Dear Steven

Northumberland County Council
Corporate Peer Challenge 11\textsuperscript{th} – 14\textsuperscript{th} November 2014

On behalf of the peer team, thank you for the invitation to deliver the recent corporate peer challenge as part of the LGA offer to support sector led improvement.

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Northumberland were:

- Becky Shaw, Chief Executive, East Sussex County Council
- Councillor Anne Western, Leader, Derbyshire County Council
- Councillor Jane Scott, Leader, Wiltshire Council
- Barry Pirie, Associate Director, Wiltshire Council
- Amy Newbery, Programme Officer, Nottinghamshire County Council
- Alex Pratt, Chair, Buckinghamshire Thames Valley LEP
- Judith Hurcombe, Programme Manager, LGA (Peer Challenge Manager)

Scope and focus of the peer challenge

You asked the peer team to provide an external ‘health-check’ of the organisation by considering the core components looked at by all corporate peer challenges:

1. Understanding of the local context and priority setting: Does the council understand its local context and has it established a clear set of priorities?
2. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?

3. Political and managerial leadership: Does the council have effective political and managerial leadership and is it a constructive partnership?

4. Governance and decision-making: Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?

5. Organisational capacity, focusing on a can-do culture: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

You also asked the peer team to focus on three additional areas. The first related to the extent to which the council now has a ‘can do’ culture which is dynamic, high performing and corporate, which we have included in our section on organisational capacity. The other specific areas for consideration were:

6. Is Northumberland’s local government family aligned in a way that will help the county council to be on the right trajectory to achieve its ambitions and effectively tackle challenges along the way?

7. Are the county council’s actions creating the right conditions to support its ambitions to achieve economic growth?

We hope the feedback provided will help stimulate debate and thinking about the future and how your plans and practice might develop and evolve further.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focused and tailored to meet individual councils’ needs. They are designed to complement and add value to a council’s own performance and improvement focus. 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 for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team did not, as requested, look in detail at Adult or Children’s Services or talk directly to residents and the voluntary sector. The team then spent 4 days onsite at Morpeth, during which we:

- spoke to more than 100 people including executive and non-executive councillors of all political groups, as well as a range of external partners and stakeholders
• gathered information and views from more than 35 meetings, visits to key sites in the area and additional research and reading

• collectively spent more than 330 hours to determine our findings – the equivalent of one person spending nearly 9 weeks in Northumberland

This letter provides a summary of the peer team’s findings. It builds on the feedback presentation provided by the peer team at the end of our on-site visit (11th – 14th November 2014). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors.
Summary of feedback:

- clear ambition
- willingness to take brave decisions
- elected members could work together more constructively
- bring more structure to future plans and priorities
- share and keep up to date with good practice
- be more open and confident for the future

Northumberland County Council shows clear ambition for the future. The council has a renewed sense of optimism and stakeholders talk of improved pace and energy since the all-out elections of May 2013.

Partnership working is established and well regarded both internally and externally, and many partners comment on good working relationships. The visibility of elected members is increasing and officers feel there is clear political leadership, led by the Leader and a willingness to make some brave decisions. The new Management Team brings visible leadership.

There is a willingness to take some managed risks to bring about improvements that will have a positive impact on local people: the rescheduling of the PFI arrangement for Hexham hospital is a good example of this, and during our onsite work there was much discussion about the proposals to move the council’s headquarters to Ashington and redeveloping the current Morpeth site.

The officer culture at the council is largely upbeat and can-do, with many members of staff talking about ‘must-do’, although inevitably in this era of change there are some concerns for future job security. There is evident pride in living, working and being from Northumberland, which has a positive impact on the workforce and its aspirations.

However, there are concerns that not all elected members from all political groups appear to put the best interests of Northumberland residents first, either in their interactions with other elected members, or how they engage with the council more broadly. Put bluntly, there are some undesirable member behaviours which are detrimental to the council operating effectively, having a negative effect on its external reputation and internal functioning. Increasing tensions and increased media opportunities are to a degree somewhat inevitable as politicians become focused on the 2015 general election, but councillors need to remember that they are the external face of Northumberland County Council and campaigns in the media can be detrimental to everyone and the council’s reputation. There are also some concerns about how members interact with officers and with each other.

Governance arrangements have changed since the May 2013 elections, and there are different processes now in place, for example, greater emphasis on pre-decision
scrutiny. Changes to the council’s constitution have also been made. Care needs to be taken to ensure that the decision making process and the availability of information is as open as it can be, so that the council is seen to be as accessible and to operate under broad principles of openness and transparency.

Although the council’s finances are sound and regarded as well managed, in common with all other local authorities, there are significant challenges ahead in meeting the budgetary reductions set by national government over the next 4 years. A comprehensive and integrated business plan drawing together priorities, resources, performance and risk to cover this time period is needed to bring greater structure to the approach and ensure that synergies and co-dependencies are explored and understood. This combined with the recently introduced performance management framework, which now needs embedding and working to, should help to ensure that there is broader ownership and understanding of how longer term financial sustainability will be achieved, and the authority’s priorities delivered.

As the council looks forward to the future, you need to be clear about key priorities and how they will be achieved, backed by robust plans and performance measures and monitoring.

Northumberland as a place and as a council has a lot to share with others, and your geographical location is an asset in many ways, but a disadvantage in keeping abreast of new developments and issues in local government. So greater effort needs to be made to ensure that you are well connected with other councils and can learn from others and share your good practice and any lessons learnt.

The degree of self-awareness is good across most areas and issues and overall you are well placed to move forward and deal with the challenges ahead. Continuing to open up the organisation and how it operates, and being more confident about what you can achieve will be important elements for future success.

**Understanding of local context and priority setting**

There is clear pride in living and working in Northumberland and in representing Northumberland County Council: this was evident from across the range of stakeholders involved in our onsite work. In addition, there is a strong sense of place and collective pride in Northumberland and its landscape. Members and officers speak with knowledge and confidence about the diverse communities across Northumberland.

Relationships with partners are good, for example:

- With health and social care, reflected in the unusual and cutting edge approach taken on joint directorship arrangements with Northumbria Healthcare Trust
Town and Parish Councils speak highly of how they work with the council

Health and social care arrangements are unusual in that a large degree of social care integration has already taken place, and this is a positive indicator. However, this means that some of the changes and savings that other councils might expect to achieve through integration and the Better Care Fund may have already taken place in Northumberland. This means the council may be working from a higher base than other councils on this and may need to work harder to find system changes. Future demographic challenges present the same issue to the county as in other parts of the country, and further attention needs to be given to how the council and partners will deal with the ever increasing pressures of an ageing population, beyond integrated health and social care. Health partners also suggest there are more opportunities to be gleaned from the new public health working arrangements.

However, whilst there is clear ambition for both the place and the council, there is a lack of clear narrative around priorities and a danger that everything appears to be a priority. When asked, people voice a wide range of issues, and variety sometimes within those issues, not all of them consistent with each other. Some stakeholders suggest that the priorities are those services which were formerly delivered by the district councils prior to the establishment of the new unitary council. Further refining of priorities is needed, and although it will be politically sensitive to undertake, at some point the council will need to pay consideration about what it will stop doing. When finances are reduced, there will not be enough funds to provide the same range of services, to the same specification as has been the case in the past.

Active business engagement would also merit further high level throughput, over and above the scope of the ARCH development company. This is a challenge in Northumberland because there are relatively few large employers, and most businesses in the county are micro enterprises. Opportunities to talk with larger employers would be welcomed by many of them, not necessarily relating to specific immediate issues, but to explore how to build stronger working relationships with the council in terms of the shared impact on the area with jobs and growth being so central to a sustainable community. Once a wide range of relationships have been established, consideration needs to be given as to how to maintain them through the pursuit of identified shared projects and outcomes.

There is a wealth of demographic and other information available to the council to support its decision making and the development of policies. Sometimes it is not always clear whether the rationale for a particular decision has clearly been articulated, causing concern in the minds of some elected members. Consideration should be given to paying closer attention to articulating a clear narrative in support of decisions, being backed by clearer data interpretation. This would help to ameliorate concerns about a geographical split of interests between the political
groups and focus minds on the long term economic dial movers and away from what could be perceived as shorter term political priorities.

The council would do well to give more consideration to interventions and support at the levels of the firm above and beyond the relative light touch in this area by ARCH, which is focused mainly on the built environment for growth rather than the propensity of firms to grow. The targeting of potential high growth scale-up companies is a good step in the right direction and adopting some of the recent report on scale-ups locally could take this approach further. In addition a local growth hub at the level of the county, feeding in to the LEP Hub as enjoyed for example in Buckinghamshire (www/bbf.uk.com) would act as a nucleus for the bringing together of the disparate multi sectoral micro and SME business community.

Future budgetary efficiencies will depend to an extent on the council doing less and communities doing more for themselves. Exploring now what the council’s role is in supporting communities to help themselves will aid community development as well as aid future planning. Synergies between different council departments need to be explored too, so that budget reductions in one area of expenditure do not inadvertently cause increases in demand elsewhere. This is where whole council business planning and savings planning is required.

During 2013 Ofsted undertook a focused inspection of school improvement and stated that the school improvement service was ineffective in a number of areas, particularly on supporting schools in special measures and the downward trend in school performance, as measured by qualifications achieved by pupils. This judgment was not expected at the time. Changes have been introduced since then and there is a clear commitment from members and officers to drive improvement, including new appointments at senior level within the council and more robust conversations with schools about performance. It is important to maintain this focus and challenge for some time in order to truly improve educational outcomes in Northumberland and develop an equipped workforce for the county’s future.

Financial planning and viability

The council is strong in its approach to financial management, and although the overall financial settlement is not as favourable relative to some other councils, levels of reserves are relatively high and there is a good track record of delivering efficiency savings since 2011. The reserves available mean that the council is in a strong position to support economic growth and housing development.

There is a willingness to take some measured risks and do things differently in order to bring about benefits for the local community. A good example of this is the refinancing of the PFI agreement for Hexham hospital, whereby the council entered into a prudential borrowing arrangement to buy out the more expensive existing PFI
loan, thus securing a lower rate of interest and therefore more manageable finances for the Foundation Trust, but also benefits itself in the returns from the Trust. Another example, established for some time, is in the area of economic development through the creation of the wholly owned economic development company ARCH, which we discuss in more detail later in this letter. In addition, the rolling together of existing leisure contracts into one provides further opportunities for savings.

In the longer term as the council’s business changes there will be a need to ensure that you stay flexible and able to deliver. Capacity at senior levels is already stretched, and future co-ordination of projects and programmes, their interdependencies and the complexities they bring, will need careful managing. This will be important in managing current and future levels of risk.

The attractiveness of Northumberland as a place to live also brings disbenefits. For example people from outside of the county migrate towards it to retire, bringing added pressures to council and other public sector services, including primary and secondary health care. Low population densities and a large geographical area also bring challenges in providing accessible and cost effective services. The medium to long term will bring changes that you already know about, including demographic pressure, health and social care demands relating to that pressure, as well as unforeseen changes that we can speculate about, but currently don’t have any further details of, such as the cost of borrowing, or legislative changes arising out of the next parliament. High levels of reserves enable time for the council to plan for increasing adult social care demand, but even then, courage will be needed to see through the changes required.

The downside of strong financial management and presence is that sometimes this can give the perception that the most important issues at stake are financial ones, rather than the budget and careful planning being tools to underpin service priorities and activities. Public reports, including those to Policy Board, which outline significant plans and proposals, could place more emphasis on outcomes for local communities and service users, rather than where the money comes from or how it will be saved. Budget planning is improving and moving on from being finance-led to include more service input through the newly formed Heads of Service Group. This will be an aide to delivering the savings required, as well as beginning to show a broader outcome focus.

The Medium Term Financial Plan, at the time of our visit, did not include any detailed action plans outlining how and where savings will be made in the long term, other than figures at headline level. This could give the impression that too many savings are being pushed towards the end of the life of the MTFP, and that the council is avoiding dealing with some of the difficult issues it needs to address. Significant financial challenges are looming for all councils and it is important that
Northumberland tackles these promptly too and communicates this effectively to staff and stakeholders.

Although in some services there is evidence of benchmarking, for example in Children’s Services, and involvement in regional Revenues and Benefits groups, and with ANEC, overall comparisons to what other councils are doing and how Northumberland performs in comparison, wasn’t readily raised as an issue by staff. Some of this may be due to an historical absence of robust performance management reporting, and the discussion of a new performance management infrastructure at November’s Policy Board meeting now provides a further opportunity for benchmarking to take place. Key strategies and plans, such as the corporate plan, should have clear and robust performance measures and indicators, regularly reported on and monitored.

Related to this, value for money and whether this is being achieved in either the Northumberland context or relative to other councils, also has a low profile. Taking some time to articulate what this means for the council, and what members expect of officers in achieving it, will help to assist future planning.

**Political and managerial leadership**

The new council Leader is widely applauded for bringing strong and visible leadership to the council, and this is reflected in good working relationships across a range of partners. A number of people told us that they welcomed clear political direction and greater visibility of elected members. There is a willingness to make bold decisions which begin to look further ahead than the short term.

This political leadership is supported by increasingly open and effective senior management arrangements, and the Lead Executive Director’s approach has been significant in embedding new ways of working since the restructure in January 2014. Staff at all levels told us of feeling more enabled to do their jobs in an increasingly open council, with fewer hierarchies and more freedoms to take action within the scope of their roles. They feel well supported by their managers.

The restructuring at Heads of Service levels has resulted in a more cohesive group of senior managers, who feel supported, trusted and more able to be engaged with the transformation that the council needs to bring about. They feel unfettered since the restructure. There is confidence in Heads of Service and middle managers with the view that they are supporting staff well and that they will do the right thing for the council.

Political negativity from some elected members is not providing a sufficiently grown up atmosphere conducive to trust and neither is it in the best interests of local residents. Some members openly declare that they have no interest in ‘the council’
although they are members of the council. In stating this, we are not implying that the council should not have any debate or challenge, nor that its politics should be so bland to be dull or for there to be no philosophical or practical differences between the parties. We also recognise that the council changed control in May 2013 as a result of the local elections. However the behaviours of some members need to improve, and a disproportionate amount of time seems to be spent in attacking the council, resulting in officers then having to deal with the fall-out, rather than developing or influencing policies for the greater good. Opportunities to build relationships and build trust need to be explored, so that members and officers can focus on the big issues ahead, rather than being distracted by negativity, which is draining for everyone.

The introduction of collective Group Leaders’ meetings, conducted informally, privately and on a regular basis could be the start of developing more constructive relationships. However, all attendees of those meetings would need to ensure that confidentiality is maintained, otherwise there would be little point in sharing views and having dialogue.

**Governance and decision-making**

Relationships between town and parish councils and the county council are good, is based on mutual respect and builds on the revamped Town and Parish Councils’ charter. The Choppington pilot partnership between NCC and five Town and Parish councils which began in April 2014 and focuses on local environmental improvements, is already regarded as a success. There is potential and enthusiasm to do more with these partners across the county to facilitate new ways of working and potentially deliver a wider range of service than those already delivered beyond the scope of Neighbourhood Services, for example:
- Introducing the Choppington pilot approach to other areas
- Championing initiatives to support local businesses
- Promoting local renewable energy schemes
- Exploring the role they could play in joint or multiple use of buildings following the completion of the review of NCC’s buildings

Joint working with health is highly positive, and whilst the joint director post is a key factor in this joint working, relationships are very positive across the health economy. Stakeholders told us that when you focus on joint need and an evidence basis, you deliver well with partners. Further work is taking place on joining up the economic strategy, the core strategy and how you will work with the new combined authority and the Local Economic Partnership: this is important because it should mean that more can be achieved than if various policies are kept separate.

The new administration has been in place since May 2013 and has established itself. Now there is an opportunity to consolidate what has been achieved and for
the administration to be more confident about what it can achieve for the future. Being more confident also means beginning to open up to a broader range of opinions so that a more diverse range of views can be heard, without the concern that these will dilute or diminish the collective effort of the ruling group. There are some concerns from members that there is a blurring of accountability and function relating to Overview and Scrutiny, Policy Board and pre-decision making scrutiny. Not everyone is clear about the distinction between pre and post decision scrutiny activities. There is a need to be clearer and more transparent about what the decision making processes are. This includes clear names for Boards and openly communicating the decision making processes to members and staff.

Although there are clear views within the majority group about the functions and titles of key aspects of the constitution, namely the head of paid service and the council’s principal decision making body, these are not as clear to everyone outside of the organization. Having a Lead Executive Director rather than a Chief Executive gives the impression to some stakeholders, particularly businesses, that the council has decided it does not need a chief officer figure. Similarly the use of the term Policy Board, irrespective of the internal rationale for its name, can give the impression to outsiders that the council does not have an executive decision making body within its structure. The role of the Business Manager is not clear to everyone. These may seem like finer points of detail, but they are important because they do not provide absolute clarity about how the council functions, for businesses or other stakeholders.

Although there is much activity underway, including greater congruence between financial and service planning, and the introduction of the new performance management framework, a more corporate approach should be considered which brings everything together. A clear and integrated business plan and budget, debated about and consulted upon, backed by rigorous corporate programme management would help to ensure that future changes and how they will be delivered is accessible to everyone. It would also help elected members in monitoring progress and performance against key targets, as well as enable officers to be clear about expectations on them.

Work is ongoing outside of the scope of this corporate peer challenge to address issues and concerns relating to development control and planning. When this work is complete the council needs to ensure it moves quickly to implement recommendations, as there are a number of factors at stake:

- there are a higher number of planning decisions being overturned at the appeal stage
- progress of the core strategy is relatively slow
- some stakeholders have concerns about the amount of time it will take to agree neighbourhood plans, as these cannot be agreed until the Local Plan is resolved.

**Organisational capacity and ‘can-do’ culture**

There is a growing “can-do” culture, evidenced across the organisation with a wide variety of staff telling us that the organisation is beginning to open up from a previously directive managerial style of working. Staff told us that they welcome the efforts made by the Lead Executive Director in particular to empower them and open up the culture, they recognise crisper and more cohesive officer leadership and a sense of energy across all levels of the organisation. There is clear evidence of enthusiasm and pride in working for the council.

Despite their enthusiasm in working for you, employees told us that there were areas that would benefit from more investment. There are plans to upgrade and modernise approaches to ICT and this would be welcomed, especially if it enables staff to become more agile and flexible in how they work. It is not clear how the council will take best advantage of superfast broadband when it is rolled out, both in terms of how residents and businesses will access services, but also what the council could do differently in delivering some services, nor how it will be equipped to do so. Inadequacies in this area are acknowledged by senior managers and there is commitment to improve.

As might be expected, there are mixed views about the proposed relocation of County Hall from Morpeth to Ashington, with some welcoming the opportunity to work from more modern office accommodation, recognising that the current headquarters with its more traditional closed off offices and corridors is a barrier to communication and relationship building. Some feel the current building is poorly designed and consumes resources in maintaining it that would be better spent on services. Good examples to look at and learn from would be Rochdale, Doncaster, Wakefield and York.

There are also concerns however around the uncertainty that the relocation would bring, particularly the change processes around the move, especially as there is a proposed reduction in the number of desks available. Care needs to be taken to address some staff concerns that the council’s workforce is broader and has different needs over and above the requirements of a new headquarters, as the current focus in this debate appears to be on County Hall rather than the wider workforce.

Including but not only relating to the Ashington HQ proposals, a more coordinated and strategic approach is needed for future significant changes, for example technology, accommodation, communications, data and monitoring. This will help the council to focus on how to plan for new ways of working. There are a number of
councils that have successfully managed the transition from many to a few buildings and incorporating new build headquarters in recent years, and improving their working cultures, communications and customer focus.

The workforce development and organisational development strategy was written a number of years ago, in a different era of change, and is in need of revision so that it becomes fit for purpose; a draft strategy is currently being considered. The council needs to place greater emphasis on people skills and more radical thinking about what will be needed for the future, especially if broader asset rationalization is achieved, so that it sets the pace for flexible working, supported by and linking with improved ICT. It needs to reflect concerns about the age profile of the workforce being imbalanced towards an ageing workforce and accommodate succession planning.

Following the restructure at senior management levels, greater emphasis is now placed on the newly formed heads of service group, and although they are fairly new they are already well-regarded and are up for the challenge. They have delivered significant support in the preparation of the forthcoming budget and have the potential to contribute significantly to the council’s corporate development. Previously the Directors of the council were more instrumental in making decisions, so a challenge will be to let this group be empowered to deliver what is expected of them. As a collective grouping, they are keen to meet those expectations. Leadership development will be key to supporting this group.

As with other councils, Northumberland is working through an unprecedented era of change, and this is having an impact on capacity now and will do so in the future. Do you have the right capacity now and for the future to manage that change and transformation that you recognise is needed, and that elected members aspire to achieve?

Despite staff largely feeling supported now, in the future people will need supporting through change and this will take considerable effort so that morale can be maintained and services continuing to be delivered. Some staff told us they find ongoing restructuring to be destabilising and affecting their morale. Although we did not hear it extensively, there are some concerns that the council is still dealing with a cultural legacy overhanging from the Local Government Review, partly reflecting a degree of fatigue about change, but also that there are some staff who have not wholly bought into the notion of a new unitary council.

Ongoing change in local government is inevitable. However, whilst you cannot offer certainty about the future, you can ensure you are coordinated and make efforts to ensure key messages are consistent and well communicated, as well as ensuring staff have opportunities to engage, where possible. Some further discussion about the future purpose of the council post 2018 when the current tranche of efficiency
savings have been delivered, will help to give shape to priorities as well as provide a clearer picture for staff.

Keeping up to date with what’s happening across the rest of local government and the public sector is also important because such awareness will enable members and officers to be confident about what is being delivered. We heard comparatively little about issues such as:

- Value for money
- Benchmarking
- Demand management
- Digital services
- Environmental sustainability
- Innovation and what it means for the council

**Alignment of Northumberland’s local government family**

Your alignment across the local government family appears fit for your ambitions, and is reflected in a strong track record of delivering with partners. At leadership levels you are playing a visible and active role in the Local Economic Partnership and in the new combined authority for the Tyne and Wear sub-region. Partnership working appears to be established and embedded, for example frontline staff talk positively about the benefits it brings to service delivery.

Without exception, everyone speaks of having strong relationships with you and there is a clear willingness to do more. Within the Northumberland boundary the most widely cited example is the successful arrangements on health and social care which appear to have improved despite cuts in funding and ongoing challenges, but there are others too, including ARCH. This applies to what happens beyond your geographical boundaries too, with other councils across the North East region. Good working relationships are evident with Durham County Council and this is reflected in shared services for Human Resources services and a joint approach to tourism promotion. The Internal Audit service is shared with North Tyneside Council. It was also clear that you are considering further shared services across the region.

Successful partnership working in the medium to long term depends on how well you can maintain positive relationships, especially as the policy landscape continues to shift into as yet unknown areas. Therefore, continuing to nurture
existing relationships, maintaining the right partnership relationships and building new ones will remain important.

Ongoing success will also depend on you having a strategic overview of the range of partnerships that you are involved with. As you become involved in new groupings, ensure that you question your involvement in existing ones, or work with others to reinvigorate those that are still needed, or disband those that have been overtaken by newer arrangements or are no longer required. A good example of where action has been taken is the recent bringing together of leisure providers under the charitable trust Active Northumberland, and with further plans to align libraries, culture and tourism services to it from April 2015. A live example of where a refresh may be due is the arrangements for community safety in Northumberland, as there is poor attendance at the county level Community Safety Partnership meetings.

**Ambitions and actions around economic growth**

Economic growth is a clearly stated ambition, and sustained activity over a number of years reflects this ambition. The strategic objectives are clear and there are good linkages to the combined authority as well as to the LEP. The Local Plan and the economic strategy were developed together. However, the Local Plan will not be approved until 2016 and this leaves the council exposed to speculative development, in areas which may not fit in with your strategic intentions.

The economic development strategy is well written and with clearly stated priorities, including targets around the creation of 10,000 new jobs, building the local workforce, supporting the community, and providing 23,000 new homes. Providing new or better connectivity for businesses and residents is also clearly understood to be an economic and social priority. These stated priorities indicate maturity and realism about what Northumberland can and cannot provide, particularly in recognising the need to provide homes for residents to commute to and from Newcastle/Tyneside work opportunities are likely to continue to expand.

However, your businesses and other stakeholders would welcome more emphasis and a higher profile for education and skills, and they recognise that improving educational attainment through local schools will be a key underpinning success factor for future economic and social sustainability. You should as a priority consider developing an integrated delivery plan to underpin your strategic intent, so delivery and progress can be monitored and shaped for maximum impact.

ARCH, the wholly owned but arms-length development company, is clearly innovative and provides an excellent vehicle for delivering place-based economic development. Partners and businesses feel that it has a strategic and significant role that works effectively, and is regarded by many as “a breath of fresh air” although there are some who perhaps don’t fully understand its role and
Changes to the governance of ARCH including the appointment of an economic director post at the council to work alongside ARCH will help to ensure that future key projects can be delivered in a more coordinated way, as planning, economic development and strategic housing functions are more closely aligned.

Some stakeholders have concerns that ARCH will become stifled and unable to deliver if over dominated by council input. Care needs to be taken therefore that it maintains the right balance between scrutiny and flexibility to operate so that it can continue to have maximum impact and deliver without being caught up or restrained by unnecessary bureaucracy.

Not everyone fully understands the concept of ARCH and there are some suspicions about its purpose, with some regarding it more as a means of generating income rather than being a driver for long term economic development. Taking some time to clarify its relationship with the council’s in-house strategic asset and property services would be beneficial in addressing some of these concerns. Broader dialogue and communication around its purpose would help to achieve a stronger buy-in across a range of stakeholders, both internally and externally.

The businesses engaged as part of this peer challenge felt that the wider support offered to local enterprises is very good. They feel there is increasing activity on regeneration, and this is welcomed. However, there are a number of issues that would help to ensure activities are coordinated to improved effect to better develop the local economy:

- The council is a very large buyer of services locally and could be much more explicit in availing local businesses of the significant opportunities available through its procurement spend
- There are gaps in delivery outside of ARCH’s remit and focus
- The council could be more visible in its publicity and communications relating to regeneration
- Superfast Broadband is a priority and there is frustration that the roll-out isn’t rapid enough and information about the roll-out is patchy
- The absence of a digital strategy integrating with other aspects of economic and social provision is an area for attention
- More interesting opportunities for local businesses to engage with the council, over and above your regulatory and quasi-judicial functions will add relevance and understanding to strategies and plans
Key suggestions and ideas for consideration

We suggest that the following recommendations will help you to make best use of your undoubted skills, capacity and experience and might deliver some quick wins:

- Consider whether normal nomenclature such as Chief Executive and Cabinet might add more credence and clarity to your external relationships
- Work harder to help all elected members to understand their roles in representing the council and being more statesman-like, irrespective of seniority or political persuasion
- Consider the re-introduction of Group Leaders' meetings
- Create an integrated business plan drawing together the whole picture and policy priorities, resource allocation, performance and risk
- Continue to improve your approach to performance management and reporting, across a whole range of issues including action plans with clear targets, milestones, ownership and reporting mechanisms for:
  - Longer term financial sustainability
  - Delivery of the corporate plan
  - The economic development strategy
- Fully evaluate the council's skills and capacity needs for the future
- Refresh the workforce development strategy and organisational development plan in the context of significant budget reductions, asset rationalisation and flexible working requirements, to ensure you have the right framework to support staff in the future
- Clarify processes relating to decision making and information provision
- Explain the purpose, remit and operational freedoms of ARCH
- Engage more visibly and actively with the wider business community
- Re-visit approaches to procurement to ensure your expenditure has maximum beneficial impact on the local economy
- Pay closer attention in keeping up to date with local government best practice, utilising opportunities to see how other places deliver
- Take as many opportunities as you can to share good practice with other authorities

We have attached a set of slides that summarise the above feedback. The slides are the ones used by the peer team to present its feedback at the end of the onsite visit.

Next steps

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership before determining how the council
wishes to take things forward. As part of the peer challenge process, there is an offer of continued activity to support this. In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. We will endeavour to signpost you to other sources of information and examples of practice and thinking.

I thought it helpful to provide contact details for Mark Edgell who, as you know, is our Principal Adviser (North East). He can be contacted via email at mark.edgell@local.gov.uk or 07747 636910. He is the main contact between your authority and the Local Government Association. Hopefully this provides you with a convenient route of access to the Local Government Association, its resources and any further support.

All of us connected with the peer challenge would like to wish you every success going forward. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

Yours sincerely

Judith Hurcombe - Programme Manager, North East, Yorkshire & the Humber, and the East Midlands Local Government Association
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On behalf of the peer challenge team:

- Becky Shaw, Chief Executive, East Sussex County Council
- Councillor Anne Western, Leader, Derbyshire County Council
- Councillor Jane Scott, Leader, Wiltshire Council
- Barry Pirie, Associate Director, Wiltshire Council
- Amy Newbery, Programme Officer, Nottinghamshire County Council
- Alex Pratt, Chair, Buckinghamshire Thames Valley LEP
- Judith Hurcombe, Programme Manager, LGA (Peer Challenge Manager)