

LGA Corporate Peer Challenge

Newark and Sherwood District Council

7th – 9th October 2024

Feedback report



Corporate Peer Challenge



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1. Introduction

Corporate Peer Challenge (CPC) is a highly valued improvement and assurance tool that is delivered by the sector for the sector. It involves a team of senior local government councillors and officers undertaking a comprehensive review of key finance, performance and governance information and then spending three days on site at Newark and Sherwood District Council (NSDC) to provide robust, strategic, and credible challenge and support.

CPC forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement (SLI) put in place by councils and the Local Government Association (LGA) to support continuous improvement and assurance across the sector. These state that local authorities are: Responsible for their own performance, Accountable locally not nationally and have a collective responsibility for the performance of the sector.

CPC assists councils in meeting part of their Best Value duty, with the UK Government expecting all local authorities to have a CPC at least every five years.

Peers remain at the heart of the peer challenge process and provide a 'practitioner perspective' and 'critical friend' challenge.

This report outlines the key findings of the peer team and the recommendations that the council are required to action.

2. Executive summary

NSDC is making a real and tangible difference on citizens' lives, particularly through core functions. The council delivers the essentials very well, and the organisation is close to its communities.

The Leader and Chief Executive are held in high regard internally and externally and both are viewed as effective. Staff and councillors are clearly committed to serving communities in the district, recognising differing needs in different places.

There is a great positive, supportive and welcoming culture, with staff going the extra mile to support each other and the communities they serve.

There was a large new councillor intake in May 2023; they received a sufficient induction programme, but ongoing training, development and support is needed. All councillors, new and established, could benefit from support to recognise and understand changed roles under different political administration; a NOC (No Overall Control) council functions very differently from a council with a majority administration by a single party. The scale of financial challenges, and resulting risks to future service delivery, is not fully understood by all councillors.

There is currently a very ambitious 2023-27 Community Plan, which includes about 140 projects, and some of these projects fall within the remit of other organisations. Whilst this was done with the best of intentions at the time, it is putting a strain on capacity. The council needs to carry out a review of the Community Plan, with a view to ensure that sufficient capacity would be able to deliver the Council's core services.

The financial position of NSDC appears to be relatively good but the council needs to have a much longer-term plan to ensure the sustainability of Arkwood and Active4Today. The peer team acknowledge that current local government funding arrangements are a challenge for all councils, and that multi-year settlements would help to robustly plan for the future, the team recommend exploring with councillors different scenarios and options appraisals to help them understand the financial risks for the council¹. The Chancellor has announced a new Budget since the peer team was on site, and this may affect some of the plans the council has.

3. Recommendations

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

3.1 Recommendation 1: Review and prioritise the 2023-2027 Community Plan

Work on this has already begun with the Cabinet. This may involve reducing the number of priorities and setting timescales for delivery. The process should be inclusive, for example holding a workshop between Cabinet and SLT to agree

priorities and timescales. This should include examining areas that are beyond NSDC's remit and refocus on what a district council can and needs to deliver, before looking at wider areas of work.

3.2 Recommendation 2: Review Audit, Governance, Overview and Scrutiny functions of the council to maximise councillor engagement and council productivity

Review terms of reference for Policy and Performance Improvement Committee (PPIC) and Audit and Governance Committee (AGC) to ensure the adequacy and robustness of the council's governance, risk and control arrangements. Using a wide range of scrutiny tools available, could encourage more councillors to be better engaged in scrutiny and overview activity. This could include identifying long term challenges, and conducting deep dive commissions, or task and finish groups for shorter investigations. Deep dives could be into subject areas that councillors need more information on before deciding whether to invest staff time and resources in a particular area of work. Consider use of scoring matrix to inform this programme. Ensure the roles of PPIC and AGC are clear and consider how the forward plan for each committee covers the full range of scrutiny, governance, risk management and performance responsibilities. Consider whether opposition councillors could be chairs or vice-chairs of committees.

3.3 Recommendation 3: Ensure councillors understand the longer-term budget pressures

Ensure regular financial reports include long-term forecasts to all councillors are understood. The regular reports to PPIC and Cabinet include forward forecasts, and NSDC revises the MTFP annually and identify the financial gap that will need addressing at the end of the three-year term of the plan. However, it became clear during discussions with councillors that not all appreciated the real financial pressures and risks the council is under, nor the balances that need to be made. The Autumn budget provides an ideal opportunity to update councillors on NSDC's financial pressures. This will help councillors when revising the Community Plan (recommendation 1). Consider holding an audit on the robustness and sustainability

of the Arkwood and Active4Today business plans, introducing an annual report to scrutinise those accounts.

3.4 Recommendation 4: Establish an ongoing councillor development programme

This would ensure that long-standing, as well as new councillors are kept up to date with the many changes that are happening in local government. Consider setting up a councillor development steering group to feed into this process, recognising that officers have a role in recommending development opportunities. Encourage councillors who are new to areas of responsibility to attend Leadership Academy courses. This will build up networks of expertise from around the country and improve resilience of councillors.

3.5 Recommendation 5: Continue to foster the positive culture of the organisation

Officers are deeply committed to delivering the best for local communities. However, many of the officers the team met (formally and informally) are very stretched. Although the recent staff survey indicates that this is 'some' rather than 'many' staff, the peer team recommends that the council explore this further. This is affected by the demands of the Community Plan and work that is outside NSDC's remit. It is underpinned by staff having a strong commitment to deliver high quality, appropriate, supportive services.

3.6 Recommendation 5: Consider agreeing a Team Charter amongst the Joint Administration

This should include a Communication Protocol and be linked with the review of Councillor Code of Conduct.

4. Summary of peer challenge approach

4.1 The peer team

Peer challenges are delivered by experienced elected member and officer peers. The

make-up of the peer team reflected the focus of the peer challenge and peers were selected by the LGA on the basis of their relevant expertise. The peers were:

- Cllr Anthony McKeown – Leader, High Peak BC
- Cllr Georgina Hill, LGA Regional Lead Peer (Independent)
- Ka Ng – Chief Executive, Welwyn Hatfield BC
- Kimberley Grout – Associate Director for Corporate, Customer and Community, Three Rivers DC
- Hannah Sadik – LGA Impact Graduate
- Becca Singh – LGA Peer Challenge Manager

4.2 Scope and focus

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

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities? Is there an organisational-wide approach to continuous improvement, with frequent monitoring, reporting on and updating of performance and improvement plans?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - **Does the council have a grip on its** current financial position? Does the council have a strategy and a plan to address its financial challenges? What is the relative financial resilience of the council like?
5. **Capacity for improvement** - Is the organisation able to bring about the improvements it needs, including delivering on locally identified priorities? Does

the council have the capacity to improve?

As part of the five core elements outlined above, every Corporate Peer Challenge includes a strong focus on financial sustainability, performance, governance, and assurance.

4.3 The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team reviewed a range of documents and information provided by NSDC to ensure familiarity with the council, its challenges and plans. This included:

- a position statement specifically prepared by the council which provided a clear steer on the local context and what the peer team should focus on
- a range of NSDC's strategic and operational documents
- a comprehensive LGA Finance briefing prepared using public reports from the council's website and
- a summary LGA performance report of benchmarking data for the council across a range of metrics, produced using LG Inform, the LGA's local area benchmarking tool,

They used their experience and knowledge to reflect on the information from conversations, focus groups, reading and observing. They provide feedback as critical friends, not as assessors, consultants or inspectors. Over the course of the peer challenge, they:

- Spoke to around 80 people in 40 meetings: councillors, staff and partners
- Spent around 270 hours working on the peer challenge (plus travel time), equivalent to one person spending eight weeks in NSDC

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and councillors.

5. Feedback

5.1 Local priorities and outcomes

NSDC is making a real and tangible difference on citizens' lives, particularly through core functions. The council delivers the essentials very well, and the organisation is close to its communities. Council work has a direct impact which is felt by communities and recognised externally. For example, the National Civil War Centre in Newark (council-run museum) won the Best Small Museum category in the national 'Family Friendly Museum Awards' awarded by Kids in Museums

NSDC is fully and effectively engaged with partners for community benefit. Partners described the council as the facilitator and enabler, a collaborative partner, genuinely working in partnership. It is currently representing district councils in the region at the East Midlands Combined County Authority (EMCCA) and is an active partner at that forum. However, there is a danger of overstressing staff to deliver plans, and partners are concerned about the lack of a focused vision, along with potential political instability and financial uncertainties that all councils face.

The council is ambitious, with a high number of councillor priorities and many exciting projects that are delivering tangible outcomes for residents and businesses. However, officers in some areas are overstretched, which carries the risk of overloading officers and dissatisfaction of councillors if their priorities are not able to be delivered.

The Community Plan shows a lack of clear prioritisation from councillors which is not strategic; there are 144 often detailed actions. This may be because councillors have more knowledge about the benefits of certain work, but it is not clear how councillor priorities relate to community priorities, nor the remit of a district council.

The overambitious nature of the Community Plan is partly due to the inexperience of newly elected councillors stepping into the functions of other organisations to do the best for its residents and businesses. This particularly includes Environment Agency

(during flooding) and the County Council (highways, education and public health). Although this is done to ensure that its residents and business have the best support possible, NSDC is not paid to deliver these services, and its core services could be at risk if it continues like this without additional funding. Consider how the council could be commissioned by others to continue to deliver this work, or how NSDC can use its place leadership role to influence others to deliver what is needed in the district.

The council is delivering well on its key performance information (see below) and satisfaction levels are consistently above national benchmarks. Little direct reference was made in conversations during the CPC to diversity or addressing inequalities, despite the work that the council is doing in this area. For example, work to support gypsies and travellers and relations with settled communities, and positive work on the resettlement of refugees. The peer team recommend that more is made of this work, particularly when demonstrating achievement of the council's equality objectives and fulfilling its Equality Duty obligations.

5.1.1 Performance

Much of the performance measured referred to in this section (and other sections) are taken from the LG Inform performance reports prepared for the CPC. NSDC asked that as well as looking at comparisons with the CIPFA near neighbours, the peer team also looked at East Midlands district councils.

NSDC provides well and effectively run services. Complaints records and performance data show very few complaints about work that is 'business as usual', such as missed bins. There were no upheld Ombudsman complaints in 2022/23, but no data yet on 2023/24.

There is a clear performance management structure in the council including Business Managers reporting performance to SLT, Cabinet and PPIC quarterly. There is an individual staff appraisal system in place, but this is not consistently carried out across the council. The peer team suggests that NSDC should consider a review of the appraisal mechanisms to build a stronger performance management culture.

Some examples of performance include:

- The total households on the housing waiting list as of 31st March 2023 was 89

households per 1,000. This compares reasonably with the England average of 82, but less favourably when compared to 39.4 amongst CIPFA near neighbours and 38.8 within East Midlands district councils.

- NSDC performs well compared to others for the number of households per thousand living in temporary accommodation: 0.58 households in 2023/24 compared to 4.87 for England, and 0.71 for district councils in the East Midlands.
- 53 affordable homes were built in the 2022/23 year within the district, compared to 138 on average amongst CIPFA near neighbours and 106 amongst district councils in the East Midlands.
- In the 24 months ending Q1 2024, NSDC processed 91.2% of major development planning applications within 13 weeks. This is better than CIPFA near neighbours at 90.5%, East Midlands district councils at 89% and 88.3% nationally.
- At the same time, NSDC processed 92.9% of non-major planning applications within eight weeks. Again, this compares favourably amongst its CIPFA near neighbours (91.1%), East Midlands district councils (88%) and nationally (87.5%).

As a district council, performance on waste collection is affected by Nottinghamshire County Council decisions about waste disposal, rendering some performance data outside the control of the NSDC. For example, in 2022/23 the percentage of household waste sent for reuse, recycling and composting was 34.4% compared to CIPFA near neighbours median of 40.3%. It is worth noting that the only other Nottinghamshire district in this CIPFA group is even lower. Amongst East Midlands district councils, it is a similar story, with only two Nottinghamshire councils with a higher rate, whilst NSDC performs better than the other four Nottinghamshire districts. The results for residual household waste are similar, with the two Nottinghamshire district councils performing worse than their CIPFA neighbours, and most of the Nottinghamshire districts performing worse than other districts in the East Midlands. This data suggests that the County Council approach is affecting district

councils' performance in Nottinghamshire.

5.2 Organisational and place leadership

Organisational leadership of the council is strong and respected, with partners and staff talking positively about both the Chief Executive and the Leader of the Council.

The political makeup of any council is inherently unstable in a situation with No Overall Control. The Council Leader's collaborative and diplomatic skills are critically important in this environment, and he has established a cross-party Cabinet. There are times when the inherent instability can lead to councillor dissatisfaction, or a sense of inertia, as it is difficult to make decisions or act quickly.

The Leader is visible, and approachable, in the council building and there is a positive and constructive relationship within the senior leadership team (SLT). The visibility of the Leader has helped to build trust with officers. Staff feel that members of SLT are approachable and supportive.

Councillors now recognise that the current Community Plan is too unwieldy, and objectives need to be prioritised. The peer team recommend that in order to minimise the risk of officer overload, councillors should focus on the key delivery responsibility of the District Council. Funding may need to be sought from others to deliver wider than NSDC's remit, or the council may need to rationalise some of its work.

The Reward and Retention project, looking at ways of working as individuals and teams, was a positive move. However, staff reported that it has stalled, due to a recruitment delay, which halted progress on the revision of other employment processes. The peer team suggest that delivery of the project restarts and regular updates are communicated to staff.

There are different models for a Joint Consultative Committee (JCC) and the Unison model recognition agreement² only refers to officers rather than councillors. Councillors are often involved in particular decisions, and certain outcomes would need to go to committee for formal sign off, but it is unusual to have a political chair.

² <https://www.unison.org.uk/search/recognition+agreement/>

However, this is a decision to be taken locally. The peer team suggest that this is regularly reviewed, and that if the consensus is to keep political membership, clear reasons are given. .

5.3 Governance and culture

There is a dedicated, passionate, and resilient workforce, but care is needed to maintain that resilience. Staff feel that the Chief Executive and the SLT are strong, yet approachable, and it feels like a stable leadership team.

There was a large intake of new councillors in May 2024, and they welcomed the induction programme. However, there does not seem to be an ongoing councillor development programme. The peer team recommend that a councillor development group be established to discuss ongoing support for councillors. Now that the administration has been running for a while, it would be useful to ensure that all councillors, not just new councillors, appreciate the differing roles and responsibilities. This is partly about the difference between officer and councillor roles, but it would also be valuable for all councillors to better understand the different roles of being in the political administration and being in the opposition.

The most recent staff survey showed a marked decline in staff perceptions about relationships with councillors and the number of informal and formal councillor conduct complaints has increased. While relationships between councillors, and between councillors and officers is generally respectful and constructive, the peer team heard that there were examples where behaviour was felt to be unacceptable. Senior officers and councillors spend significant time addressing the conduct of a small number of individuals, some of whom appeared unwilling to respond to professional and peer advice. The Audit and Governance Committee had already agreed to explore how to strengthen the application of the national Code of Conduct, something which the Peer Team supports to mitigate the risk of the reputation, effectiveness and positive culture of the Council being undermined.

The significant increase in formal and informal complaints against councillor conduct risks bringing the council into disrepute. Councillors from all parties represent the council, representing their communities within that council. All councillors should be

aiming to deliver the best quality services and support to their communities, even though the different political groups have different priorities and approaches as to how to do this. Being in opposition means constructively challenging to ensure the best outcomes for communities, and not automatically opposing everything that the administration puts forward. The opposition may need some support in fulfilling its role as an opposition party. The LGA can help with tailored support.

The high number of new councillors means it is understandable that there are misunderstandings about the role of a councillor, the reach of a district council, and the depth of the financial challenges NSDC faces in future. It is important that these issues are clearly understood by all councillors, and that they are regularly updated with issues around risk, audit and finance.

Throughout the CPC process, issues around councillors' audit function have been identified. There is a limited understanding amongst councillors on the importance, purpose and potential impact of audit committee work and scrutiny functions. These are areas that are crucial for the implementation of good governance. Councillors outside the cabinet were generally not aware of the council's Risk Register and the importance of monitoring and understanding its implications.

The scrutiny function within NSDC could be improved further by involving more members directly at the start of the Municipal year to select scrutiny topics and that there could be added transparency on the selection of topics. A good scrutiny function can use a wide range of tools (such as task and finish groups for short investigations or commissions for deeper and longer explorations) which can involve many councillors. The scrutiny function could review the functions undertaken by the district that are outside the council's remit to help with prioritisation (see above). Clarity around the differing roles of PPIC and AGC would be helpful. The peer team understands that the council is starting to address this and recommends this is progressed quickly.

Audit and governance are vital responsibilities for councillors. NSDC needs to be able to assure itself that it is acting prudently and that councillors have an active role in scrutinising the council's finances. The peer team recommend, based on discussions about internal audit, external audit and from reading provided

documents, that the structure and chairing for the audit and governance roles should be improved to ensure that it does not stray into the role of the scrutiny function.

The Annual Governance Statement (AGS) could be strengthened and enhanced to ensure that NSDC is assuring itself that governance and scrutiny arrangements are clear and strong. The AGS is an opportunity for the council to set out what it wants to achieve and how, along with clear indications of how plans will be scrutinised, overseen and taken forward by councillors.

5.4 Financial planning and management

Based on the information available to the peer team, there seem to be no immediate reason for material concerns on the council's current finances. The council has a good record on managing General Fund and HRA finances within budget and has comprehensive reporting arrangements in place. Reserves have been built up in anticipation of the Fair Funding Review (delayed several times). The council has also been successful at bidding for external funding, especially when working in partnership.

The council's total forecast reserves and general fund balance to 31 March 2024 was £38.4m when the budget was set. The S151 Officer of the council was satisfied with the adequacy of the levels of reserves and balances. The council's £1.5m General Fund balance has been set aside to pay for exceptional items. Officers consistently review the appropriateness (prudence) of this amount in light of internal and external risks identified.

The council's external auditors issued an unqualified opinion on the financial statements for the year ended 31 March 2023³ on 18th April 2024. No significant issues were raised in relation to the Value for Money conclusion. In the auditor's view, the Budget Report for 2022/23 adequately explained revenue and capital budgets with no indication of excessive use of capital flexibilities to support revenue expenditure. There was no indication that the council's Medium Term Financial Plan and budget setting process was not aligned to supporting plans, given the council

³ [PowerPoint Presentation \(newark-sherwooddc.gov.uk\)](https://www.newark-sherwooddc.gov.uk)

has a track record of delivering against budget.

However, the use of reserves to bridge the MTFP gap is not a long-term solution, and the council should further consider how to generate more income or make savings to support spending plans. Officers clearly understand this and have started to put in place efficiency savings and income generation plans. However, the peer team felt that councillors do not always understand the financial situation.

A wider set of councillors could benefit from regular briefings on the financial situation and how it links to the Community Plan. There is a tendency to step into areas where partners are not delivering, which is often outside the scope of a district council; and although this is done for the benefit of NSDC's communities, it is not a sustainable approach.

The auditors reviewed data published in May 2023 by the Department for Levelling UP, Housing and Communities on Local Authority general fund ear marked and unallocated reserve levels from 2017-18 to 2021/22. NSDC's reserves have generally been above shire districts' median levels. Auditors were satisfied that the council's Reserves position does not give rise to immediate risk concerns, but the council needs to continue to monitor and manage reserves through savings programmes in the future. Any use of Reserves to balance the budget will need to be properly scoped and planned. Use of Reserves is not a long-term solution to overcoming a budget gap.

Savings targets appear reasonable given the scale of the planned savings and the council's past record of keeping spend within budget.

Arkwood Developments Ltd, the council's 100% owned housing developer funded by £4m share capital, and a rolling loan facility of £12m, has had its challenges, especially when the main contractor went into liquidation. There have also been challenges in planning, and in acquiring sites for future development. However, despite these challenges, the company has completed its first development of 87 homes at a development profit and now has a pipeline of sites for future development. The Peer Team suggests exploring future returns from and planned loans to Arkwood Development Ltd. In the most recent update to the MTFP the

income from dividends has been pushed back a year.

Arkwood Development Ltd and Active4Today report to Cabinet for scrutiny as a result of external legal advice. The peer team recommend that the council improves this scrutiny to ensure that more councillors have a clear understanding of their business planning and delivery. This could be through deep dives or other scrutiny mechanisms used by PPIC. The peer team also note the challenges that are being faced by both Arkwood Development Ltd and Active4Today and they could affect the future sustainability of these companies. The council also needs to address the challenges at Southwell Leisure Centre and communicate accordingly to local communities.

5.5 Capacity for improvement

Staff are dedicated to delivering good services to benefit local communities. Staff contributed enthusiastically to CPC focus groups and were welcoming and open to the CPC team. They demonstrated a commitment to continuous improvement which should be noted.

The move to Castle House (which was being built at the time of the last CPC) has been a positive one. Staff like the work environment, finding it a collaborative and cohesive culture. But the additional pressures to deliver councillor priorities on top of 'business as usual', means that many officers the peer team met are feeling very stretched. The peer team recommend that, when reviewing the Community Plan, councillors consider the day-to-day business of the council as well as any additional priorities they may have.

The latest staff survey turnout rate was higher than recent staff surveys, but the response rate could still be improved. Consider ways to encourage completion and be clear about how action has been taken as a result of the previous staff survey, discussions about the survey in team meetings and in staff networks. Although the council do produce a 'you said, we did' section of the intranet and report progress at staff roadshows, staff the peers met were not clear about what changed as a result of the staff survey.

There is an appraisal process for all staff which leads to individuals undertaking

training and development and a good flexible working policy [check details of FWP with NSDC]. However, there are inconsistencies in how these are delivered. Managers implement flexible working arrangements in different ways, with a perceived inequality for some service areas without explanation. Not all staff have an appraisal, or regular supervision with their manager.

Directorate days, where each directorate has a day of the week when all staff are in the office and sitting together, are well received. However, seating arrangements should be regularly reviewed to ensure that all relevant staff can sit together as planned.

6. Next steps

Senior political and managerial leadership will want to consider, discuss and reflect on these findings. The LGA will continue to provide on-going support to the council. Following publication of CPC report NSDC needs to produce and publish an Action Plan within five months of the time on site.

As part of the CPC, the council are also required to have a progress review and publish the findings from this within twelve months of the CPC. The LGA will also publish the progress review report on their website. The progress review will need to be by early September 2025 in order to meet these requirements.

The progress review is for the council's senior leadership to report on the progress made against the CPC's recommendations and the council's Action Plan, discuss early impact or learning. It will be delivered on-site over one day.

In the meantime, Mark Edgell, Principal Adviser for the East Midlands, is the main contact between NSDC and the Local Government Association. Mark is available to discuss any further support the council requires. mark.edgell@local.gov.uk.