

Northumberland County Council

Challenge Board Interim Report 2 for Member Oversight Group

24 February 2023

1. Background, scope and focus

1.1 The Challenge Board is independent of the Council and has membership with significant and appropriate experience. 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

1.2 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.

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

1. Is the Council's action plan appropriate and sufficient to cover the issues raised in the Max Caller report?
2. Have the actions responding to the Max Caller report 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 these 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?"

1.4 We are particularly focussed on the 9 specific recommendations in the Max Caller report. However, the reference to "Best Value" refers to the Council's general Duty of Best Value to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." The Board, therefore, will look beyond the 9

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recommendations if there are underlying issues affecting the re-creation of that well-functioning and effective Council. This is fundamentally about governance and culture.

1.5 This is the Challenge Board's second report. We have agreed with the Council to provide reports to the MOG every 2 months, with a stocktake of the approach in April 2023.

2. Views from the Board

Response to the last report

2.1 The Board has continued to engage with a wide range of people and continues to appreciate their openness.

2.2 The Council responded formally to our first report through a report from The Leader to Council dated 18/1/23. We felt the response was fair and positive, although perhaps a little defensive in places. The Council clearly took some of the advice of the Board, such as pausing the work on the shape of the Council until the arrival of the new CEO.

2.3 As encouraged in our first report, there has, in some cases, been more effective engagement with the expertise and experience of the Board over the past 2 months, such as on the Corporate Plan refresh. However, for us to be able to be that critical friend providing robust challenge, there needs to be still greater engagement with us. We are all learning; the council is not making life deliberately awkward for the Board but it could certainly make more of the resources and opportunity the Board presents.

Progress since the last report

2.4 We have heard from people inside and outside that the Council feels better, calmer. The CEO appointment is seen as good and as having brought certainty, stability and the prospect of proper governance. But there is a need to capitalise on

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that opportunity to go deep and make sure governance is strong and ensures that people are, and the organisation is, kept safe and on the right track. There is a need to see the importance of political management and development. Stakeholders feel they can get behind the 3 priorities, particularly the one around reducing inequalities. But they do want to be effectively involved in shaping what it means.

Top team

2.5 We reported last time that previous changes at the most senior officer level had had a positive impact on the atmosphere in County Hall. Since that report there has been good progress on clarifying the new top team, with some people now in post, including of course the new CEO. There is a sense of things beginning to come together, a different feel about the place. The mood has changed.

2.6 Helen's appointment is seen as a good one and should allow a rapid change in the leadership of the Council, clear direction and the putting in place of key building blocks of the future Council. Helen has rightly focussed on getting out and about; meeting front line staff and being focussed on building relationships both inside and outside the council. There is indeed a need to re-establish the partnership framework and how best to work with partners, as well as a proper relationship with partners.

2.7 Many of the, previously, interim senior officers have been appointed to permanent posts. This brings stability and retains knowledge. We have seen a much more positive and energetic team developing. However, the Council needs to ensure that the new top management team can look different and feel different in terms of the way it can help take the council forward in the eyes of the overall staff cadre.

2.8 Yes, the introduction of the new CEO will be a positive contribution to this leadership, but the Council requires long term cultural change and Helen, on her own, won't be able to do everything, nor everything at once. Her leadership will help galvanise the team, but it is important that the team, as a whole, is visible, shares the load and works as a corporate leadership team.

2.9 The CEO has rightly recognised that there is a need for formal development of the senior team. The Challenge Board supports this view and believes that this should be an early priority to help support the pace of cultural change. Plans for "living leader" in June and beyond will help.

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2.10 Clarity around the new executive team also brings with it the chance to start afresh on relationships between members and officers. The Leader is trying to engage the opposition and there is definite need for politicians to work together, but there is also a clear role for officers to support and work with ALL members.

2.11 Your fresh start brings an opportunity to create a stronger combined top team of members and officers, fulfilling their respective roles, with members leading and with officers clearly able to speak truth to power. We would recommend the need for some joint leadership development to support the culture change.

2.12 The key failure in the recruitment process has been the inability to appoint a permanent Monitoring Officer (MO). Are there lessons to be learned about the process and the way that the role was pitched which put candidates off last time and will allow adjustments for the future?

2.13 As we said in our previous report, this is a key role and a real worry for us. We understand that, due to the recruitment difficulties, there is consideration of a new long term interim appointment. Now the Council has made progress away from interim roles across the rest of the senior team, there should be serious consideration over whether such an approach fits well with such an important role. We do however understand the need to fill this post and should an interim be appointed we would recommend this is kept under regular review.

2.14 We noted the disappointing lack of trust and respect for this role from some members. There is obviously a clear need to find a good MO as soon as possible and, in the meantime, for everyone to trust and respect the role and its importance and independence. The Chief Executive has already set clear expectations on the role of the MO and its importance in ensuring good governance in the council

Complaints

2.15 There is still an urgent need to finalise those complaints still outstanding. We would expect to see progress on resolving these by our next report in April. The delay over progressing some complaints is understandable in that the outcomes need to be robust and understandable but the continuation of the processes on complaints, that have been on the books for many months, has added to suspicion. The sooner they reach the right conclusion (whatever that is) the better.

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2.16 It is sensible that the Council intends, with support from the Board, to seek independent review of the processes it has followed on these matters and to identify any lessons to be learned or required process changes. The standards process, where it must be used, needs to be fair, swift, and as transparent as it can be to help build trust. It is recognised that any council has very little flexibility on the range of sanctions available to it.

Overall Improvement Activity

2.17 The Council is only at the start of an improvement journey, and this is a longer-term project than perhaps the council leadership has previously acknowledged. We repeat, also, that we have yet to see how the various streams of improvement are being coordinated and linked in an overall “plan.” We understand the CEO has started, with the Executive Directors, to map the various improvement streams.

2.18 The “Strategic Change Programme” has now been retitled “Best.” It originally appeared to us to be focussed on financial control and reductions. There is nothing wrong with that, but we were unclear how it would also act around behaviours and hearts and minds. The Council has now clarified that this work has 3 main purposes: improving customer service; improving the experience of staff and better value for money. Despite this, the Board still feels there needs to be more-focussed work in the Council on values, behaviour, culture and ethos. There is a need to create greater alignment over the need for savings and the need for cultural change as defined by the Caller Report.

2.19 The Leader and CEO have agreed how the “Best” programme will be directed moving forward. It is right that this is an officer board and will, in future, be chaired by the CEO. It is also good to see members of the Executive Team taking the SRO lead on different elements and building links on these with member portfolio holders. Members should hold officers to account for delivering against the “Best” outcomes. In this respect, regular engagement on the improvement plan with all members, including via scrutiny, should be built into the programme management arrangements.

2.20 The oversight and direction of the “Best” initiative seems clear. We have previously also seen the Caller improvement plan and the work packages around

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that. What we have yet to be convinced about is that there is an overall improvement framework that defines the success measures from that and other work, against a benchmark of a Best Value council. The Council needs this to enable it track the outcomes from the Caller work, but also to ensure that those ambitions are fully integrated into an overall improvement plan or, alternatively, that Caller ambitions are properly integrated into “best.”

2.21 The Board has started a conversation with the CEO on an overarching, compelling, improvement narrative. We need to see this as it is still not clear how all the activity is knitted together into an integrated plan to arrive at the Council you seek to be. This is also needed to avoid a silo approach within each element. It is unclear how the improvement activity flows from the Council’s 3 priorities and also how those 3 priorities are driving the new structure, budget decisions and other improvement plans. Those improvement activities need to have clarity on the outcomes being sought from them. Also, they will not all have equal importance, so your overall plan should be clear on prioritisation.

2.22 The Board has been asking for this overarching narrative and plan for some time. We would be happy to help you develop this. We do need to see and understand this before we review our future role. You will also need to invest time presenting and explaining it to the wider Council and partners.

Strategic Delivery Partner

2.23 We note that the principle of a Strategic Delivery Partner as part of your “Best” work has been approved by Cabinet. There needs to be absolute clarity over the purpose of the Improvement Partner and how they will work with you and build capacity within the Council over time. In the short term the Improvement Partner will bring much needed expertise and capacity, but it also needs to quickly build the same within the council. Skills transfer and capacity building should therefore be seen as an important element of the contractual relationship with the Improvement Partner.

2.24 The type of partner chosen will be key. They will need the right skills and value set and the council will need to ensure they are contracted in an effective way. You

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need to consider how bringing in an improvement partner will land with staff and indeed politically across the Groups.

Corporate Plan

2.25 Having a widely owned Corporate Plan based on clearly identified needs and priorities is a fundamental element of a Best Value authority. The Board had a good session with the Council talking through plans for the Corporate Plan refresh. We offered advice around the timing and speed of this. We understand the intention is to take the new Plan to Council in May. We still feel that this is too soon and that by that stage, it may not have been possible to have engaged with a sufficiently wide range of people. This will mean that some of the potential benefits of the process as well as the strength of the Plan itself will have been lost.

2.26 The Corporate Plan should start from a widely understood picture of needs across the County, as indicated by the data. We feel the journey of arriving at a new Corporate Plan can be just as important as the destination. We do however acknowledge that there has been some engagement on the Corporate Plan with members, through a Policy Conference approach, and with staff groups.

2.27 Arriving at a new Plan is another area where we are not saying slow down for sake of it, 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. The lesson of your own example of the (drawn out) process followed to arrive at the Local Plan should be considered as many feel this was an excellent example of cross party working. We are clearly not saying take as long as that, but the process built in widespread and collective ownership and agreement of the Plan.

2.28 If the current intention to have 2 stages to this exercise, of providing a plan (in May) and then socialising it, is confirmed, you will need to spend time building awareness and embedding it in the Council. This will then need to be used as a basis of building a broader County Plan with partners. That will also need to be done in an inclusive and collaborative way.

Constitution and Code of Conduct

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2.29 We understand that the work to look at the Constitution and Codes of Conduct is progressing, but we wonder to what extent there is there real buy in from members in these processes. The starting point should really be a definition of the sort of culture you want to create through your Constitution and indeed Codes.

2.30 The key to success of the new documents will be ownership arising from how you involve people from across the Council in arriving at them. If you do that, they can fully articulate hopes and fears but most importantly can improve overall governance, efficiency, and culture by addressing what can and cannot be done so parties understand the final outcomes. For example, elsewhere we refer to the ambition from many for there to be stronger overview and scrutiny arrangements. How is this aspiration being reflected in the current review of the Constitution?

2.31 How will you embed the hoped-for behaviour change? You will need effective training and development around the new documents for both officers and members. We have yet to see the plan around this. Likewise, although we have had conversations with NCC over work to looking at the Constitution, we have not seen a plan around evaluation of adjustments to it.

“Advance” (and other arm’s length companies)

2.32 We welcome the Council reviewing the rationale for arm’s length companies and also reviewing the approach to their governance, as recommended by the Caller report. We assume the Council is satisfied with the rigour of the approach it followed in November 2022 on assessing the continuation of the Advance model?

2.33 We additionally welcome Advance moving to having independent NEDs on the Board. We hope that some strong appointments can be made. We would recommend that the Council uses an external partner, such as Local Partnerships, to review the progress made so far and to consider the way the Council looks to discharge its shareholder responsibilities. It would be sensible to carefully consider your proposals for the shareholder committee and indeed to be very clear on the different roles and scheme of delegations to the various fora and individuals within the governance of Advance. If you take advice from Local Partnerships, part of this could usefully consider the pros and cons of a transition to an independent Chair of Advance.

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2.34 Our understanding is that a report on the governance is due at Cabinet in March. Given the sensitivity around Advance, our advice is don't rush this and consider some of the points made in the preceding paragraph and take the advice of Local Partnerships on best practice elsewhere.

Budget process

2.35 The leadership of the Council made great effort to get across Northumberland, notably through the area committees, to take questions on the budget. However, we were disappointed to hear views that the budget progressed to approval through Council without early or full involvement of opposition Groups and indeed that consultation with partners was seen to fall short of that done by other Councils. We heard that opposition members were not given a clear or timely opportunity to look at the overall shape of, or the proposals for, the budget, nor did they feel properly consulted

2.36 Opposition groups were told in November that the 2023/24 budget would be different, given the higher degree of uncertainty and size of the gap that needed closing. Members had been given a promise that the budget outline would be shared in January, this didn't happen in the way, nor on the timeline, it had in previous years.

2.37 It appears to be acknowledged by the Council that there is a lot of scope for a more inclusive budget process. One which is more open and transparent for all members and partners and the public. Part of this would be ensuring the wider membership is engaged in a conversation on the broad shape of the budget, perhaps through a Policy Conference type approach. We understand that there are plans, in June, to agree a better process for the next budget round. We welcome that and would suggest the planning includes asking opposition Groups, beforehand, what better would look like.

Scrutiny

2.38 Effective scrutiny is an essential element of a Best Value authority. We have heard widely that scrutiny needs to be significantly improved and given more

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potential influence. We are unclear what the plans for this strengthening are, in terms of the structural arrangements for scrutiny, how to develop the confidence and skills of members as well as to ensure effective officer support and resource.

Leadership development

2.39 We have seen evidence of proposals for development across the officer cadre. But what we have not yet seen is a clear development plan for members. One which can support the ambitions of the Council and expectations of the overall improvement plan as well as “Best.” Members need to have the capacity to show clear leadership and they need to be given the support and development to do this.

2.40 We would welcome hearing further about 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. Is this now progressing and being led on a cross-party basis? There is a need to undertake significant member development, particularly looking at member and officer roles, relationships, behaviours. This will include understanding the role of statutory officers.

2.41 We also feel it is appropriate for officers to be developed and trained to ensure they understand, and are equipped to work in, a political environment and particularly the realities of a “No Overall Control” environment.

2.42 Building on separate officer and member development the council should also look to joint top team development for the collective cabinet and management team.

Caller’s 9 Recommendations

2.43 To summarise progress against the 9 Caller recommendations, it would be fair to say that the Council has made some good progress on our first and second tests (para 1.3) against some of them. There are further plans to take several other pieces of work related to other Caller recommendations to the Council meeting in May. These will technically tick off against most of the recommendations on at least the first test (para 1.3). However, our comments above raise questions about the second test on some of these.

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2.44 Alongside these concerns the Council has yet to demonstrate to us how many of these pieces of work will impact on our test 3 (para 1.3), specifically on the overall culture and governance of the Council and how it matches up to the Best Value ideal.

2.45 We are still gathering views about your progress against the Caller recommendations, as well as wider progress against the Best Value Authority benchmark. We intend to provide a stocktake on this and the role of the Board to MOG in April.

3. Recommendations

3.1 We continue to hear many voices saying that the challenge is bigger than some think and that this will be a longer improvement journey than was originally hoped, or planned, for. Some voices are also asking whether the council is focussed enough on the longer-term values, culture and behaviour change required to be an effective, Best Value, Council.

3.2 The key is to rebuild trust. This can't be done overnight and is a longer-term project. It will be slower and harder to achieve if some are, or perceive they are, not being effectively involved in the process of rebuilding, or in the activities currently being undertaken on things like the Corporate Plan, Constitution and Codes.

3.3 There are the issues we feel the Council needs to quickly address:

a. It is essential for the Council to arrive at a compelling overall improvement narrative/ambition, which is clear about outcomes and the Council you seek to be. You should then ensure you have a clear holistic improvement plan through which to achieve this. This needs to build on the framework which the Caller recommendations use to ensure the governance, culture, and behaviours outcomes from the action around Caller are either explicitly integrated within the "best" programme or it is shown how the overall improvement plan will ensure they will be embedded through other routes. Stakeholders, as well as ourselves, will need this for assurance. Plans are not a proxy for having done it. Having done it is not a guarantee of having any, or the expected, impact.

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b. Assure yourselves that the work on adjusting the Constitution and Codes of Conduct and to socialise/implement them are inclusive and focussed on the outcome you are seeking to generate.

c. Capitalise on the opportunity given by a refresh of the Corporate Plan to create common purpose around the Leader's key ambition on inequalities. Start by sharing data defining the nature of inequality around the County, to ensure an informed debate on the ambitions and interventions in a Corporate Plan to tackle this and achieve other key priorities. Your current approach to renewing the Corporate Plan appears to be a missed opportunity

d. Allow yourself time for further reflection on the corporate governance of Advance, using advice from an expert such as Local Partnerships.

e. We would still urge you to make progress, ahead of the refresh of the Constitution, on 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.