

# LGA Corporate Peer Review

Northumberland County Council

15 – 18 January 2024

Feedback report





# Contents

- 1. Executive summary ..... 3
- 2. Key recommendations ..... 6
- 3. Summary of the peer review approach ..... 8
- 4. Feedback ..... 10
- 5. Next steps ..... 23

# 1. Executive summary

As one of the largest, least densely populated local authority areas in England, Northumberland County Council (Northumberland) seeks to balance the distinctive needs of residents and communities across its diverse geography. It is clear the council understands its place and has a vision reflected in its new corporate plan and priorities. Whilst the plan is well understood by cabinet members and senior officers, there is still further to do so this is reflected across the authority and its ambitions are translated into delivery and performance monitoring. Now is an opportune time to consider how cabinet members will own and lead the council's priorities and direction on an ongoing basis.

The past 18 months has seen the council embark on a wide-ranging improvement and cultural change journey following an Independent Governance Review in Spring 2022 and subsequent introduction of an independent Challenge Board.

Northumberland is proud of the progress made to improve culture, governance, and value for money (VfM). The Leader, Chief Executive, and new Executive Management Team (EMT) are widely recognised for their roles in championing this improvement. The pace of changes undertaken has been impressive. Many elected members, staff and partners spoke of 'green shoots' and reflected that it feels like a different organisation from 18 months ago. There were however differing views as to the degree of change achieved, having started from a low base, and with the consequences of the past still impacting confidence for the sustainability of these changes. There is further to go across all areas for change to be embedded, felt by all, and sustainable.

Improvement in relationships between elected members, and between elected members and officers, were reported. There nevertheless remains residual mistrust across some elected members which continue to impact on the council. Working with all elected members to continue to grow an environment of openness and trust will be important to draw a line under the past. Further work is also required for all elected members to role model fully inclusive behaviours. An on-going, embedded and well attended Member Development programme will support these efforts.

Northumberland's workforce is an asset, with loyal, committed staff who are passionate about the communities they serve and proud to work for them. They will

be critical to delivering BEST – the council’s blueprint for new ways of working and culture change. Developing workforce planning, and building capacity and skills, should be prioritised to complement the delivery of BEST and mitigate risk around delivery.

Northumberland has a clear understanding of its financial position. The council is in a relatively strong position with solid reserve base of £229m of General Fund Reserves at 31 March 2023, and a good track record of delivering savings in the current financial year. However, the delivery of savings has been less successful in some previous years. The challenges that lie ahead means there is an opportunity to strengthen the authority’s financial capability and reassess the financial support model. This would bring greater ownership of and consistency across the council, guard against unexpected budgetary variances and avoidable use of reserves<sup>1</sup>.

The financial outlook is nevertheless challenging for Northumberland, with inflationary and service pressures. These pressures are being experienced widely across the sector. Savings of £10.9m are required in 2024/25, and £18.5m in 2025/26. This savings requirement would be considerably higher without the planned use of reserves to meet non-recurrent pressures<sup>2</sup> as well use of £7.3m Collection Fund Surplus in 2024/25. The council’s medium-term financial sustainability is contingent on its BEST initiative delivering financial savings. BEST is currently at an early stage, though has huge potential to transform service outcomes and efficiencies if delivered successfully. To succeed, Northumberland will need to be clear on the return on investment, ensure BEST is data driven, collectively owned and staff are empowered to innovate and collaborate across services.

Delivering value for money (VfM) is important to Northumberland, with positive measures introduced to strengthen risk management and audit. Further work is required to define and articulate what VfM means for Northumberland, so this is understood by all staff and permeates into day-to-day operations. Embedding this new approach to corporate risk, reviewing and agreeing refreshed financial borrowing arrangements of Advance Northumberland, and undertaking an external review of the Audit Committee will all be important to provide further assurance and future certainty, and mitigate risk.

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<sup>1</sup> £0.9m overspend at quarter three of 2023/24 financial year, with a significant unexpected variance in children’s services

<sup>2</sup> £19.5m in 2024/25 and £11.6m in 2025/26

There are many examples of innovation and high performing services of which Northumberland is understandably proud and should celebrate as best practice. There are also areas that perform less well, with perceptions of variation in service provision across the county, and examples of slow responses to service requests. Greater systematic use of data and intelligence, modernising of practices and systems, consistent responsiveness to service requests, and more community enabling approach would help address variation and drive improvement.

The council has forged positive relationships with key local and regional stakeholders, and is seen by most as a supportive, constructive partner. Whilst understandably having had a strong internal focus over the past year, Northumberland could benefit from now extending its strategic role with local and regional partners to fully leverage its place leadership position to deliver shared ambitions. Continuing to involve partners in Northumberland's change journey will be important so they can have confidence in the organisation's long-term stability and assurance that past lessons have been learned.

The council has an ambitious place agenda. Its track record of partnership working, securing Government investment, and synergies across its priorities to drive economic growth and tackle inequalities in their widest sense<sup>3</sup> are strengths. Northumberland is proud of its ambitious and wide-ranging capital programme, continuing to invest in community infrastructure at a challenging time to do so. Steps should be taken to further strengthen capital management and develop a long-term capital programme to address recurrent underspending in recent years<sup>4</sup>, which if left unresolved could undermine confidence with strategic partners.

Northumberland has made improvements it can be proud of and should focus on further embedding these. It is vital that everyone in the authority recognises that it is relatively early in its change journey and there is further to go. Having been through a challenging period there is an understandable desire for stability. It is important this however does not inhibit the council from fully embracing openness and learning from constructive challenge. A 'growth mindset' will enable Northumberland to solidify and build on the encouraging foundations it has put in place and mitigate risk

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<sup>3</sup> Based on the four domains of inequality – protected characteristics, geographical, social economic factors and inclusion groups)

<sup>4</sup> 2022/23 by £37.3million and is forecast to be underspent in 2023/24 by 56.8million-

of progress made being lost which is an anxiety for a range of parties.

The ingredients are coming together for Northumberland to be able to achieve its ambitions. To do so, it should celebrate and be proud of the significant progress made and harness the strength of its partnerships and regional sub-regional working. Whilst at the same time remaining focussed on embedding, driving, and monitoring the impact of further change to promote lasting stability. Lasting and sustained improvement inevitably takes time and requires embedding.

## 2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

**2.1 Celebrate and recognise progress made on Northumberland's improvement journey, whilst remaining focussed on embedding, driving, and monitoring impact of further change.**

This will support the council to embed, drive and track the impact of further change to promote continuous improvement and lasting stability.

**2.2 Continue to grow the environment of openness and trust with all elected members and find a way to draw a line under the past.**

This will continue to improve organisational culture and enable the council to fully focus on the future.

**2.3 Ensure there is a systematic on-going effective Member development programme.**

It will further strengthen governance, scrutiny, and political leadership. It should include elected members committing to role modelling fully inclusive behaviours and working together.

**2.4 Enhance and systemise consistent use of data and analytics to drive performance monitoring, horizon scanning and service improvement.**

This will strengthen service delivery, as well as greater enablement of communities and demonstrate progress against the corporate plan and the measures included in it.

**2.5 To create the conditions for BEST to succeed:**

**2.5.1 Embed and foster collective ownership at every level of the organisation of the Corporate Plan and BEST.** This will strengthen alignment between strategic objectives, operational delivery and outcomes.

**2.5.2 Empower staff through BEST to engage with cross organisational working opportunities, innovation and sharing of good practice.** This will promote innovation, embed BEST as a way of working, and cultivate the skills required for programme delivery.

**2.5.3 Build capacity and skills within existing workforce to complement delivery of BEST and mitigate risk.** This will support development of homegrown talent to optimise the delivery of BEST and alleviate reliance on external partners.

**2.6 Further develop the council's strategic role with partners and within the region, continuing to involve partners in your change journey.**

This will further strengthen Northumberland's place leadership and provide confidence to partners on the organisation's improvement trajectory and long-term stability.

**2.7 Consider, and progress, how Northumberland can be more enabling of local communities.**

As being pursued through Northumberland's Inequalities Strategy, a more empowering, resident-centred approach will enhance outcomes, foster community resilience and support demand management.

## **2.8 Be clearer about what value for money means for Northumberland and fully develop the longer-term capital programme.**

Doing so, with clear success measures, will embed value for money ethos and practices across all levels of the organisation and strengthen capital management and timely delivery of the ambitious programme.

## **2.9 Continue to be open to - and fully embrace learning from – internal and external challenge.**

A 'growth' and continuous improvement mindset will enable Northumberland to build on the encouraging foundations and mitigate risk of progress made being lost.

# **3. Summary of the Peer Review approach**

## **3.1 The peer team**

Peer Reviews are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the Peer Review and peers were selected on the basis of their relevant expertise. The peers were:

- Terence Herbert, Chief Executive, Wiltshire Council
- Cllr Martin Hill OBE, Leader, Lincolnshire County Council
- Cllr Steve Morphew, Leader of Labour Group, Norfolk County Council
- Anna Eastgate, Corporate Director of Place Services, Dorset Council
- Owen Jenkins, Director of Place, Transport and Infrastructure, Oxfordshire County Council
- Paul Cracknell, Executive Director of Strategy & Transformation, Norfolk County Council
- David Powell, Former Deputy Chief Executive & Chief Finance Officer at Powys County Council
- Francesca Stott and Frances Marshall, Local Government Association



### 3.2 Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Reviews. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?
5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

Woven within these themes, the council asked the peer team to also consider Northumberland County Council's three corporate plan priorities:

- Value For Money
- Driving Economic Growth
- Tackling Inequalities

### 3.3 The peer review process

Peer Reviews are improvement focused; it is important to stress that this was not an inspection. 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.

The peer team prepared 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 four days onsite at Northumberland County Council, during which they:

- Gathered information and views from more than 55 meetings, in addition to further research and reading.
- Spoke to more than 200 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team’s findings. It is not intended as an exhaustive record of the information shared and conversations had with the peer team, but rather as an overview and evidence underpinning the key feedback from the peer team. In presenting feedback, they have done so as fellow local government officers and members.

## 4. Feedback

### 4.1 Local priorities and outcomes

The county of Northumberland has a wealth of assets, from scenic natural landscapes and cultural sites to growing economic sectors, such as offshore and renewable energy. As one of the largest and least densely populated local authorities in England, it serves communities with distinctive characteristics, heritage, functions and needs. This diverse geography includes rural settings through to densely populated urban towns. It has some of the largest health inequalities in the country with 23 areas within the most deprived 10 percent nationally, and 19 within the least deprived 10 percent.<sup>5</sup>

The council has a distinct vision to be “a land of great opportunities for current and future generations”. This vision is articulated within a new corporate plan and underpinned by three clear key priorities. Launched in 2023, the corporate plan has landed well and is clearly understood by cabinet and senior officers. Staff and partners reported a notable positive shift in the council’s clarity of purpose. There is

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<sup>5</sup> Indices of Deprivation LSOAs statistics - [Indices-of-Deprivations-2019-Summary-Report.pdf \(northumberland.gov.uk\)](#) IMD 2019

more to do to embed the corporate plan and vision throughout the organisation, with priorities less consistently understood outside the corporate centre. The council's environmental aspirations would benefit from greater clarity and embedding. Sitting within the three key priorities, inevitably it has less prevalence and penetration across the organisation than other aspects of the corporate plan. The recent change in focus from a climate action priority to a broader environmental agenda is at early stage meaning there is work to do as it is not yet well understood or translated into what this means for delivery across Northumberland's activities.

With a new corporate plan - and the wider organisational reset of elected member and officer relationships that has taken place - now is an opportune time to consider how cabinet members will own and lead the council's priorities and direction on an ongoing basis. This will enhance the realignment that has taken place to strengthen empowered political leadership.

The council understands its distinct communities and places. This is reflected in the strong and mature relationship with the Voluntary Community Sector (VCS) and evident through the targeted Inequalities Plan centred on community voices shaping Northumberland's future direction. A county wide residents' survey has recently been undertaken, although the results were not available at the time of the Corporate Peer Review.

Tackling inequalities as a core priority is widely understood by elected members, staff, and partners. The Leader's role in driving this agenda has been instrumental and widely recognised. The council's activities to tackle inequalities are a significant strength, taking a data driven and partnership approach, with activity focused on community asset-based action and links between macro and hyper local working. Its approach is innovative, and beginning to permeate through the organisation, and well regarded by partners. With the 'County Mission' partnership at an early stage, delivery will now be key. There is a desire from partners for tangible long-term actions and targets to understand how they can fully contribute to these shared goals.

A refreshed approach to corporate performance reporting has been undertaken, linking the corporate plan with service planning, performance monitoring, reporting and appraisals. This renewed performance focus is relatively recent. It continues to

evolve with plans to further refine success measures and key performance indicators. Northumberland should take steps to strengthen alignment between the budget, corporate plan, performance management and BEST, making systematic use of data in monitoring and horizon scanning. This will strengthen and embed a performance culture across the organisation and drive service improvements and outcomes. It will also provide a positive link between the return-on-investment from BEST and the future service provision.

There are examples within services of data and insight being harnessed to good effect. The Place Standard Tool is a notable example of best practice, providing rich improvement focused insight through blended quantitative and qualitative approach. However, systematic use of data, analytics, and benchmarking to drive improvement and prioritisation is not consistent across the authority. Addressing this is a key tenant of Northumberland's BEST strategic change initiative. Positive steps have been taken, with an evolving Data & Business Intelligence Strategy, Data Leaders Group and Data Academy established. Nevertheless, there is a long way to go, with the council recognising it is at an early stage in its ambitions. Consideration should be given to how Northumberland engages communities in this, enabling them to share their requirements and the ownership of resulting improvements. How local communities access data and are better facilitated to self-service will be important to support demand management and community resilience.

It is commendable that operational services continued to be delivered throughout the challenging period of instability which led to the Leader requesting an independent Governance Review. The council has many high performing services and innovative practice that should be celebrated. Examples include – though are not limited to - Family Hubs, Early Help, Multi Agency Safeguarding Hub, Fire and Rescue Service, Energising Blyth community engagement activity, above average number of 'good' or 'outstanding' rated primary schools, and strong linkages between regeneration and improving outcomes for local people.

The performance of key statutory services can also be seen through recent inspection judgements which the council is proud of. Ofsted judged all aspects to be 'good' in its most recent inspection of Children's Services<sup>6</sup>. Similarly, His Majesty's

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<sup>6</sup> [Northumberland County Council Ofsted](#) in 2020

Inspectorate of Constabulary and Fire & Rescue Services judged all areas of Northumberland's Fire and Rescue Service to be 'good' or 'adequate',<sup>7</sup> demonstrating significant improvement since its 2021 inspection. In relation to Adult Social Care Contracting and Commissioning, 88.7 percent of Northumberland based service providers were rated by CQC as 'outstanding' or 'good'.<sup>8</sup>

However, there are several areas where Northumberland's performance is notably lower than its highest performing services, and lower than other local authority comparators. This is the case for example on household waste recycling rates, residual waste, and recycling contamination rates, when compared to its Chartered Institute of Public Finance and Accountancy (CIPFA) 'family' grouping of similar authorities using the most recently available data.<sup>9</sup> The peer team also heard there is a perception that service provision varies across the county based on geography and relationships. The peer team would encourage Northumberland to celebrate its high-performance areas, but also focus on those areas that are comparatively less strong to bring delivery of services to a consistently high standard across the breadth of Northumberland's activities. It can build on the energy and focus invested in services with a high profile – such as education and skills – to use this experience as a template for positioning less prominent service areas.

## **4.2 Organisational and place leadership**

In the past year Northumberland has experienced significant organisational change, with a new Chief Executive, a new permanent senior officer team and restructure to tiers three and four. These changes have been embedded at pace. It is widely recognised, both internally and externally, that the Chief Executive and new EMT have made a noticeable positive difference to how the organisation works. They are well regarded and seen as working well together.

The Leader's role in championing positive organisational change is also widely recognised. Many elected members, staff and partners the peer team talked with reflected that it felt like a different organisation from 18 months ago. Although views as to the extent and sustainability of improvement varied. (See Governance and

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<sup>7</sup> [Northumberland Fire and Rescue Service 2023-2025](#) in 2023

<sup>8</sup> As of November 2023

<sup>9</sup> [Waste management - Local Authority Data Explorer Oflog Dashboard - CPFA comparators](#) [Oflog Dashboard - All Councils comparators](#)

Culture paragraph).

Direct engagement from the Chief Executive with staff across internal communication channels, as well as meeting staff face-to-face, has been welcomed and landed well. Whilst the peer team heard some positive feedback about the visibility and engagement of the senior team, especially in the early days, this was not consistent across all organisational levels. Re-energising efforts to increase visibility of senior political and officer leaders within directorates - particularly with frontline and satellite staff – would benefit staff morale and the embedding of corporate messages.

It is commendable that in parallel to internal organisational changes, the council has taken an outward looking approach and sought to forge positive relationships with key local and regional stakeholders. Notable successes can be seen in the establishment of the 'County Mission' partnership focused on reducing inequalities, the Borderlands Inclusive Growth Deal, and Northumberland's role in securing a new devolution deal for the North East Mayoral Combined Authority.

Investment by the senior political and officer leadership in resetting partnership relationships has been well received. The peer team heard that after a period of uncertainty partners are relieved and excited about the future potential of the county and region.

The council should now look to extend its strategic role with partners and within the region to further build confidence and capitalise further on the already successful regional relationships and national funding and development opportunities. Some partners were anxious to understand how recent positive changes will be embedded for the long term to ensure lessons from the past have been learned. Consideration should be given to how positive change is sustained, monitored, and not tied into the political cycle, to give confidence for the organisation's long-term stability.

Northumberland is predominantly seen as a supportive, constructive partner, with positive feedback from almost all external stakeholders the peer team spoke with. Partners spoke positively of their access to senior figures and the clear leadership set by the Leader and Deputy Leader. This bodes well for future partnership working. To ensure longevity, it will be important that relationships with partners permeate other levels of the authority.

The leadership have led steps to enhance engagement with localities and Town and

parish councils. The Peer Team nevertheless heard mixed views on the effectiveness of relationships and processes in local areas. There are perceptions that service provision varies across the county, as well frustrations at inadequate responsiveness from officers to issues raised. Whilst the diversity of Northumberland's geography inevitably means 'no one size fits all', understanding and addressing any inconsistency will be important. Recognising it is 'early days', further exploring opportunities for local organisations, including town and parish councils, to be better informed of council policies - and enabling them to enhance service provision - is one approach through which to do so.

Northumberland is actively pursuing an ambitious place agenda. The council has had notable success in securing Government funding to support its ambitions. For example, the 'Energising Blyth' regeneration scheme has leveraged in £110m via five different central government funding streams. There is a great opportunity to utilise learning from this to support efforts to leverage government agencies for the benefit of the county on other areas, such as National Highways.

The council's place shaping activities are unambiguously driven by its two corporate plan priorities to drive economic growth to support communities and businesses to thrive, and to tackle inequalities. The strong linkages between the two priorities are evident and praiseworthy. This is reflected in the involvement of a diverse range of services from Fire and Rescue to Social Care in supporting these joined-up agendas in a truly cohesive place-based approach.

There are numerous good practice examples of Northumberland being proactive in its place leadership. Examples include effective coordination between partners such as the joint safeguarding team, through to deep collaborative working across multiple sectors leading to creation of economic growth, local jobs, and regeneration of a locality.

The council has a large and ambitious capital programme amounting to £223m in the 2023/24 capital programme approved in February 2023. It is proud of having continued to invest in schools, housing, leisure centres, regeneration, and infrastructure at a challenging time for the sector. There is however a history of significant slippage in the capital programme, with a £37.3m underspend in 2022/23 and £56.8m underspend forecast in 2023/24. In recognition of the impact of external

national economic factors and external funding on deliverability, the programme has been reprofiled. Nevertheless, steps should be taken to further strengthen capital management, with a longer horizon and process improvements to mitigate risk and address the pattern of underspending. In doing so there is also a need to ensure the appropriate delivery models are in place for such an ambitious capital programme.

### **4.3 Governance and culture**

In the past 18 months the council has invested significant energy and resource in a broad governance and cultural change agenda following an Independent Governance Review in Spring 2022. This has included - though not limited to - a permanent Executive Management Team, new values and behaviours model, investment in elected member development, changes to the constitution, scrutiny function and Member Code of Conduct, clear rationale for Council owned arms-length companies, and introduction of Annual Reports<sup>10</sup> for transparency.

Northumberland is proud of the strides it has made and the positive impact this is having on organisational culture and governance. This can be seen with statutory officers reporting being comfortable and confident in exercising their powers within usually accepted professional boundaries. Many staff and elected members the peer team spoke with talked of 'green shoots' and reported a big positive shift in organisational culture. Differing views were however expressed about the degree of change and how consistent or embedded this is, having started from a low base. With the consequences of past activities still impacting on the authority, the peer team heard concerns that without continued focus and momentum, this positive trajectory may start to stall.

Marked improvement in relationships between members, and between members and officers, were also highlighted as hallmarks of Northumberland's change journey. There nevertheless remains residual mistrust across some elected members which continues to impact on the council. It will be important to find a way for all elected members to draw a line under the past. Respect between members needs to become the established norm to ensure progress is not impacted, with improvements likely to be tested during future election periods. There is a desire for more engagement with backbench members and cross-party involvement and a real

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<sup>10</sup> [04.1 Corporate Plan Achievements.pdf \(moderngov.co.uk\)](#)



commitment to openness, to continue to improve the culture and strengthen decision making. This can be used as a platform to continue to grow an environment of trust and enable Northumberland to fully focus on the future.

Significant work has been undertaken to co-develop and promote – with staff and elected members – a new values and behaviours model. These corporate values are well understood, lived, and modelled by senior officers. There is further work to do - which the council recognises - to cascade these throughout the rest of the organisation so they are embedded. The core values of the front-line staff are incredibly strong, with a commitment and pride in the communities they serve. This alignment with Northumberland's ethos should mean embedding the council's corporate values will be easier to achieve.

The council has taken steps to understand and respond to the issues raised by the Challenge Board around the voices of female elected members struggling to be heard. This has been in the form of a survey and non-mandatory tailored elective member development sessions. Nevertheless, the peer team heard and feel that there is still further work to do to ensure that all elected members consistently demonstrate fully inclusive behaviours in line with organisational values.

There is a shared desire from the political administration, scrutiny members and officers for scrutiny to make a positive contribution to governance. Efforts have been made to strengthen the scrutiny function following a formal review. This 'refresh' is showing positive progress, with plans to integrate scrutiny into mainstream governance and decision making welcomed. There is scope to strengthen scrutiny further to improve its efficacy. To do so, consideration should be given to closer alignment between Scrutiny work programmes, the corporate plan and cabinet work programme. In parallel, more consistent use of data across all scrutiny committees, further scrutiny training for elected members, and including the value of effective scrutiny within training for new staff will maintain momentum and embed scrutiny into the culture.

There has been significant investment in elected member learning and development over the past 12 months. This has included the introduction of policy conferences, training programmes and personal development plans. This enhanced support is widely recognised and welcomed. It will be important to build on this good work by

ensuring there is an on-going programme which is attended, well understood and embedded.

The pace of changes undertaken, both culturally and structurally, has been impressive. Nevertheless, the peer team heard mixed views on how established or extensive the change is across all aspects of the council. The strong commitment from the political and officer leadership to improvement needs to be matched by a recognition by everyone that sustainable change takes time, requires continuous determined effort from all Officers and Members, and is aided by fully embracing of learning from constructive challenge. The council has voluntarily invited external challenge through the Governance Review and independent Challenge Board. Having been through a challenging period there is an understandable desire for stability. It is important this however does not inhibit the council from fully embracing openness and transparency, recognising that actions flowing from constructive challenge are a means to an end, not an end in itself. Northumberland should take steps to further solidify and embed cultural and structural changes, building on and celebrating its achievements to date. In doing so, it is imperative that Northumberland is clear how cultural change will be monitored, tracked, and sustained. Without clear success measures, how will the council systematically know if it is continuing a positive trajectory or otherwise?

#### **4.4 Financial planning and management**

The council has a relatively strong financial position with a solid reserve base of £341.7m of useable reserves as of 31 March 2023 and sound finance function. The financial outlook nevertheless continues to be challenging for Northumberland, with inflationary and service pressures being felt across the local government sector. A £0.5m overspend was reported at quarter three of 2023/24 financial year, which included a significant unexpected variance in children's services. Whilst such demand pressures are a common challenge for councils nationally, robust financial management should provide early visibility on variances. Going forward Northumberland should consider establishing a consistent vision for its finance function, and business partnering model, supported by finance training for services.

Revisiting, and developing an action plan, in response to the findings of the CIPFA review will also be important, with this not having happened due to the onset of the pandemic. Continuing efforts to recruit to a Head of Corporate Finance role will fill a gap in financial planning capacity. Overall these factors would further strengthen financial planning and management by bolstering financial skills and ownership across the authority.

There is a sound understanding of the council's financial position, with clear assumptions about pressures and growth underpinning the Medium-Term Financial Plan (MTFP). In December 2023, the draft MTFP projected £10.9m savings required for 2024-25, £18.5m for 2025-26, and further £34.8m covering 2026-27 to 2027-28. This relies on using £31.2m of reserves over the four years.<sup>11</sup> The council has a recent record of savings delivery against set targets, with 94 percent delivered in 2023/24. However, the delivery of savings has been less successful in some previous years with only 57 percent delivered in 2022/23. Having recently moved away from centrally set savings targets for Departments, Northumberland will want to assure itself that this does not detract from the delivery of the corporate plan or lead to avoidable use of reserves.

The council's strategic change initiative – BEST – is integral to the authority's medium term financial sustainability; being key to delivering future savings. In 2024/25 it is expected to deliver a third of the £10.9m savings and in 2025/26 to deliver nearly half of the council-wide savings target. To succeed, it is imperative there is clarity on the return on investment from BEST and that it is data driven, embedded, and collectively owned across the Council. (See Capacity to Improve paragraph).

The appointment of a permanent, experienced Section 151 Officer has had a positive impact and brought much needed stability in this key role following previous turnover. Recent steps to strengthen financial planning and management have included greater political and organisational engagement in the 2024/25 budget setting process and moves towards a two-year budget. This move towards a longer-term view of financial management is good practice and a balanced second year puts budget setting for 2025/26 on the front foot, notwithstanding the second year is

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<sup>11</sup> [04 Budget 2024-25 and MTFP.pdf \(moderngov.co.uk\)](#)

advisory and subject to change.

The council has an awareness of financial performance with monthly internal reports. It could consider increasing the frequency of formal financial reporting to cabinet to further increase transparency, accountability, and public awareness.

Delivering value for money (VfM) is important to Northumberland, being one of the council's three corporate plan priorities. The peer team heard that progress is being made on the VfM opinion in accounts for 2019/20 onwards. It is important these outstanding issues are concluded to assist the council's improvement journey to help it demonstrate it has resolved past issues. There is a high-level understanding of the need to deliver VfM, but more work is needed to embed how this relates to individuals, their roles, and day-to-day operations. Further work to define what VfM means for Northumberland should be undertaken so that this understanding is translated into work programmes and practices across all levels of the organisation.

There has been a concerted effort to raise the profile of risk management and audit over recent years. This has included a refreshed Corporate Risk Register and risk management approach, developing a clear rationale for the council's arms-length companies, and changes to Advance Northumberland's<sup>12</sup> governance and finance structures. Embedding the new approach to corporate risk will be important so there is a consistent awareness across the council.

There is an understanding of both the opportunities and challenges around Advance Northumberland. The peer team heard that its predecessor body had been the subject of considerable discussion and challenge, but that the current position had been strengthened. This included greater engagement with a new Shareholder Committee in place and a reconstituted Advance Ltd Audit Committee chaired by a non-executive. As a wholly council owned company, Advance Northumberland's significant levels of borrowing on an interest only basis of approximately £276m is a potential financial liability. It is positive that external advice has been sought to identify a solution to resolve the financing of borrowing position with a proposed way forward received in 2023. Northumberland are aware that this needs to be resolved as a priority because it is a potentially significant risk, and resolution likely needs cross party support.

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<sup>12</sup> The Council's arm's length growth and development company.

The council's Audit Committee includes several independent persons, including an independent chair. This is good practice and is commendable to bring to bear external skills and scrutiny to the council's activities. With the Committee currently in the process of recruiting a new Chair and an independent committee member, the peer team would encourage this to be completed as early as possible. Making these appointments will be important for confidence and governance with elected members, staff, partners, and the public. Northumberland should also consider undertaking an external review of the Audit Committee. This would provide further assurance beyond the annual self-assessment to both internal and external audiences.

#### 4.5 Capacity for improvement

Northumberland's workforce is an asset, with skilled, committed staff who are proud to serve their communities. Partners and service users described staff as passionate, dedicated, and capable. Many staff spoke positively of Northumberland as an employer, valuing the flexibility and opportunities for progression it afforded and the supportive colleagues. In a recent staff pulse survey 80 percent of staff recommended the council as a good place to work.<sup>13</sup>

The new permanent EMT has brought stability - which is widely welcomed - following period of flux and turnover in senior roles. Corporately, levels of staff sickness and turnover however remain an issue. Currently 11.5 days currently being lost to sickness annually against a target of 7.5 full time equivalent, with rates having increased since 2019.<sup>14</sup> It will be important understand the underlying factors – and how they correlate to Northumberland's change journey - to be able to address this.

There are strong internal communication mechanisms with staff through regular newsletters, social media groups, staff networks and corporate briefings. Recent improvements to engagement have been appreciated by staff, such as the Awards and thank you letters, which have helped promote a 'one team culture'. There is scope for further improvement, with experiences varying across the organisation and

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<sup>13</sup> Pulse Survey December 2023

<sup>14</sup> [Corporate Performance Quarter 2 Cabinet Report Sickness absence causal factors and intervention strategies - Corporate Services & Economic Growth Overview Scrutiny](#)

instances where staff would have valued more proactive communication. These inconsistencies are reflected in varied levels of awareness of corporate messages, as well as a desire for clarity on certain issues such as the remote working policy.

The nine Staff Networks<sup>15</sup> created to understand and respond to the experience of staff are good practice and spoken highly of by staff. These include Networks reflective of protected characteristic such as LGBT+ and Race Equality, as well as experiential groups such as Armed Forces and Apprenticeship. The breadth and depth of the Networks reflect Northumberland's passionate and engaged workforce, and positive working with council leadership and human resources. There is appetite from the Networks for greater engagement on decisions and changes which impact on staff. Putting substantive processes in place to enable Networks to shape decision making would empower staff and support Northumberland's wider organisational change journey.

The council has a good relationship between the Trades Unions, with regular communications with the Leader and Chief Executive welcomed. Ensuring early communications and engagement processes are consistently followed will be important to maintain this. More broadly, positive relationships and joint working at an operational level with other external partners provides a good platform to potentially leverage capacity for shared aspirations. Equally, it will be important for Northumberland to be mindful of how the pace and scale of its activities may impact on partners' capacity to resource shared endeavours.

Workforce planning is recognised as an essential tool to support Northumberland's ambitions, with the development of a new People Strategy underway. This strategy needs to address the breadth of HR issues Northumberland is dealing with. This includes talent and skills development, recruitment and retention, succession planning and performance management. Developing these priorities will be critical to realising the opportunities within BEST and to meet future challenges. For example, building capacity and skills within Northumberland's existing workforce to complement delivery of BEST will mitigate risks of single points of failure and reduce reliance on delivery partners.

With the rollout of BEST at an early stage, awareness of it understandably varies

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<sup>15</sup> Menopause Network, Carers Network, Race Equality Network, Autism Spectrum Disorder Network, Enable Disability Network, Mental Wellbeing Network, LGBT+ Network, Armed Forces Network and the Apprenticeship Network.

across organisational levels and workstreams. Peers heard that it had already begun to motivate staff. Clear, consistent communication to frontline staff would strengthen its corporate identity and harness this positivity. To unlock its potential, Northumberland should empower staff through BEST to innovate, share good practice and engage with cross organisational working opportunities.

If delivered well, BEST has huge potential to modernise practices and systems, deliver efficiencies, boost capacity, and enhance service experience for residents. It is a key part of Northumberland's budget strategy and its success is a critical component in supporting future balanced budgets. Delivery of it will be assisted by Northumberland's current sound financial base, however it will be important previous patterns of using reserves does not continue. To succeed it will be imperative that it is collectively owned across the council, with greater clarity on the defined savings, benefits realisation, and projected costs. A more systematic and enhanced approach to data collection, reporting and interpretation will be central to achieving this. (See Local Priorities and Outcomes paragraph).

The ingredients are coming together for Northumberland to be able to achieve its ambitions. To do so, it must build on its impressive progress to date and remain focussed on embedding, driving, and monitoring the impact of further change to promote lasting stability.

## 5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer Review. The CPR process includes a progress review within twelve months of the CPR, which provides space for the Council's senior leadership to update peers on its progress against the recommendations from this report. In the meantime, Mark Edgell, Principal Adviser for the North East, is the main contact between your authority and the Local Government Association. Mark is available to discuss any further support the Council requires – [mark.edgell@local.gov.uk](mailto:mark.edgell@local.gov.uk).