

# Corporate Peer Challenge **North Devon Council**

25 – 27 February 2020

Draft Feedback Report

## 1.0 Executive Summary

1.1 North Devon Council has come through a period of unprecedented political and managerial change in May 2019 to stand at a cross roads. The council has successfully introduced a new committee system, had a change of administration, seen nearly 50 per cent new councillors and appointed a new chief executive. This provides an ideal an opportunity to consider its role and focus for the future. It faces a number of challenges and the council needs to decide how these will affect it and its communities. This will, in turn, determine the future focus, ambition, and role of the council.

1.2 The council is self-aware as to where it is now, what it has achieved, and what it recognises as the current challenges. This is an important strength of the council. Along with its key partners it recognises that it needs to act far more strongly in its 'leadership of place' role if it is to successfully tackle longstanding issues including low skills and wages, health inequalities, affordable housing and homelessness, social inclusion and connectivity. It is also self-aware of its image as being too insular and isolationist and is already making strides to be a stronger partner both in Northern Devon and across the region more specifically generally.

1.3 Politically, the new governance arrangements and style of the joint partnership leaders are leading to a more collaborative and consensual form of leadership. The quick adoption of four corporate priorities is helping the council start to focus on these priorities although it recognises it has more work to do to ensure increased capacity follows behind these in themes such as climate action and commercialisation. Trust and confidence between officers and councillors appear strong and this should provide a good platform for enhanced joint working as the new council settles down, given it is barely nine months old.

1.4 The public, private and voluntary sectors in Northern Devon need to create a compelling investable vision for the area backed by prioritised deliverable projects. We consider that the council has the potential to be a significant leader in the region, and by doing so can determine its own agenda rather than have that determined by others. Our recommendations in this theme build on the emerging Northern Devon Futures partnership that is aiming to create a 2050 long term vision for the sub region. These recommendations are aimed at supporting the council to develop a stronger partnership approach to tackle the cross-cutting challenges that will impede the ability to build sustainable communities and strengthen the local economy.

1.5 Capacity is a core issue for the council and will be key to its future success. Presently, the chief executive and senior management team have little strategic thinking time and the capacity to create necessary stakeholder and relationship management opportunities is squeezed. Staff capacity is very stretched with service managers undertaking multiple roles and often working in small teams. These teams are undoubtedly delivering for the council, but some of the arrangements are fragile and have insufficient resilience to deal with unforeseen events or pressures.

1.6 An emerging transformation model, 'everything changes' seeks to place the council in a far stronger position to deliver on its corporate priorities; but this needs project and business management skills. These are a very scarce resource in the council.

Furthermore, commercialisation skills are required to help the council deliver a balanced budget going forward but again capacity and expertise are limited. Our recommendations on increasing capacity, including an injection of short-term expertise and examining organisational structures are designed to support the council in this area.

1.7 Finances are generally stable and overall the council appears to have a robust approach to managing spending within budget although there are underlying pressures, particularly within the waste and recycling service that has also seen significant performance issues. As part of its future medium-term financial strategy the council will need to continuously assess the risks it is prepared to take in order to become more financially self-sufficient and may need to be bolder.

1.8 The council and its partners can point to some outstanding local outcomes. Programmes such as 'Safe Sleep' and 'Clear Messages' tackle local issues such as homelessness, anti-social behaviour and environmental crime that are important to local people. It is investing its capital resources into the regeneration of Barnstaple and supporting new leisure and sport opportunities. The voluntary sector commends the council for its financial grant aid, especially in the face of reductions from other public bodies. One voluntary sector partner summed this up by encouraging the council to 'foster creativity, be proud, look after each other and keep the faith. North Devon Council has the right heart'.

1.9 The council can be proud of much of what it achieves and needs to ensure it celebrates its successes!

## 2.0 Key recommendations

2.1 There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the Council:

- 1. Work with Northern Devon Futures and North Devon + and relevant strategic partners to create a 2050 vision and investable opportunities.** Northern Devon requires a long-term vision in order to tackle long standing socio-economic weaknesses. The vision will enable the setting of clear priorities and enhance opportunities to attract additional funding and investment into the local area.
- 2. Continually evolve the corporate plan as a living document including taking opportunities for wider internal and external consultation and ensure that priorities meet any 2050 vision.** Given the council's decision to quickly develop a corporate plan without full consultation opportunities need to be taken to more widely engage with the staff, public and stakeholders. This also supports the council's commitment to make the corporate plan a living document.

3. **Invest in capacity to deliver the ‘everything changes’ programme, address the funding challenges and achieve shared ambitions for North Devon. Senior Management Team (SMT) and political leadership need to drive changes required to ensure that the ‘everything changes’ programme is implemented to agreed timelines given slippages in change programme.** The ‘everything changes’ programme supports the council’s transformation plans and is integral to delivery of the corporate plan priorities. Additional capacity in programme management and related skills is vital to achieve success. The emerging plan sets short timescales and leaders and managers need to step up to the challenge to ensure deadlines are met. This is important also in relation to the speed required to draw down savings to achieve a balanced budget in future years.
  
4. **Review strategic management and the organisational structure to add necessary and critical capacity to drive internal change and external advocacy and funding opportunities.** Significant challenges exist at chief executive and senior management team level to create strategic thinking and relationship management capacity to drive internal and external change. There is an urgent need to either enter a shared appointment with an appropriate local authority partner or engage a waste specialist to the senior leadership team and to move a number of the other services which report to the chief executive to a new senior leadership position to enable the chief executive to focus more on strategic leadership and management. The organisational structure needs to be reviewed to ensure that it is best placed to deliver on corporate priorities.
  
5. **Accelerate plans to deliver commercialisation and required culture change by setting clear objectives, creating additional capacity and expertise and where relevant staff training and development.** The commercialisation agenda is an important component of the council’s medium-term financial strategy to diversify its income base and support the delivery of a balance budget. Setting a clear commercialisation strategy backed by financial and human resource is necessary to achieve success.
  
6. **Ensure the roles of lead members are better understood and joint working between lead members, committee chairs and SMT enhanced.** Lead members are unclear about their roles and opportunities exist to enhance joint work with committee chairs and SMT to help deliver corporate priorities. Consideration should be given to away days to set priorities and review achievements against the corporate plan.
  
7. **As part of organisational development and training and development opportunities the council should consider:**
  - refreshing councillor development programme to ensure it is role focused and specifically targeted at helping councillors gain the skills they need to carry out their roles under the constitution;

- creating an organisation with flexible structure, easy to use technology, simple processes and accurate data;
- developing a smarter working environment through the use of generic job roles (job families based on behaviour/skills to allow movement between teams and address capacity and resilience issues);
- ensuring PDP discussions provide regular feedback and performance issues are appropriately addressed; and
- tap into wider experiences and learn from the best.

## 4.0 Summary of the Peer Challenge approach

### The peer team

4.1 Peer challenges are delivered by experienced councillor 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 North Devon Council were:

- Stephen Baker, Chief Executive, East Suffolk Council;
- Councillor Anita Lower, Leader of Opposition, Newcastle City Council;
- John Richardson, Strategic Director, Blaby District Council;
- Verna Connolly, Executive Manager, People and Organisational Development at Hastings Borough Council; and
- Robert Hathaway, LGA Peer Challenge Manager.

### Scope and focus

4.2 The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges cover. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?

3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. 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?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

### **The peer challenge process**

4.3 It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. 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.

4.4 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 then spent 3 days onsite at North Devon Council, during which they:

- Spoke to more than 80 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 31 meetings, visit to customer service centre and additional research and reading.
- Collectively spent more than 150 hours to determine their findings – the equivalent of one person spending more than 4 weeks in North Devon Council.

4.5 This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit on 27<sup>th</sup> February 2020. In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

## 4.1 Feedback

### Understanding of the local place and priority setting

4.1.1 The council moved quickly after the May 2019 local elections to set four clear corporate priorities based on the manifesto of the leading group. These are:

- we become financially secure;
- we become focussed on delivering the best for our customers;
- our environment is cherished and protected; and
- we plan for North Devon's future.

Early adoption of these four priorities by the whole council ensured that politically and managerially the focus of planning and delivery is turning towards prioritisation of action in these areas. The council see the corporate plan as a 'living document' that it needs to review and update to take account of the need to meet new challenges. Evidence shows that future enhanced delivery of the new corporate direction is supported by a delivery plan and the cascade of the corporate priorities into service planning and personal development appraisals thereby helping to create the 'golden thread' that ensures a coherent approach and connectivity between corporate strategy and delivery by service areas.

4.1.2 The focus on sustainable finances is appropriate, supports the corporate priority of becoming 'financially secure' and matches challenges in local government more generally. The council's aim to achieve a sustainable financial future with reliance on its own tax base and income is a realistic response to continued challenges in local government financing. In order to maintain and enhance service delivery in priority areas, the council is focused on adopting a more commercial and innovative approach to the way it works. Other councils have moved more quickly into this space and it will be important to set out its ambitions and directions in the commercialisation strategy that is due to be adopted in 2020.

4.1.3 In the development of a new commercialisation strategy it will be important for the council to set a comprehensive, targeted approach to maximising commercial opportunity based on a series of critical factors. The council needs to identify opportunity, ambition and risk appetite in assessing options that would include commercialising existing services, identifying areas other authorities have successfully developed and looking at new ventures. As part of a commercial strategy it will also be necessary to revisit fees and charges to maximise income, advise staff and partners of the different characteristics of income verses profit and clarify the opportunities under Local Government trading powers. It will also be important for the council to ensure that additional resources are aligned with this corporate priority in order to provide specialist support and capacity. The introduction of a more commercial approach can also impact on the culture of an organisation and this will need to be recognised by the council in terms of support for training and development.

4.1.4 The corporate plan and joint local plan shows that the council displays heightened awareness of the need to be more positive about appropriate housing and economic

growth to help create sustainable communities. This is based on competing trends in towns and villages where younger people find it difficult to live due to unaffordable house prices and where as a result the trend is that there are an increasing number of communities without a wide range of age groups, especially young families and children. The need for a revised housing strategy, introduction of an affordable housing supplementary planning document and closer partnership work with its housing provider - North Devon Homes - is recognised by the council and built into its delivery plan. For example, the council is packaging up smaller sites – in the range of five houses- that it owns with land owned by NDH to help build more affordable houses in the area.

4.1.5 The priority of environmental protection in North Devon's context is good and connects with growing public awareness of the need to manage climate change and habitat/biodiversity management. This matches the importance of the National Park, Area of Outstanding Natural Beauty and UNESCO Biosphere Reserve status in the area's landscape. The council and its strategic partners also have an inspiring and ambitious approach for the rural areas of Northern Devon to offer opportunities for its rural landscapes to act as carbon offsets and carbon sinks. The council and its partners focus on creating a plastic free North Devon have been successful in reducing elements of local packaging and its better managed disposal.

4.1.6 The council has communicated its corporate plan in a variety of ways on its award winning and easily accessible website, social media posts and tweets and with staff through chief executive blogs and face to face briefings. We found that councillors and managers were aware of and supported the priorities. However, the senior management team (SMT) and political leadership recognise that given the speed in the production of corporate plan it has not been widely consulted on both internally and externally. This limits widespread ownership among all staff, partners and the public. Accordingly, one of our recommendations is for the council to consult more widely on the corporate plan. The council plans to use future consultation through resident's survey and staff surveys to provide more intelligence to help keep the corporate plan updated and to spread ownership and awareness of its priorities.

4.1.7 Some excellent integrated partnership working is developing local solutions that support health and well-being outcomes for marginalised and disadvantaged individuals and families. An outcome of this is that the council and its partners benefit significantly from having two uniformed police officers embedded in its community safety partnership team. Voluntary sector, health and police partners were full of praise for the council's work on projects such as 'Safe Sleep' and 'High Flow' projects and these are indicative of the quality of work in these areas. 'Safe Sleep' has been nominated for a Local Government Award for its interagency collaboration in providing 1,857 nights of accommodation, over the winter, for more than 100 rough sleepers. Public health intelligence is supporting One Northern Devon in prioritising its health and social care partnership and housing work. A 'High Flow' project prioritises the 30 most intensive users of public services in Northern Devon and aims to better meet the needs of these individuals and use the learning to improve the future system response.



## 4.2 Leadership of Place

4.2.1 New political and managerial leadership has brought about a more collaborative and outward looking style of leadership that is noticed and welcomed by staff and key strategic public and private sector partners. Partners told us that they had noticed a change in leadership at the council, driven by the new political leader, deputy leader, and chief executive. This more consensual leadership style with a greater willingness to invest time and energy in external relationship building was seen as fundamental to placing shaping and the achievement of longer-term change. The council recognises that it needs to place more focus on external relationship building and partnership where focus had been lost by a previously more insular approach, partly driven by budget and capacity cuts. Examples of insufficient capacity can be found in community engagement and partnership within the economic and tourism sectors which has slowed progress in some areas

4.2.2 The council and its partners, including neighbouring authorities, recognise the need to develop a long-term vision for Northern Devon and its main towns up to 2050. Foundations such as One Ilfracombe and One North Devon can be built on, but it is clear to strategic partners such as Northern Devon Futures, North Devon +, Devon County Council and the Local Enterprise Partnership, that a compelling narrative for change needs to accompany a sub-regional vision for the Northern Devon communities. Such a vision needs to outline the challenges of connectivity, health inequalities, low skills and wages, economic migration, affordable housing and homelessness, social care and rural isolation in order to set priorities, plans and targets to create sustainable communities. One town that perhaps typifies longstanding economic and social challenges is Ilfracombe, the sixth largest town in Devon. The coastal town retains a lot of its Victorian splendour in its buildings but suffers from areas of underinvestment, poor housing and infrastructure and an over reliance on low paid seasonal work and a narrow range of employment opportunities. Any integrated and long-term plan needs to set challenging targets for communities like these in order to help tackle statistics such as the fact that central ward in Ilfracombe is in the top decile of socially deprived areas in England. The council and its partners recognise the need for both strategic and local place-based plans, targets and projects to be produced but exact details have yet to be agreed.

4.2.3 Partners were also enthusiastic in the need for a long term sub-regional vision. They considered that this needed to be backed by excellent intelligence and trend analysis that painted an undeniable need for investment and commitment by Government, the Local Enterprise Partnership (LEP) and other public partners. Such a vision would also offer a stronger springboard and confidence for private sector investment. This vision then needs to be supported by specific projects and initiatives with 'shovel ready' schemes that would contribute to meeting local needs. Partners expressed a strong willingness to share intelligence and data to provide evidence of the need for more investment to come to what many called 'the forgotten part of Devon'. Without such advocacy and bidding documents, many partnership organisations considered that Northern Devon would continue to lose out financially to the more

economically developed Southern Devon sub region and especially to Exeter and Plymouth.

4.2.4 Opportunities exist to rebuild community engagement capacity to meet corporate priorities in customer focus and planning for North Devon's future. Corporate objectives supporting these priorities include 'working with communities to make them more resilient and will put the community at the heart of our plans' and adopting community-based approaches in planning'. Capacity was lost in community engagement due to a lack of strategic management rigour during voluntary redundancies over recent years and this has been noticed by both the voluntary sector, councillors and other partners. In order to ensure that the council brings its resources and capacity behind its stated priorities it will be important to explore opportunities to strengthen its staffing structure in this area.

4.2.5 Local partnership work shows a good focus on improved outcomes that contribute to meeting corporate priorities. The council and its neighbour Torridge District Council have produced a joint local plan to guide and control development and encourage housing growth and supporting infrastructure. Recognising that more affordable houses are required, the council is working more closely with one of its main housing providers, NDH in ways such as packaging smaller pieces of council owned land alongside larger NDH land for additional small-scale housing areas. Other joint work has seen NDH become a delivery partner for the disabled facilities grant programme with the council purchasing accommodation for temporary accommodation which is highly cost-effective.

4.2.6 A 'Clear Messages' campaign has helped tackle one of the public's main complaints around environmental crime. It focused on a programme of educational awareness and enforcement with a clear message to local people that they would be supported in challenging and reporting poor behaviour. Examples of successful prosecutions include illegal tipping, abandoned cars and dog fouling with the public reporting greater confidence in the council's willingness and ability to tackle environmental crime.

4.2.7 Town and parish councils play an increasingly important role in the delivery of local services in response to both budget cuts at the North Devon Council level and in response to local need. Examples include the leadership by Ilfracombe Town Council in the development of One Ilfracombe with a focus on health and well-being and its role in striving for better tourism related facilities and environmental cleanliness. South Moulton has helped shape a stronger economic offer through its work on the Pathfields Business Park while Barnstaple Town Council has supported the council's lead in the Future High Streets Fund and its Garden Village plans for more housing. Town and parish councils were very complimentary of some of the support they receive from the Council and especially ICT and legal advice. Towns and parishes told us that they would value stronger communication and engagement with the council and would value more ownership of the agendas that shape their interactions, especially at the annual Towns and Parishes forum.

## 4.3 Organisational leadership and governance

4.3.1 Councillors generally consider the new committee structure to be more inclusive and support the governance changes introduced. Prior to the May 2019 local elections, councillors had voted to change the political arrangements and move from an executive system to a streamlined committee system with key decisions taken at Strategy and Resources Committee and Full Council. All committees are now politically balanced and group leaders meet every month prior to the Strategy and Resources Committee to talk about emerging issues.

4.3.2 Councillors told us that they feel that the new arrangements have generally led to a more collaborative approach to decision making and many commented on the style of the new leader and deputy that they considered was more consensual and collaborative. This view is supported by a recent light touch governance review questionnaire, which albeit with a low return rate, did generally point to a reasonable level of satisfaction but also with pointers for improvement for the future. With nearly half of the councillors elected in May 2019 being new – 19 out of 42 – this is perhaps hardly surprising and clearly with so many new councillors and working with new arrangements, it will take time for things to settle down. No doubt the greater consensual and collaborative style being noticed is also a consequence of the partnership arrangement for political leadership which sees the Liberal Democrats and Independents forming two thirds of all councillors.

4.3.3 Adequate arrangements exist for scrutiny and risk management. While the council in its new governance arrangements does not have an Overview and Scrutiny Committee opportunities, this function is picked up by the Policy Development Committee. This Committee will shortly be looking at proposals to merge two health trusts and other issues of general concern or interest. A risk management framework supports the council's focus on good management and governance. The Council is committed to managing risks in all its activities, including decision making, corporate and service planning, and project management. The Strategy and Resources report writing template, the service planning process, and the project appraisal process all include the need for risk assessment.

4.3.4 As part of an overall drive for change it will be important for the council to ensure that democratic decision-making processes are business like and efficient and that councillors are able to demonstrate leadership and ownership of their political lead roles. We attended the Full Council meeting and considered that improvements could be made in relation to processes and arrangements. For example, the way that motions were put and amendments accepted and the tone and tenor of the meeting could be more businesslike and clearer. Also, it is now common place in many councils for councillors to lead on presenting reports which helps the reinforcement of the political process and demonstrates community leadership in their specialist areas of responsibility.

4.3.5 The role of lead members in areas including climate change and commercialisation would benefit from greater clarification. One lead member told us that they do not understand their terms of reference and they are 'still working it out'. Lead

members also expressed concerns about capacity and resources and wanted to see greater engagement with the senior management team and improved joint working with committee chairs. Despite the revised constitution containing specific role descriptions there was clearly confusion in most lead members minds of their terms of reference and especially in relation to their role vis a vis committee chairs and also in their ability to access even small level funds to promote their theme activities.

4.3.6 A clear example of this was in relation to the themes of the environment and climate change and also in relation for example into activities around Climate Action Week. Again, the newness of many councillors and the adoption of the lead member system needs time to settle down, but we see opportunities to more clearly restate key roles expected, better align lead members to heads of service and allow for stronger briefings and engagement with SMT and committee chairs. This will increase the council to better benefit from the skills and capacity of capacity of lead members and allow for greater efficiency and joint working in pursuit of corporate priorities.

4.3.7 The council provides a range of councillor development and training options which are largely well attended although a small cohort of councillors do not attend. A full four-year development and training programme provides opportunities for training and development in general topics such as equalities, cyber security safeguarding and health and safety although with more detail in certain operational issues such as planning and licensing. Given the newness of the roles to so many councillors, opportunities exist to refresh any councillor development programme to ensure it is role focused and specifically targeted at helping councillors gain the skills and experience they need to carry out their roles under the constitution.

4.3.8 In order to encourage wider take up and to support a stronger learning culture it would benefit the council to examine providing more self-ownership and accountability to councillors through personal development plans. The Local Government Association and other providers can provide a large library of e learning models to help 'mix up' training delivery and to be adaptive to different learning styles and allow for use at times suitable to busy councillor lives.

4.3.9 To help support the creation of private meeting and networking space, some councillors mentioned that a 'member's room' would avoid them sitting in corridors or seeking out some space in which to hold meetings or some e mails in between meetings. We were told that the last member's room was decommissioned due to a lack of use but with the change in governance arrangements and present style of political leadership and collaboration the council may wish to revisit this issue.

4.3.10 The chief executive has been in post since July 2019 and his managerial style has increased internal and external visibility and has been seen by staff, councillors and partners as a force for good for the area. His regular staff briefings alongside political leaders or heads of service on the corporate plan have helped staff better understand the roles they play in it. Internally he has commanded considerable respect for tackling poor management in the waste and recycling service which has performed poorly in both operational and financial terms for a long period and has been a source of almost

constant customer complaints. Externally, partners have recognised an increased appetite for positive engagement and looking for strategic alliances across Northern Devon and beyond.

4.3.11 An emerging transformation programme provides a good opportunity to build upon excellent staff commitment and a recognition of the need for change. The 'everything changes' programme is at an early stage but is an initial management response to advancing corporate priorities in relation to cultural change and business processes. A previous transformation programme 21:21, while partly successful, was overshadowed by weaknesses in the waste and recycling service which effectively swallowed up significant capacity and energy. We agree that the emerging programme offers good potential for clearer development of business processes, programme/project management and the setting of appropriate culture and behaviours appropriate to the council's needs in order to support improved delivery of its ambitions and priorities.

4.3.12 The chief executive and SMT recognise that there is a current 'window of opportunity' to start to effect real change building on the council's fresh start and existing staff commitment. However, we heard from all sources that staff are severely stretched, taking on multiple roles in pursuit of seeking to do their best for the council and its residents. Currently the management and support of any change projects are added to existing roles reducing impact and reach. Also, project management roles and expertise were previously stripped out in staff reductions and therefore the council lacks a programme management office (PMO) which limits sharing learning and reducing costs. We discuss the need to explore ways of increasing capacity in section 4.5

#### **4.4 Financial planning and viability**

4.4.1 The Council has received clean audit opinions on its 2018/19 accounts and on the arrangements it has in place to deliver value for money. In support of sound financial governance, the annual governance statement (AGS) sets out clearly how the council conforms to the principles of the CIPFA/SoLACE framework for 'Delivering Good Governance in Local Government'. This demonstrates sound financial governance at a corporate level.

4.4.2 The service planning and budgetary process and committee reporting and scrutiny help ensure a sound framework to managing spending within budget. Performance and financial management is aided by an embedded service planning process that benefits from SMT and Policy Development Committee scrutiny and approval. Service plan actions are grouped in the council's performance management system along with the target dates for delivery. Quarterly performance and financial management reports are assessed at SMT and Strategy and Resources Committee, Policy Development Committee and then onto Full Council. Examples of positive actions include interventions to lengthen commissioning of rough sleeper accommodation, and revise key dates for growth plans to support Barnstaple regeneration. Quarterly performance information would benefit from greater use of graphics, informatics and Key Performance Indicators including RAG rating to help focus on managers and councillor's minds on outliers and be better linked to corporate plan priorities.

4.4.3 However, despite this framework, long standing concerns with waste and recycling have led to strong budgetary pressures as a result of poor financial management and operational deficiencies. This has impacted significantly on the corporate balance sheet of the council. For example, in 2018/9 there was a significant overspend - £353k - on corporate and community services due to overspends on waste and recycling.

Weaknesses in financial and performance have led to increases in revenue spending plans in 2020/1 to cover £500k of waste and recycling costs. We were also told that there are concerns about issues with mechanical plant at the main waste and recycling centre at the Brynsworthy Environment Centre that could be very expensive to fix and do not appear to be in budget. It will be important for the Council to ensure that the council has sufficient funding in place for waste and recycling in the 2020/21 budget and to satisfy itself that it is taking all appropriate to limit the increase in waste and recycling costs.

4.4.4 The Council benefits from solid financial planning with realistic medium-term financial strategy (MTFS) and awareness of key risks around new homes bonus, business rate review and fair funding review. For example, it recognises that the rebasing of business rates expected in 2021/22 could have a significant impact on the council's resources and it appears to be correct in building into its MTFS an assumption of significantly reduced resources from 2021/22 - albeit recognising that transitional arrangements are likely to be in place.

4.4.5 For 2021/22, risks exist around potential funding scenarios that the Council needs to ensure it has clear plans to manage. If forecasts prove correct, the impact of loss of resources would mean that the council could potentially face a budget gap of a different order than it has at any time in the recent past – amounting to some £1.7m. While the potential size of challenge is set out in the 2020/21 budget report, the report is less clear about the actions that will be taken to address the challenge and this eventuality should be planned for.

4.4.6 The council confirmed that the emerging transformation programme is the vehicle by which at least some quantifiable measures required to bridge the gap will be delivered. Indeed, any reliance on savings from its new transformation programme need to be tempered by the emerging plans that suggest cash savings are only likely to arrive at the end of the change programme scheduled for some time in 2021. This appears to be ambitious and the council needs to ensure that any reliance placed on savings from transformation has a mitigation plan in place. The council's response to plug potential gaps in its 2020/21 budget relies on a planned commercialisation strategy with an assumption that any income generated could fund the additional resources needed to deliver organisational change. This is very ambitious as any commercialisation strategy has yet to be produced.

4.4.7 Despite these risks it is encouraging that the council possess a reasonable level of reserves to give protection against financial shocks. Though relatively low by comparison with other district councils, the council has a reasonable level of general and earmarked reserves - 47 per cent of net revenue expenditure at 31<sup>st</sup> March 2019 - which gives it protection against financial shocks. Its planned approach to use of earmarked reserves in each year's budget has led to a reduction in overall reserves as a proportion of the budget since a peak of 76 per cent in 2016/17, having grown to that level from 25 per cent in 2012/13.

4.4.8 A prudent approach to the funding of capital items has seen a focus on the use of reserves rather than borrowing. Between 2019/20 and 2022/23 a large capital programme of 34.2m is planned to be funded from mixture of capital receipts/borrowing/external grants and reserves. Recent funding has ranged across a number of schemes including a focus on the centre of Barnstaple with investment in the Museum of Barnstaple and the improvement of the historically important Pannier Market. One of the council's largest ever capital projects is planned for a new leisure centre at Seven Brethren, Barnstaple with a sum in the order of £20m to be spent on land release and building with the bulk of the spending in 2020/21 and 2021/22. Given the scale of this project and its importance to the capital programme the council needs to ensure it has the capacity to ensure that the project is delivered on time and within budget.

4.4.9 Generation of capital receipts to help fund projects including the Seven Brethren leisure centre will be a challenge in the current economic climate. There was concern amongst the review team that this posed a risk to the project. However, when we discussed this with the responsible financial head of service assurances were provided, and there was confidence that such receipts had been identified along with the measures being taken to ensure they are delivered. But until receipts are secured it will remain a risk for the council.

4.4.10 The council is prudent in its approach to funding of capital items, including use of revenue reserves rather than borrowing. It has a low level of borrowing - £1.5m at 31 March 2019 - giving low risk but it is likely to have to revisit this in future years as reliance on local funding increases. Re-examining the risk profile of borrowing and investments may also provide greater opportunities to invest in place shaping and generating revenue to recycle or invest in services. Capital investment is likely to become more important if its corporate ambitions about taking a stronger lead in place shaping and working in partnership are to be realised.

## **4.5 Capacity to deliver**

4.5.1 Staff are extremely proud of working for North Devon Council and spoke passionately about their commitment and loyalty to public service for the local area. This 'good will' has been necessary to sustain staff through what many described as extremely high and challenging workloads. Most issues seemed to resolve around small teams and managers expected to deliver on multiple roles and projects with any new initiative or project simply added to existing workloads.

4.5.2 Training and development opportunities allow for the council to seek to develop and grow the potential of its staff which is important in a rural coastal location such as North Devon where it can often be very difficult to recruit some types of professional staff. Management training, managers forums, further education opportunities and use of the apprenticeship levy are all ways that the council is using to support staff. Staff welcomed these opportunities.

4.5.3 However, the council is not able to benefit from up to date staff survey data that would allow it to capture opinions, ideas and expectations and use these as part of its management and leadership roles. This is recognised by the council which is

in the process of finalising the content and design of a staff survey. This will provide a benchmark and also test how staff feel about the environment in which they work, where things are going well and not so well and what further changes they would like to see moving forwards. We suggest that this is done as soon as possible to assist the council in the management and delivery of its transformation programme and its ongoing care and development of its staff.

4.5.4 The need for a stronger outward looking and a greater presence on the regional stage is recognised by the new political and managerial leadership and is already in train. For example, greater attendance at Local Economic Partnership (LEP) Heart of the South West Joint Committee and the Heart of the South West LEP has been noticed by key partners who also commented on a re-energising of more local economic partnerships such as North Devon +. In terms of external influence, a new MP was elected in the recent general election and that individual is also a councillor sitting on the district council. Initial meetings have already been held with the MP and it is hoped that this relationship will bear fruit in terms of more general influence in terms of Government interest in North Devon. This provides clear potential for stronger leadership not only of the district but Northern Devon more generally.

4.5.5 Joint working with other authorities has often proved difficult in Northern Devon. Previously a joint arrangement with Torridge District Council led to shared heads of service but this stopped around 5 or 6 years ago. Both councils should remain alert to opportunities for shared services and backroom functions, especially given that both areas fall within the same economic and travel to work areas and share very similar challenges. The two authorities do however share a crematorium service run through a joint committee and also are joint owners of a private company called North Devon +, delivering business support and various grant streams such as the EU Leader grant programme. There is also a joint arrangement with Mid Devon District Council to deliver a building control service which again is run through a joint committee. Clearly opportunities are open for the council to explore new arrangements with other authorities in Devon but also Somerset as circumstances develop, this is supported by all external partners who we interviewed.

4.5.6 A good vehicle to promote stronger collaborative working and to develop a 2050 vision for the area exists in the form of a new partnership called Northern Devon Futures. Chaired enthusiastically and collaboratively by the further education college for North and Mid Devon, Petroc, it includes both North Devon and Torridge councils, health, police, and private and voluntary sector partners. The partnership seeks to take some already good local partnership on for example the joint economic and tourism plan, the various One Place initiatives and other health and well-being work and climate action onto a more formal basis with clear place making objectives and governed by the principles of place making.

4.5.7 Partners spoke very supportively of the potential for Northern Devon Futures feeling that it would provide a stronger voice for the sub region and would help partners, perhaps for the first time, identify a long-term vision and agree priorities that were good for the whole sub region. They also recognised the strong advocacy power that an agreed vision and priorities would give in an attempt to counter balance funding into other parts of the south-west. The council are currently key leaders of the Northern Devon Futures



partnership and it is absolutely vital that its senior political and managerial capacity stay focused on supporting this work and do not allow lower level managerial and political issues to intrude and take precedence.

4.5.8 The SMT provides helpful support to the chief executive in senior managerial leadership and the management of operational delivery and cross cutting services. However, opportunities must be found to create greater strategic thinking capacity, external relationship building and horizon scanning at the top of the organisation. For example, the chief executive is currently responsible for 11 direct line reports and service delivery having recently taken over the management of waste and recycling services following the departure of a head of service. This is not an approach that is sustainable and deflects the chief executive from his main leadership responsibilities especially at a time when the council is recalibrating and refreshing its approach and when it needs to build on its new start as a more confident, outward looking, organisation.

4.5.9 We would urgently recommend that the council look at securing the effective management for its waste and recycling service. We suggest the council explore the benefits from opportunities including a shared appointment with an appropriate local authority partner or engages a specialist interim manager. Without strong and effective leadership, the service would remain in danger of continued poor performance and would suck the capacity and energy from the chief executive whose focus needs at this moment to be on wider corporate issues and change management.

4.5.10 The council recognises the need for additional capacity in order to help it drive its programme 'everything changes'. We support this and one of our key recommendations is that creating additional capacity for leadership and project management is vital to achieve successful and lasting transformation. The council needs to review whether its current organisational structure provides clear leadership and direction in support of the chief executive as well as unlocking the capacity needed to deliver transformation alongside the new corporate plan priorities releasing capacity in general. We noted that the existing structure was very flat with 60 managers overseeing a number of small teams and opportunities exist to review whether greater joint working could release any capacity and build resilience.

4.5.11 Examination of the structure should consider the benefits of a single PMO function to bring together greater levels of programme management and corporate oversight that will be essential for the delivery of future plans and ambitions. As part of all of these potential changes it may be necessary to make the case for additional resources to build capacity back into the organisation. This could include short term interim capacity through buying in external expertise. While budgets are tight staff told us that they would like to see greater use made of the £250k transformational fund to provide extra capacity and support.

4.5.12 Based on our interviews with managers and staff we also recommend that the council consider the following in any organisational development under its 'everything changes' programme:

- create an organisation with flexible structure, easy to use technology, simple processes and accurate data:

- develop a smarter working environment through the use of generic job roles - job families based on behaviour/skills to allow movement between teams and address capacity and resilience issues -;
- ensure PDP discussions provide regular feedback and performance issues are appropriately addressed; and
- tap into wider experiences and learn from the best.

4.5.13 While trust and confidence between councillors and officers is good, opportunities exist to optimise the capacity and expertise of joint working between the leader and deputy, committee chairs and lead members and SMT. For example, committee chairs see opportunities for greater collaboration to achieve economies of scale and to increase joint working between SMT, the leader and deputy, lead members and themselves. Given that lead members do not sit on committees, effective ways need to be found to ensure good communication on theme topics and priorities. Councillors identified the need to work in collaboration across departments and to accrue the benefits of working with others to give economies of scale.

4.5.14 The council's web site is making a difference in support of channel shift and is supported by a well-trained and efficient customer services department based in Barnstaple town centre that is more accessible than the main council offices. The web site is recognised by the Society for Innovation, Technology and Modernisation (Socitm) as high quality providing good accessibility and transactional services. Corporate communications are supporting the delivery of corporate priorities and key service messages with a good focus on using social media. We were told that some services could be more proactive in using communications to support individual local campaigns. Local media also offered to support inductions and training of new councillors following elections.

## 5. Next steps

### Immediate next steps

We appreciate the senior managerial and political leadership will want to reflect on the findings within this report in order to determine how the organisation wishes to take things forward.

To support you in your improvement journey the Peer Team have identified a number of key recommendations, some of which you may already have in hand. We welcome your response to these recommendations within the next three months through the development of an action plan.

Your Principal Adviser Andrew Bates [andy.bates@local.gov.uk](mailto:andy.bates@local.gov.uk) will be in contact to assist the council going forward and to provide additional support, advice and guidance on any areas for development and improvement and he will be happy to discuss this.

In the meantime, we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

### **Follow up visit**

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the council. Our expectation is that it will occur within the next 2 years.

### **Next Corporate Peer Challenge**

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the council will commission their next Peer Challenge before 2025.

### **Examples of good practice**

#### **Safe Streets**

The Safe Sleep team provided 1,857 nights of accommodation over the 2018/19 winter for more than 100 rough sleepers. The team comprised of individuals from the council, adult social services, drug and alcohol treatment services, the police and the Freedom Community Alliance. Midway through the project, the team was further enhanced with the addition of a full-time community psychiatric nurse.

#### **Clear Messages**

Clear messages was a campaign to tackle increasing levels of environmental crime and anti-social behaviour such as dog fouling, littering, fly-abandoned vehicles. The aim was to raise the profile of these issues and crack down on the behaviour through a programme of education awareness and enforcement. The campaign involved engagement with stakeholders, working with partners, media coverage, a creative social media campaign, attending community events and issuing information. The overarching message was that people could make a difference by getting involved and challenging and reporting this behaviour and that the council was serious about taking action against it.