

Northumberland County Council

Challenge Board Report

14 June 2023

1. Background

1.1 In 2022 The Leader took the difficult but necessary decision to commission an independent review of governance. Widely known as the “Max Caller Review,” 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 a Challenge Board.

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

1.3 All members of the Board are used to operating in challenging local places, with issues around member and officer relationships, scarcity of resources and a changing world. We have used our collective knowledge and experience to provide robust challenge and to advise on, and help shape, the Council’s improvement actions.

1.4 In August 2023 the Leader welcomed our agreement to come in as your ‘critical friend’ and was also clear that “no one organisation or individual should ever shy away from challenge.” With that principle in mind, we have written this report in a way which gives our honest view as to what we have found and where we feel the Council needs to go from here.

1.5 We would like to record our appreciation for the support for the Board from colleagues at the Council, notably Morgan Brown and Philip Hunter.

2. Our Focus

2.1 Everyone at Northumberland County Council (NCC) shares a passion for delivering on the most important things for residents and businesses. Now more than ever, in a post-pandemic environment and as families and businesses struggle with rapidly increasing costs, they need their council to be on their side, with a strong focus

Northumberland County Council

Challenge Board Report

14 June 2023

on the community, attracting well-paid jobs to the County, delivering effective support services, and investing in the future.

2.2 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. To Max Caller and his team, it was clear that NCC faced significant challenges to strengthen the governance of 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, Max Caller gave the Council 9 recommendations:

- 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.
- 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

Northumberland County Council

Challenge Board Report

14 June 2023

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.

2.3 We have focussed our attention on these 9 recommendations, seeing our 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 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.

2.4 The Board have looked beyond the (narrow) 9 recommendations listed above if there were legitimate areas that we felt 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; what the Max Caller Report implied were needed for a "Best Value.....Authority."

2.5 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 clear from all this: that Northumberland County Council has been through a challenging, distracting period. It is coming out the other side. But it is not there yet. There is passion for Northumberland and a clear determination from almost 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 Report

14 June 2023

3. Our Findings

3.1 You have only just begun your improvement journey. Likewise, the Challenge Board is clear that implementing the Caller recommendations is not simply a tick box process or a binary yes/no? Officers understand this point too. The process needs to commence by describing what success looks like in terms of culture, governance, and other outcomes. We believe that there is still some work to do around this.

3.2 Officers have started to define success and outcomes, but it needs to be more explicitly developed so members can see it too and agree the goals. You could still consider some reference to a priority within your Corporate Plan around a 'fit for purpose council' to better reflect Caller and which could have encompassed your value for money priority. Whilst there is some reference to improvement in the Corporate Plan, under the Value for Money section, it could be more explicitly drawn out.

3.3 The Board has been given significant evidence of the efforts the Council has been putting in, under the direction of the Leader and CEO to meet each of the 9 Caller recommendations. A lot of action has been undertaken and this has resulted in some new things being put in place to meet the thrust of a recommendation. In every case the action of the Council needs to be undertaken with a clear view of the intended result.

3.4 On some of the Caller recommendations the Council has made good progress. However, at present whilst certain policies, procedures and systems have been adjusted, corrected, or put in place, we feel that there is only limited evidence, so far, that it is working in terms of adjusting culture, behaviours and ensuring those changes are embedded. The Council shows awareness around this point. To a large extent this would be the case in any authority where change is needed, but the interventions undertaken will take time to have an impact. Your improvement journey is an ongoing and longer-term piece of work.

3.5 On Caller recommendation 1, we acknowledge that there has been an extension to the timescale to produce the Corporate Plan, reflecting our previous 'don't rush' message. You acknowledge that further work is required to evolve it into a linked County Plan but appears to have been arrived at through a reasonably inclusive process and has 3 clear priorities.

Northumberland County Council

Challenge Board Report

14 June 2023

3.6 We note that some performance measures have metrics but there are many that do not. Those key outcomes should be the basis for performance management by members. We understand you plan that Full Council will receive an annual Corporate Plan achievements report in March each year, followed by an annual performance report (at the conclusion of Q4 performance). Both reports will present progress on achievement of the Council's three priorities. Recognising that it is for the Scrutiny Commissions to decide their respective work programmes, we feel you should look to report performance formally to a forum, such as Scrutiny, more frequently; perhaps quarterly.

3.7 You do make clear that the Corporate Plan priorities now need to be embedded in service planning, corporate performance reporting and linked to appraisals (all messages we have previously given to you). There is some progress on this “golden threading.” But it is what you do with the Corporate Plan now that matters. For that reason, we feel it is too early to evaluate the impact of the new Plan. It needs to become the driving force behind the council’s actions and the basis of the County’s ambitions, the shape and priorities within the budget and how the council carries out its business.

3.8 In terms of Caller recommendation 2, you have remained with your existing values. There has been engagement with approximately 600 people to begin to bring these to life with workshops and focus groups. But, we feel it is much too early to say what impact this work and these values will have. A Corporate Peer Challenge in a few months’ time would be the best time to look at this again.

3.9 On Caller’s third recommendation, we felt you had good plans to bring together and use data. The system you are trying to establish looks promising, but it should be clearly driven by the priorities within the Corporate Plan. We consider it too early to evidence that it is drive actions and monitor outcomes.

3.10 The work to review and agree a redraft of the Constitution (Caller recommendation 4) appears to have been inclusive and a good example of cross party and joint officer, member working. You have reached a thought through outcome (including responding to our suggestions around looking at the Business Chair role). It is obviously not yet possible to judge the impact of the new Constitution. It would benefit from being regularly reviewed but we hope it will facilitate more inclusive working across all members, leading to clear and effective decision making.

3.11 Caller Recommendation 5 was about Code of Conduct, including information. The Code of Conduct has been re-emphasised and there has been some training

Northumberland County Council

Challenge Board Report

14 June 2023

around it, which reached 96% of members in some form. But this is a long term, relentless, task. We are unclear, yet, how effective these changes and training will have been. A key assessment of impact, which can only be made in time, will revolve around whether robust challenge is made and accepted in an appropriate way, leading to proper accountability.

3.12 On information the Constitution has been strengthened, making clearer the Member rights in relation to access to information. Your changes to the Code of Conduct and the Constitution are being made to deliver the outcome of better governance and behaviour. Whilst “fewer complaints” is an important measure of success, we are less sure the other stated success measures are the right ones.

3.13 In response to recommendation 6, you quickly arrived at a rationale and have used it since. We feel you should keep this approach under regular review, but also test the rationale for the continuation of companies on a frequent basis.

3.14 On recommendation 7 you responded positively to our suggestion of seeking advice from Local Partnerships and your MO and S151 have met with them. Additionally, Advance has gone through a process to appoint 4 new Non-Executive Directors to their board. However, we feel there is more to do on this. Unless the council gets the governance of this body, and the Council’s role as shareholder, right, there may still be some significant risks for you. We would recommend that you continue to engage with Local Partnerships to provide you with advice on the robustness of the governance changes and also to undertake regular review to protect the council’s interests.

3.15 In terms of recommendation 8, appointing a new permanent (senior) officer structure. The incoming CEO helped steer this before her official arrival. You have succeeded in all senior appointments except for the MO, where there is an experienced MO as a long-term interim. Despite this, we welcome the stability that will be brought by permanent appointments, after what was a lengthy period of interim appointment across the senior team. The Council is now in the process of establishing a revised structure further down the organisation.

3.16 The appointment of a new CEO has been very welcome. The CEO has brought order to the role of the Executive and the effective management of the Council. However, she cannot do everything herself. There are good signs of the Management Team beginning to gel and take appropriate change further down into the Council but there is further to go. Whilst the management team is relatively new, many of the individuals were at the council before their recent confirmation. The team has needed

Northumberland County Council

Challenge Board Report

14 June 2023

the leadership now being provided by the new CEO. But all senior managers now need to step up to meet the challenges ahead and this should be a focus of the planned leadership development programme.

3.17 On Caller recommendation 9, the Council sought further advice to clearly define a robust appraisal process that satisfies the recommendations of the Independent Governance Review and that is rigorous, fair, legally-sound and pragmatic. The process you now have appears to fully comply with JNC guidance. The targets were agreed between the CEO, Leader and Deputy Leader and the approach was agreed at the cross-party StAC.

3.18 Overall, we share the view of many; that your improvement journey will need 3 years or more to get to the level of a good Best Value Council. This is not the same as us saying there are many things you are not doing that you should be doing now. Rather some actions will take time to work through and to get to the outcomes. In some cases, you will need to try other and further actions to take the Council to a higher level. The Council feels it is beginning to develop these plans through BEST.

3.19 Whilst we do see this as a plan for a way of working, the Board feels that an explicit, properly articulated, longer-term transformation and improvement plan is needed to drive and focus all your improvement actions. This requires even clearer measures of success which could be owned and monitored on a cross party basis. The monitoring/driving could be by the Member Oversight Group (or replacement). But we would also expect that the independently chaired Audit Committee, will seek some oversight so that it can be assured of the effective governance of the Council

3.20 In terms of now: the joint leadership being provided by The Leader and the new CEO has created focus and momentum to both the Council generally and your improvement journey in particular. The CEO has also launched straight into the things that needed doing urgently. Some of these were reflected in the Caller recommendations. Some others were just essential to get the Council back on track.

3.21 The relationship between the new CEO and The Leader is strong and positive. This was something missing when Max Caller undertook his work. The CEO has begun to build engagement with all political groups. It will take time for the senior team to have equally strong relationships with all groups and members.

3.22 Officers need to be enabled to speak truth to power. There have been steps towards that but it needs to go further. Some perceive that the primary officer role is pleasing the Leader and Cabinet. In an effectively functioning Council, officers need to

Northumberland County Council

Challenge Board Report

14 June 2023

ensure they support, and are seen to support, the membership and organisation as a whole.

3.23 In Northumberland, that need is even greater, as the improvement journey is a vital process and one that will only be achieved if the **whole** Council and **all** officers, members and Groups are involved, supported, and wholeheartedly buy in to it.

3.24 Another feature of NCC is that it is a hung council. This makes it even more important that opposition members are engaged, informed, supported, and involved more effectively than they are currently, particularly by senior officers. Members themselves have a role in this too of course.

3.25 We have observed that the Council has found it easier to make progress on behaviours on the officer side. But you still have some way to go on the member side to ensure the council is properly and effectively member led (and officer managed). However, it is good to have seen that there has been a significant reduction in councillor-to-councillor complaints. Indeed, there have been none for many months. This has undoubtedly been helped by the introduction of a new code of conduct (based on the LGA model one), as well as some training on what it means and around declarations of interest.

3.26 We are also pleased to see that the historical Standards cases are now resolved. The Council should also be congratulated for having an independent review of the process so lessons can be learnt for the future.

3.27 We are also supportive of the new social media protocol. This will ensure that members will need to declare their involvement which should help reduce suspicion and antagonism. This has been an issue in other Councils and has led, elsewhere, to some councillors resigning or being sanctioned for similar issues.

3.28 More generally, however, the Council is the best part of 12 months past the Caller Report. We are disappointed that some of the behavioural changes we would have hoped and expected to have seen by now have only shifted very slightly.

3.29 This is partly about (some) individual members not yet taking proper responsibility for their actions or adjusting their behaviour. But it is also about what the Council should be doing to support the development of better member relationships more generally. Allied to this, the collective Council needs to ensure that all members are given the opportunity, support, and skills to carry out their roles effectively.

Northumberland County Council

Challenge Board Report

14 June 2023

3.30 The Full Council meeting needs to consistently fulfil its potential as a forum for effective debate, with the opportunity for all members to have their say.

3.31 We could summarise your need for change as the better inclusion of ALL members in the governance of the Council, through:

- more effective Scrutiny. The Council have undertaken a scrutiny review which will hopefully lead to improvements, but scrutiny needs to be much better planned, forward looking, stronger and to have impact. It is currently significantly behind the pace of the best councils ..
- an effective, complete, timely programme of member development to ensure members fully understand their varying roles, their potential and the importance of culture and behaviours in facilitating more effective member to member and member to officer interactions
- understanding and following the new clarity over access to information
- reviewing the time-of-day of meetings

3.32 We were going to add “the role Business Chair in Full Council” to this list. We do feel the way that the Council has already considered and addressed this issue and has decided to remove that role has shown maturity of approach and effective cross party working.

3.33 At the end of the day, all members must be able to challenge Council performance and indeed policy. They should also be able to challenge poor behaviours and be supported in so doing. But this should be possible without having to resort to the formal standards process.

3.34 Group Leaders and others in leading positions, have a key role in modelling and reinforcing good behaviour. However, officers also need to show members what good looks like and to call out, at an early stage, poor behaviour equally and impartially across all members. This will help ensure that the Standards process goes back to being very much a last resort, rather than being over-used by members, as in the recent past.

3.35 It should also be noted that we received views from across the political spectrum that female members struggle to be heard.

3.36 The Council should be undertaking this work to ensure the (further) building and bolstering of trust across the Council. Trust that all members’ voices are being heard.

Northumberland County Council

Challenge Board Report

14 June 2023

Trust they can carry out their role effectively. Trust that people are doing their job to the best of their ability.

4. Conclusions and Recommendations

4.1 During the time the Board has operated, there have remained and emerged some unresolved residual legacy issues around the previous regime, including the international work. These, and other matters are still being worked through. To some extent the past is still there. But the Council is, rightly, trying hard to look and move forward.

4.2 Officers and members have worked really hard to make progress, in a short space of time, on the 9 Caller recommendations. But the Council needs to continue to see this as more than a box ticking exercise. It will take some time for the actions already undertaken by the Council, and those upcoming, to work through the organisation and to achieve results. Indeed, the Board consider it to be too early to answer most of the “so what” questions. In other words, it is not possible for us to say that your actions have yet led to a consistently better culture, embedded for the future.

4.3 We believe the key issue for the Council to (continue) to address is to clarify what it would look like if it were a Best Value authority. You have gone some way towards this, but there is further you can go. Key to achieving that is the need for an overall Improvement/Transformation Plan, with clear accountabilities and with cross party oversight.

4.4 Your actions will take time to impact on the fundamental issues here, which are: governance, systems, behaviours, trust, and culture. Those necessary changes will take time to develop and embed. The biggest question is how long will it take and how well the council can embed its (new) values and ensure the necessary behaviour change is permanent?

4.5 The Challenge Board has been in place for around 9 months. However, we see the Council’s improvement journey as being a longer-term journey, perhaps around 3 years to get to fully being a Best Value Authority. That is not the same as saying the Challenge Board needs to be around for that length of time. The Council invited us in and asked us to do this work. We agreed to produce a report at this point. Now is the time for the Council to consider whether it needs the Board to remain active or to step back.

Northumberland County Council

Challenge Board Report

14 June 2023

4.6 This Challenge Board process has been a learning one for both the Board and the Council. You should consider how it builds on the start of your journey of improvement but also ensure you continue to invite and welcome challenge to help you get there more quickly.

4.7 In the meantime we will leave you with our recommendations:

1. Develop a clearly articulated transformation/improvement plan to drive and support the council's improvement journey. This should have clear accountabilities and receive both cross-party and independent oversight.
2. Ensure that all Corporate Plan actions have clear success measures/targets to enable accountability to be monitored and cross that the Corporate Plan drives the Council and develops into a linked plan for the whole county
3. Keep the post of interim MO under regular review with the aim of a permanent appointment at the earliest opportunity.
4. Develop a leadership development programme for the senior team to enable the team to be fit for purpose to meet the challenges ahead, including the need to speak truth to power and to support the whole Council with good member and officer engagement
5. Ensure that the whole council are supported to be a part of the improvement journey.
6. Maintain focus on a clearly articulated member development programme to address the required improvements in member behaviour, as well as enabling members to be more effective in their roles, including through stronger and influential scrutiny.
7. Ask Local Partnerships to continue to provide you with advice on the robustness of the governance changes around Advance and to undertake a regular review to protect the council's interests
8. Receive an LGA-managed, focussed, Corporate Peer Challenge before the end of the municipal year and ensure that the recommendations of this report are considered as part of that.