

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

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### 1. Background

1.1 Everyone at Northumberland County Council (NCC) shares a passion for delivering on the most important things for residents and businesses. Now more than ever, as families and businesses struggle with rapidly increasing costs, they need their council to be on their side, attracting well-paid jobs to the County, delivering effective support services and investing in the future.

1.2 However a council can only sustain the best outcomes for residents when the organisation is fit-for-purpose. That is when members, senior officers and their teams are all pulling in the same, and right, direction.

1.3 It was clear to the Leader of the Council that NCC faced significant challenges to strengthen the governance of the council. Many, although not all, of these challenges stemmed from the fractured relationships between the Cabinet and some of the Council's most senior officers.

1.4 The Leader took the difficult but necessary decision to commission an independent review of governance. This reported in June 2022. As a result of that report (and as a recommendation within it) the Leader of the County Council asked the LGA to help it set up this Challenge Board. We are here to help you on your improvement journey as a "critical friend." No one organisation or individual should ever shy away from challenge.

1.5 This is a long-term process of change and of rebuilding trust that will probably take at least 3 years. The Council have made a good start by inviting in Max Caller, dealing with the senior officer leadership issues, bringing in the Challenge Board and appointing a new permanent CEO.

1.6 The Leader has shown real leadership in recognising the need for change and in pushing for results and continued pace. But this is an important process and journey for the **whole** Council and **all** officers, members and Groups should wholeheartedly buy in to it.

1.7 The Challenge Board is independent of the Council and has membership with significant and appropriate experience at both top officer and councillor level. The

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

---

Board is chaired by Pat Ritchie CBE and has a further experienced council CEO, Wallace Sampson OBE. It has a Conservative Council Leader, Councillor Abi Brown and a Labour Council Leader, Sir Stephen Houghton CBE. It also includes an experienced Monitoring Officer: Gillian Marshall; a previous S151 Officer who also has commercial and governance experience, Neil Thornton and the regional lead for the LGA, Mark Edgell.

1.8 We are all used to operating in challenging local places, with issues around member and officer relationships, scarcity of resources and a changing world. We aim to bring those experiences and use them to your benefit.

1.9 The Board is not here to run anything, or to take over, but to provide robust challenge and act as a critical friend to advise and help to shape the Council's improvement actions. This should help you ensure focus, grip, pace and effective change; particularly as you implement the recommendations from the Independent Governance Review (the Max Caller report). The Council itself is responsible for its performance, reputation and improvement

1.10 The Aims and Objectives of the Challenge Board are, therefore, to support the Council to, quickly and effectively, re-establish what it means to be a Best Value Unitary Local Authority in its geographic area delivering appropriate services and community leadership to every resident and entity in its area, by:

- 1) Redrafting its Corporate Plan in terms of the Administration's Goals and Objectives, moderated by the capacity of the organisation and the legislative framework,
- 2) Ensuring the values by which the Council seeks to operate are lived within the organisation
- 3) Using the data it holds, collects, or needs to collect to define priorities and monitor and improve performance in a systematic way and publish the outcomes.
- 4) Reviewing and agreeing a redraft of the Constitution to ensure that decisions that should be taken at Member level, by Cabinet, Committee, Individual Member or Full Council are clearly identified and that the recording and scrutiny of officer decisions, both individually and in aggregate, is unambiguous.

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

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- 5) Reviewing and redrafting the codes of conduct which regulate member and officer behaviours and working relationships with each other, to make it clear what the expectations of each party should be and how robust challenge can be handled, to ensure proper accountability can be achieved. This needs to recognise the legitimate rights of Councillors for information to enable them to do their role and for Councillors to recognise that policy is the preserve of the Council unless delegated and saying no is a legitimate outcome.
- 6) Establishing a rationale for the establishment or continuation of any company established under the provisions of the Localism Act 2011.
- 7) Establishing a specific governance framework by which, for those companies wholly or partly owned by NCC, their Directors are appointed, reports on performance are presented to a Cabinet Sub-Committee, conflicts of interest and risk are dealt with and how shareholder agreements are ratified, by both the company and NCC.
- 8) Establishing an officer structure which is designed to deliver against earlier recommendations and seek to appoint permanent employees to fulfil those objectives.
- 9) Establishing a scheme of performance appraisal, starting with the Chief Executive at member level, in line with the JNC provisions, which cascades throughout the organisation so that every employee is clear about their targets and how they fit into plan delivery. As the Chief Executive is accountable to the Council as a whole for their performance, publish the targets and how they have been achieved as an annual statement to Council.

1.11 This is the Challenge Board's first interim report. We have agreed with the Council to provide reports to the MOG every 2 months

## 2. Scope and Focus

2.1 The Board sees its role as providing independent assurance (alongside advice and support) on these three interrelated questions:

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

---

1. Is the Council's action plan appropriate and sufficient to cover the issues raised in the Max Caller report? The Board will look beyond the 9 recommendations listed above if there are legitimate areas that we feel are important in identifying underlying causes of issues, or the enabling of effective solutions for the re-creation of that well functioning and effective Council.
2. Have the actions within the improvement plan been implemented or carried out in the way intended?
3. The "so what?" question. Are the Council clear on the outcomes they are seeking to achieve by their improvement actions? When completed, will they have, or be likely to have in due course, the desired impact in terms of the changes in the systems, processes, behaviours and culture that the Max Caller report implied were needed, through his reference to the "Best Value.....Authority?"

2.2 If and when the Board feels that the answers to each of those questions is mainly positive, the Board might adopt a different approach such as through, what might be termed, an elongated peer review approach, with less frequent contact and focussing less on challenge and more on advising and on coaching and enablement of the top team, including the new senior management team. We will take stock along these lines in Spring 2023.

### 3. Initial views from the Board

#### Overview and context

3.1 The Board has engaged with a wide range of people and has been struck by their openness and constructiveness. We have been particularly heartened by the desire of Councillors from across the political spectrum to share their views with us. One thing is absolutely clear from all this: that although Northumberland County Council has been through a challenging, distracting period, there is passion for Northumberland and a clear determination from just about everyone to improve governance and behaviour and to get back to being focussed on doing the very best for Northumberland's residents, businesses and visitors.

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

---

3.2 Receiving the Independent Review of Governance report cannot have been easy for the Council. But, to its credit, the Council accepted it, including the recommendations in full. It established a cross-party steering group to consider the way forward and as a result invited in a wholly independent Challenge Board to support it in addressing the challenges.

3.3 The Leader's decision, to invite in Max Caller, was a brave and correct one. As has been his energetic and determined response to the report's findings. Leading a council with no overall control requires fortitude, patience and the ability to bring people together, skills that are much admired and commented on in the Leader. His personal commitment to driving the improvement agenda forward is self-evident, and the arrival of a permanent strong supportive Chief Executive in the coming months will help to embed this through the establishment of a stable and permanent leadership team.

### **Progress so far**

3.4 Despite a rapidly changing economic and social environment, which is currently challenging most local authorities, with uncertainties over funding and increasing costs and demands for services, the Council has quickly put in place many actions to respond to the report. It has done this alongside a continued focus on, and energy spent, on big projects that will bring significant benefit to the County such as The Northumberland Line.

3.5 Indeed since the Independent Review was published and reviewed at Full Council in June 2022 much progress has been made by the Council including: better alignment to the Council's 3 priorities; cross party agreement, within 2 weeks, of the actions that will be completed to meet the recommendations; Officer and member (cross party) governance arrangements established; activities underway with elected members on the Constitution Working Group to update the Constitution, with support from the Centre for Governance and Scrutiny.

3.6 We have heard a widespread view that the recent changes at the most senior officer level has had a positive impact on the atmosphere in County Hall. We were also told that the behaviours across all Groups were feeling better, with less antagonism. But that there is still some way to go

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

---

3.7 Credit should go to both the Leader and Interim CEO as people talk about the two of them having improved visibility and relationships inside the Council with staff and also outside the Council. Although these relationships are, in some cases, more limited than partners have with other councils. The Leader's style is seen as consultative and positive which is particularly important in Councils with no overall control.

3.8 It is commendable that the Council has wanted to be seen to be responding quickly to the report. Much of this has been down to the drive and focus of the Leader. There has been a real effort to respond effectively and put the right things in place. This has seen quick progress on some key issues, such as the recruitment of a new permanent CEO and the process to recruit the full top team. His drive for pace is understandable and commendable.

3.9 However we have heard many voices saying that this will be a longer improvement journey than was originally hoped, or planned, for. Perhaps of around 3 years. Some voices are also asking whether the council is too focussed on ticking off the "mechanistic" actions implied by the 9 Caller recommendations actions without a clear eye towards the longer term values, culture and behaviour change required to be an effective, Best Value, Council.

3.10 The challenge is bigger than some think. Some things have not yet been tackled, nor are there clear plans in terms of how they will be approached. Values and culture are a key issue and yet we heard that values are only really discussed at appraisal time. The key is to rebuild trust. This can't be done overnight and is a longer term project. It will be harder to achieve if some are excluded, or not effectively involved, in the process of rebuilding.

3.11 Several people have asked whether some of the change work is being done so quickly that the act of doing it has not engaged with a sufficiently wide range of people, even those internal to the council. Another doubt is why some change is being done without a clear narrative for its purpose or an explanation about why it is being done in a certain way and to what end. The work on the shape of the Council, may sensibly need to be repeated after a period of reflection over impact, probably after the arrival of the new Chief Executive. Indeed it may make more sense to delay this until the arrival of the new CEO as the current haste is generating a degree of

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

---

mistrust and questions about what is the rationale for the change being proposed and how does it fit with the Council's priorities and who is driving it and why.

3.12 We are not saying slow down for sake of it and certainly not on everything. Indeed you should be proud of the pace of improvement so far. To some extent this will aid the need to move on from the past. But the pace with which you are doing some things, or the way in which you are doing them, may not deliver the results you need.

3.13 There is also a fundamental question about whether and how the various streams of improvement are being coordinated and linked in an overall "plan." There appears to be a lot of activity but it is unclear how it is knitted together, particularly flowing from the Council's 3 priorities and how those are driving the new structure, budget decisions and other improvement plans.

3.14 Currently there is a Caller Improvement Plan and a "Strategic Change Programme." The latter appears to be focussed on financial control and reductions. There is nothing wrong with that but we need to be clear where the work on values, behaviour, culture and ethos is. We haven't seen an overall plan in spite of asking for it.

3.15 The way to bring all these actions together would be to start by being clear on the outcomes you are seeking. How would YOU define and measure the results you are seeking to achieve? What would success from your Improvement journey look like? There needs to be a longer term improvement plan which joins up the current streams of change and transformation etc, is clear about how they all fit together and the outcomes being sought in terms of culture and behaviour change.

### **Areas for Improvement: Looking Backwards**

3.16 There is a lot of wanting to go back. Clearly people need to be allowed to vent, grieve, whatever. But when will it be possible for all members, and indeed officers, to draw a line; leave the past in the past and move on? Time will clearly aid the healing, but individuals, groups and teams need to try to accelerate the healing of the antagonism over the past and whatever they feel happened and whoever they feel was responsible, park that and move on together.

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

---

### **Areas for Improvement: Involvement of ALL members**

3.17 All members need to have a role in leading the Council forward. This is normal in a good council. They need to find places within the governance arrangements to be able to do that, to influence, to hold to account, in a constructive cross-party way. We question whether this is being facilitated currently.

3.18 The new Policy Conference approach is an innovative way of seeking to engage with councillors to seek to ensure there is a genuine dialogue with all members over policy? We have heard that Overview and Scrutiny is not as effective as possible. But what should its role be and what is being done to ensure it fulfils that role and potential, with a real member-directed focus? Will the Policy Conference approach abstract from the role of Overview and Scrutiny, or is its purpose distinctly different?

3.19 Have members really been involved in a conversation on the overall vision for Northumberland, the priorities and of what sort of Council they want? Where is the planned work with members and officers to understand what a member led, officer managed organisation is and the roles of members and officers in that?

3.20 The recent appointment process for the CEO appears to have us to have been thorough and professional and to have reached a good decision. However a small element of the process could have been handled better - the inclusion of the Independent Group

3.21 Questions have been raised over the Chairing of Full Council and the perception that the current arrangements are partial. Whether this is true is not for us to judge but NCC does seem to have a different model to almost every other Council, where a Civic Chair or Ceremonial Mayor would oversee the meeting. Perhaps this should be looked at as part of the review of the Constitution

### **Areas for Improvement: Current Behaviours**

3.22 The Board heard a strong view that the pride of being part of council is still currently affected by the behaviours of some members. There is clearly a common shared passion to serve and progress Northumberland. Why is this not matched by shared positive behaviours, which can help rebuild trust across the whole Council? This can still happen alongside constructive challenge. All officers, members and Groups should be playing their part in positive change.

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

---

3.23 The recent leaking of papers linked to some standards complaints was clearly unacceptable. From wherever these leaks originated, it is clear that some individual/individuals are deliberately not aiding progress. They should consider their role in slowing improvement in the Council.

3.24 The use of social media by councillors has been raised with us, including where councillors might be doing this anonymously. We do feel that such use needs to be responsible and to not feed conspiracy theories or the focus on the past or personalities. It is probably something we will come back to.

3.25 It is undoubtedly the case that, as in many Councils, Covid got in way and exacerbated any existing member-member or member-officer issues. Could the day-to-day fraternising of members such as via the members lounge, which was lost during Covid, again help to build relations and understanding?

3.26 For some members, there is the need to consistently get back to normal human interaction: basic niceties, avoiding intimidation or suspicion (and what some would see as “bullying”). Agreeing to disagree on some things but in a constructive, cordial, respectful way. Focussing debate on priorities, policies and performance not on personalities.

3.27 We welcome the plans of the Council to run a session with Councillors on how to embed the values consistently into member to member (and member to officer) interactions and behaviour, as well as the consideration of the Nolan Principles. We hope this can be led as a cross-party process.

### **Areas of Concern: Complaints**

3.28 The delay over progressing some complaints that have been on the books for many months has aided suspicion. The sooner they reach the right conclusion (whatever that is) the better. The standards process, where it has to be used, needs to be fair, swift and as transparent as it can be to help build trust. It is recognised that the council has very little flexibility on the range of sanctions available to it.

3.29 There appears to have been a weaponising of the Code of Conduct over recent months. We have heard of large numbers of complaints. Some being seen to have been done on a tit-for-tat basis. Only the individuals responsible can take the action to stop this. They should. This does not negate the right to speak truth to power. It

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

---

also does not reduce the responsibility of Groups to ensure their members show appropriate behaviour.

3.30 The Monitoring Officer (MO) must be recognised as independent of all Groups and indeed staff, and be allowed to get on with the job, without fear or favour. Complaints about the MO do little to assist the smooth processing of conduct complaints. The need to externalise complaints because allegations have been made against the MO has not assisted in resolving historic issues. The new appointment must be a turning point in addressing some of this.

### **Other considerations**

3.31 The Council is moving forward with a review of the Constitution and Codes of Conduct. The key to success will be how you involve people from across the Council in arriving at the new documents so they fully reflect hopes and fears but most importantly can improve overall governance, efficiency and culture. There will also need to be effective training and development around the new documents. The training available to councillors, even induction sessions for members, seems limited and ad hoc.

3.32 Communication between members and officers needs improving. Indeed members say they are often receiving information only at same time as the press. Members aspire to a system that allows them to know what's going on in their ward. We also heard of disappointments over casework response rates.

3.33 Are officers doing what they need to do to properly advise and support members? We heard of poorly written reports, with lack of clear advice. Is enough being done to support and enable cabinet members to effectively carry out their role?

3.34 The Council has some great people working for it, with talent across the whole organisation. It has been a turbulent time for them too. Many of them talk about having to get on with their jobs in spite of the turmoil at the upper echelons of the Council and of their need to act as a buffer for their teams. Staff have a huge passion for, and loyalty to, the County and for doing their jobs properly. Most also live within the County and have faced questions from family and friends over the reputational damage caused by recent events. Some press coverage has been different to what staff have been told internally; if indeed they had been told anything at all. Some staff talked of seeing recent changes in the right direction. They had a

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

---

hope it continues, but also need proper reassurance and support through this period, as well as effective communication and engagement.

3.35 The Council is going through a transitional phase. On the senior officer side, the whole team is interim in their current roles. Whilst they are clearly doing their best individually and collectively, the uncertainty and lack of permanence is not conducive to them working as an effective team and them taking a strong lead on the improvement and changes needed. This is unlikely to be resolved until after the new CEO joins in February and she starts to build her team.

### 4. Next steps

4.1 The Board is still going through the engagement stage and getting to understand the Council. We have only just started our thinking about some of the 9 recommendations in 1.10. We are genuinely impressed by the way the Council has initiated, gripped and made progress on its improvement. This is particularly the result of the focus and drive shown by the Leader.

4.2 Whilst the Board acknowledges that it has been given access to many people. We have been disappointed by the level of some attendance and we have been slow to be provided with some of papers for which we have asked. For us to advise on and help shape the Council's improvement actions and to be able to be that critical friend providing robust challenge (that the Leader wrote about in his LGC article) the Council needs to **really** engage with us, to embrace what The Board can offer to support and shape your improvement work so as to achieve the best results.

4.3 In the meantime there are some issues we feel the Council needs to quickly address:

- the biggest challenge is the longer term need for change on culture, including the rebuilding of trust. We feel the best next step on this is for the Council to produce a longer term, 3 year, holistic, overall improvement plan which is clear about what success would look like and how the current actions (and any currently missing actions) would achieve this, especially around culture, behaviours, values and ethos. The Board would want to work with the Council to help develop this.

# Northumberland County Council

## Challenge Board Interim Report 1 for Member Oversight Group

23 December 2022

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- the Council should consider the pace of some sensitive and crucial changes. Are you going too quickly on a radical restructure and transformation programme? There is clearly a need to get on and sort out the officer structure at the Council. But this should be balanced against ensuring you are taking people with you and that there is an opportunity for the incoming permanent CEO to oversee and drive this. Otherwise there is a risk it may need to be repeated. It needs to be done just once and properly, with the right groundwork and having explained the rationale and reasoning behind specific proposals. The current haste is leading to a degree of mistrust and suspicion.
- It is positive that a way forward for the 2023/4 budget has been identified, but the Council needs to move forward for the longer term with a clear 3 year financial plan driven by the Corporate Plan priorities. This should be developed by all members with support and advice by officers.
- the Groups should co-design and lead the delivery of effective training with members around code of conduct and behaviour, including the Nolan Principles. This should be evaluated to see how successful it has been.
- the Council should arrive at an agreed protocol on appropriate access to information, including exempt information to give clarity on what members can and can't have (and why), but also defining the personal responsibility of members to respect confidentiality around this, in order to rebuild trust.
- the Council should proactively produce internal and external communications about what the council is doing to meet its improvement challenges. The Council should be proud of the start it has made but should speak up about its ambitions and plans for further change.