbandesignmentalhealth.com/how-urban-design-can-impact-mental-health.html>)

Other areas have been developing different opportunities for alternative regeneration – e.g. Northern Quarter in Manchester, Shoreditch in London, Cultural Quarter in Warrington and the Quays in Salford: building on the heritage and history of the areas, encouraging a more bohemian approach to nightlife and leisure including through food e.g. Mackie Mayor Market in Manchester and Altrincham Market; pop up business spaces (whether shops or pods) to encourage young local entrepreneurs to stimulate the business birth rate.

3.6 Capacity to deliver and the City Plan

There are good examples of some high-quality service delivery, for example the culture and events programme is well regarded by partners. The hosting of the Tall Ships race in 2018, and the annual air shows are widely felt to be successes, both in terms of the execution of the events, public participation and engagement, and increasing the numbers of visitors to the city.

In line with the council's performance management calendar, corporate performance is reported to Cabinet on a quarterly basis and to the Chief Officer Group (COG) on a monthly basis. In addition, individual performance agreements are in place for Chief Officers and Heads of Service, linked to performance appraisal. The information in the quarterly reports is well presented with analysis of trends, and commentary about other matters relevant to the portfolios, including deadlines for bids. However, an area for improvement in reporting to members would be to include clearer information about targets and whether these are met or unmet, in line with what is reported to COG.

Performance management arrangements are subject to regular review. In 2016 a new corporate planning and performance framework was adopted, underpinned by a new ICT system. A further review of performance measures is underway to enable better alignment with the City Plan, and this includes a performance clinic workshop with COG to focus on how the success of the Plan will be measured and defined.

The council's ICT disaster recovery arrangements were queried by the Audit and Governance Committee during March 2018 and assurance was given that arrangements were to be strengthened. However, a serious hardware failure was experienced during March 2019 which had an impact for several days on the delivery of services, although the council was focused on supporting vulnerable customers, and customer contact channels were maintained throughout the disruption.. Contingency plans were put into effect successfully when the failure occurred, but there is both an opportunity cost when failure happens, as well as an impact on productivity overall and investment in ICT infrastructure is already in the capital plan (and is part way through a

procurement process)

The City Plan has been universally well received and supported by colleagues, members and partners across the city. It symbolises a major opportunity to reset the council's, partners' and residents' aspirations for the place and Sunderland's communities. The key themes of vibrant city, dynamic city and healthy city are accessible and easily understood at the headline level. Linking the plan more overtly to ambitions for children and young people would help to bring more focus and ownership in this key area.

Approaches on behavioural change to get people to engage with the council in more cost-effective ways, and in reducing demand, appear to be more transactional than transformational. As yet the transformation programme doesn't yet match the scale of the ambition of the City Plan: The Plan provides an opportunity to positively disrupt and innovate in this area.

The city has several assets which are under-utilised. There are significant natural assets, particularly of being a city by the sea, having a prominent river, and having a large amount of green space. The feel-good factor within the city often relates to the performance and identity of the football club. Partners feel the city does not make best use of the student population and market, nor is there enough to do for families in the city centre. There are also concerns that the council does not promote its own successes enough, nor of the potential attractions of the city as a place to visit and live, and that more investment is needed in communications and marketing.

There are some challenges to address however. We heard that for some the term 'city' represents the city centre rather than the borough at its widest, so some thought needs to be given to ongoing terminology and ensuring that those who do not feel closely connected to the city centre are not alienated by city terminology in instances when really the focus is wider and beyond the city centre.

Defining the role and purpose of the city is therefore important, as is defining the role and function of the city centre. Partners are clear that the dynamic is beginning to change on enforcement action but needs to go further in addressing the attractiveness of the city centre for day and evening users. Businesses through the Business Improvement District are willing to get involved and make improvements, for example in tackling litter hotspots. A new strategy is needed which articulates the vision for the city centre, and which follows through to licensing and other policies, including its cleanliness and appearance, and which is underpinned by detailed delivery plans which clearly articulate who is responsible for what.

Inclusivity for all residents and all communities needs to have further consideration and needs to be at the forefront if the growing concerns about community cohesion are to be addressed. At this stage it is difficult to know whether the Plan is liked or engaging for residents as those steps have yet to be taken. Anecdotal evidence suggests there is also more to do before all members and frontline staff understand and own the vision, and the implications of what it means for them and the city. A core element going forward should be to consider where children and young people fit into future, as they have the most to gain in the long term from what the council and partners are trying to

achieve.

Partners are enthusiastic about the Plan at headline level, particularly in improving the performance of the city on health, the economy, inclusivity and cohesion. As might be anticipated at this stage, there are some anxieties about the lack of collective resources available, so further discussions about what the council and partners can and cannot do would be welcomed. Having open and honest discussions will be important for everyone to allow trust to be rebuilt and historic ways of working put aside in favour of genuine collaboration which is focused and delivered with pace, rather than the council being in control of the agenda.

The approach to risk management is thorough and based on a red, amber and green ranking. Going forward the appetite for risk should be reconsidered in light of the City Plan, as greater managed risks may be required if the plan is to be delivered successfully. For example, the current approach to borrowing, whilst prudent may not provide the best value for money for the scale of the challenge ahead. The council should consider all aspects of borrowing, equity, bonds, and asset release potential in order to generate as much capital head room to deliver the City Plan.

Delivering the Plan should not be underestimated: it will require a great deal of grit and determination for the long term and an understanding that there is at least a decade of change required. It will be particularly important for the council and city to develop its plans and deliver them if residents are to be re-engaged, own and feel part of the ambition for Sunderland. They have a significantly stronger role to play in shaping what is delivered, and how it is delivered, alongside partners and the council, if the City Plan is to be effective. The Plan represents a once in a generation opportunity for the council to modernise and play a different role, working alongside partners and doing with, rather than for communities. In reinvigorating the city, the council must also be prepared to cast off historic ways of working and reinvent itself.

4. 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 several 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

In the meantime, we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

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 it has 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. Our expectation is that it will occur within the next 2 years.