

LGA Corporate Peer Challenge

North Norfolk District Council

12th – 15th September 2023

Feedback report





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1. Executive summary

North Norfolk District Council (NNDC) is one of seven district councils in the county of Norfolk. Covering an area of 360 square miles and serving a resident population of approximately 105,000 people across 120 town and parish councils, the district is predominantly rural in character. It has a 45-mile coastline and one third of the district is within the Norfolk Coast Area of Outstanding Natural Beauty. These factors lead to it having one of the highest percentages of second and holiday homes in the UK and a strong demand for people retiring to the area - the district has one of the oldest age profiles in the UK.

The district's economy is strongly focussed on tourism, local service provision, agriculture and social care, with some manufacturing in food processing, boatbuilding and plastic products. With significant challenges faced in terms of sea level rise, an eroding coastline, and extreme weather events impacting on the agricultural sector – particularly in terms of water scarcity, the district is on the frontline of climate change.

NNDC is a council which performs well, cares for and is delivering for its residents. Officers and elected members have a clear understanding of the needs, wants and challenges in the district and are passionate about delivering for their communities.

Following the elections in May 2023, the administration has quickly translated their aims and ambitions into a new Corporate Plan with five key priorities which include, creating a net zero-carbon future for the district, developing resilient communities, tackling housing challenges, supporting businesses and economic development and ensuring financial stability, accountability and maximisation of external funding and income.

Peers recognise the plan is newly adopted and workshops are due to take place to develop the annual delivery plan. Following these, further work is required to fully embed and communicate the vision and priorities inside and external to the organisation to ensure everyone knows how they can contribute to the successful delivery. Consideration is also required in the organisational capacity and buy-in to deliver the new priorities and their reflection within the council's Medium Term Financial Strategy (MTFS).

Relationships between officers and members are respectful. The Cabinet are working well together, and with the corporate leadership team (CLT) are providing the

leadership needed for the council. There is a genuine willingness for all elected members to work together and deliver for NNDC residents - putting aside political differences. There are good member/officer relationships with mutual understanding and respect for the different roles. However, from feedback and peer observations there is a recognition that the Overview and Scrutiny Committee (O&S) is not functioning as effectively as it could be. Peers recommend the relationships between Cabinet, O&S and Governance Risk and Audit Committee (GRAC) are clarified, along with the roles and responsibilities of each. They then need to work together to add value to the council's decision-making processes. Designing an O&S workplan which focusses on the most important strategic issues of the council and its communities would be recommended.

There is real strength in the council's partnership working within the district, Norfolk and beyond and the personal leadership of the chief executive and leader were cited by many external partners as a key strength. Good relationships are in place with local delivery partners including health, the police, parish councils and Bacton Gas Terminal. This also applies at the county level with neighbouring districts with whom shared services arrangements are in place and with Norfolk County Council and at a regional/national level with the Environment Agency, New Anglia Local Enterprise Partnership and the District Councils' Network. Engagement with the business community could be improved through a regular network with the economic development team and this would support the council's thinking around future workforce planning.

Over the past four years the council has invested significantly in the coastal and visitor economy and key facilities. They have delivered a £12.7m new leisure centre, £2m public convenience improvement programme, £4.9m purchase of new refuse vehicles, £1.2m investment in Cromer Pier, £2.5m on the purchase of temporary accommodation and £0.56m on a solar car port all funded from internal borrowing.

Having historically been debt free, with healthy reserves, the council is starting to feel the pinch of austerity and the impact of rising inflation. Officers and elected members are beginning to face up to the strategic financial challenge, but more work is needed to fully understand the implications for NNDC and the changes both culturally and organisationally. Peers recommend the council recognises this changing financial situation and improves its monitoring and regular reporting of the budget and capital


programme, providing clearer reports with added narrative to assist members in their decision making and help to embed the new reality for all.

There are pressure points in the organisation's capacity, especially within finance where statutory officers (S151 and MO) are managing a disparate variety of specialist teams. They require additional resources and restructuring in order to provide them space to focus on their corporate governance roles. Elsewhere the organisation needs to review and realign officer resources and clearly understand the impact of fixed-term contracts to deliver on the council's new corporate plan priorities. Using the internal processes available – delivery plan, service plans, team plans and check-ins to filter information, all staff should be able to clearly identify how they contribute to the delivery.

There are opportunities to further harness the full potential of the organisation to prioritise and deliver core services and new cross cutting priorities through distributed leadership and adoption of agile and effective decision making. Peers recommend the council considers how projects and programmes governance is further improved, perhaps via one or more governance boards led by directors with new projects needing to demonstrate sound business cases, report progress and demonstrate realisation of benefits. Any issues can be picked up by the board and a collaborative approach can be used to resolve them. Highlight reports can be used to keep members informed of progress and to escalate issues for their consideration.

Peers read committee reports and observed a number of meetings during their visit to North Norfolk. As a result, they strongly advise officers to improve the quality and timeliness of information given to members. There were examples of reports arriving on the day of meetings, in the wrong report template, without consideration of the implication's sections and generally poorly written. This is unhelpful to the members; it also doesn't allow for good governance and needs to be addressed. Better use of the forward plan and regular communication between CLT, MT and Cabinet would also help prevent this.

To continue to improve, the council needs to re-evaluate its capacity for change and transformation to meet the future challenges in technology, workforce, planning and culture. Better use of data and performance information with a clearer dashboard to inform and drive decision making will support elected members in their roles and



encourage good governance. Peers also recommend production of an Organisational Development Plan which includes the views of staff, analysis of skills and knowledge, the labour market situation, talent management and cultural expectations to provide a comprehensive plan for the council to enact change.

The council needs a common understanding of the term “commercial” and to agree the boundaries of their risk appetite if they want to enter the commercial markets. There are further opportunities to drive efficiencies and generate income through the assets already owned but additional skills and capacity is required to support this.

Culturally the organisation needs to understand that climate and net zero ambitions are everyone’s responsibility, whatever service area or role. It needs consideration within all policies and decisions the council makes and needs to be adequately resourced. There are opportunities to increase budgets through external funding, partnerships, and grants, but the council needs to plan ahead and prepare for these.

Peers thoroughly enjoyed their time in North Norfolk and the opportunity to see some of the work/projects the council is delivering. Nationally significant work is being trialled in the management of coastal erosion, the results of which will help coastal communities around the country. The reflections and recommendations from peers are intended to help the council on its improvement journey.

2. Key recommendations

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

2.1 **Recommendation 1 - You need a stronger focus on strategic finance (given the financial challenges the sector is facing);**

- MTFS – three plus one rolling year to allow better and more accurate considerations and forecasting.
- More regular monitoring and reporting of the budget and capital programme - To better inform decision making and promptly identify under/overspending so that issues can be addressed.
- Alignment of financial capacity with corporate priorities – Statutory officers are overloaded.

2.2 **Recommendation 2 - The Corporate Plan needs to drive the delivery of new priorities alongside key core services which are:**

- Aligned to the MTFS and properly resourced – To make sure there are the funds to deliver aspirations and enough skilled and experienced officers to deliver them.
- The golden thread through the delivery plan, service plans, team plans and check ins – so everyone knows how they contribute and can feel pride in achieving them.

2.3 **Recommendation 3 - There is a need for a comprehensive Organisational Development Plan which includes:**

- Labour market analysis and workforce planning - To help research future jobs in the local area, understand the skills needed for certain roles and the demand for future employment working with business partners.
- Talent management/learning and development - To attract, identify, develop, engage, retain, and employ officer's valuable to the council.
- Employee survey and action plan – This is needed and will help to



improve organisational culture by delivering on the results.

- Organisational Cultural Plan – To help attitudes shift and make the council more agile to future demands.

2.4 Recommendation 4 - To continue to improve the council needs to rethink:

- Senior leadership of change and transformation – who is responsible for driving this in the organisation?
- Distributed leadership – ownership, responsibility, and accountability – MT need to work in sync and provide more operational capacity for transformation and change, and compliance with programme and project management governance creating more space at CLT for strategic planning.
- Digital vision and strategy to drive improved outcomes and cost efficiencies – Agree how digital services will enable the delivery of modernised, streamlined delivery of services and priorities.
- Use data to inform decision-making, improve performance and drive commercial aspirations – smarter, clearer, more targeted performance measures which are effectively used to drive improvements along with more articulated reports, submitted on time and with clear recommendations.

3. Summary of the peer challenge approach

3.1 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 on the basis of their relevant expertise. The peers were:

- Member Peer - Lib Dem – Dave Hodgson (former Mayor of Bedford)
- Member Peer - Con – Duncan McGinty (former Leader of Sedgemoor)
- Chief Executive Peer - Andy Bates – CEX – South Hams District Council and West Devon Borough Council
- Officer Peer - Chris Bradley – Executive Head of Commercial - Havant Borough Council
- Officer Peer- Alex Snelling-Day – Waste Policy, Climate and Environment Team Manager - South Cambridgeshire District Council
- Officer Peer - Sorcha Kenway Jennings – Regional Programme Adviser - LGA/OPE
- LGA Peer Challenge Manager - Kirsty Human
- LGA Project Support Officer – Onyekachi Abajingin

3.2 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?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?

4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?
5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

In addition to these questions, the council asked the peer team to pay particular focus to commercialisation and Net Zero ambitions and opportunities.

3.3 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 prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent four days onsite at North Norfolk District Council, during which they:

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

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

4. Feedback

4.1 Local priorities and outcomes

It was clear to peers that the council, its officers and elected members really know their communities, the characteristics of the district and the opportunities and challenges it faces. This is accurately translated into its vision for place which identifies the needs of NNDC and its communities, *“members are passionate, motivated and engaged”*.

The council has a strong track record of delivery, evidenced by performance against the previous Corporate Plan. Key projects including the planting of over 110,000 trees, development of North Walsham High Street Heritage Action Zone (HSHAZ), the completion of the £12.7m Reef leisure centre and investment in Cromer Pier were all delivered despite the challenges of the COVID pandemic and subsequent recovery.

NNDC has just approved a new [Corporate Plan 2023-2027](#) which sets out its priorities for the next four years. These include, creating a zero-carbon future for the district, developing resilient communities, tackling housing challenges, supporting businesses and economic development, and ensuring financial stability, accountability and maximisation of external funding and income. The priorities have been driven by the demands and needs of its communities, highlighted during the pandemic years, cost of living crisis and those of local, national and global importance, peers heard the phrase *“we want to be a people focussed council”*. Peers recognise the plan is newly adopted and workshops are due to take place to develop the annual delivery plan. Following these, further work is required to fully embed and communicate the vision and priorities inside and external to the organisation to ensure everyone knows how they can contribute to the successful delivery of the plan.

In addition to communicating and engaging with staff on the new Corporate Plan and priorities, peers recommend NNDC considers the organisational capacity and buy in to deliver them. It was not clear to the peer team that the council’s finances had been aligned to the new priorities identified in the Corporate Plan. Capacity also appeared imbalanced and required a review to ensure the right people are in the right place with the right skills and experience to deliver. For example, one of the council’s key

priorities is to deliver “Our Greener Future”; We think there is a common understanding that tackling the climate and environmental emergencies will require changes to the way the council delivers services, makes decisions and creates communities. Achieving net zero is not just delivery of projects/programmes by one officer or team, it is an operating model/mindset to deliver lasting sustainability. Officers and members throughout the organisation will need the right competencies for project delivery and behavioural change.

A performance management system and framework are in place, allowing for the collection of data and monitoring. However, the volume and presentation of measures produced in management reports is obscuring issues and making it difficult to track progress or underperformance. Peers suggest a smaller basket of performance measures (some targets, some performance indicators), which are aligned to the new priorities and core services, be agreed. These should be visible at all levels in the organisation and used to drive improvement within services creating a golden thread from the top to bottom through annual delivery plans, service plans and check-ins.

Providing a clearer streamlined performance dashboard for Cabinet, Scrutiny and CLT will enable senior officers and elected members to quickly see where the council is performing well and achieving its ambitions as well as those where performance is slipping, where action needs to be taken and where intervention is making a difference. This collective oversight will support individual performance measures to drive wider corporate objectives and outcomes.

With regard to [headline performance measures](#), NNDC compares well with its CIPFA near neighbours. There are positive outliers in terms of council tax and non-domestic rate collection levels. Above average performance in planning and just under average in the delivery of affordable housing. This, peers noted has historically been well above average but has fallen due to issues with nutrient neutrality. The council’s new Local Plan was submitted to the Planning Inspectorate in May 2023 and is awaiting examination. Areas for improvement include reducing the housing waiting list, reducing the volume of waste collected and increasing recycling. The most noticeable outlier is the time taken to process housing benefit and new claims. NNDC are the highest in the group, taking six days, compared to the group average of three and best performing at one day. These areas for improvement align with the council

priorities. Responsibility and accountability within the services needs to be acknowledged and owned by assistant directors, with plans put in place to drive improvement overseen by officer and political leadership.

The approach to equality, diversity, and inclusion (EDI) within the council varies. There have been excellent examples of projects within the community to support those with additional needs, with a commitment to provide a Changing Place facility in each of the district's principal settlements supported by a grant of £0.3m from the Government's Changing Places Fund – one of the largest allocations in the country. The success of beach wheelchairs is also to be commended.

However, the council recognises there is further work required and internally, a newly established Equality, Diversity and Inclusion group is meeting and redrafting the council's EDI strategy, incorporating feedback from a recent survey. Training for staff and managers is available via the councils online training and development platform "skillgate". To strengthen the council's approach, equality objectives should be integrated into service planning and equality impact assessments should be used more consistently across the organisation to improve services and mitigate any negative impact for protected groups.

4.2 Organisational and place leadership

It was clear to peers that strong partnership working relationships exist in North Norfolk. The compelling personal leadership of the chief executive, leader and cabinet members was reflected in every conversation with key partners, "*they are great advocates for the council*". It was evident the council has a good reputation and is considered a positive system leader. The leader and chief executive work across Norfolk with their counterparts on the Norfolk Leaders Group and Norfolk Chief Executives Group, progressing county wide issues including devolution and nutrient neutrality. The chief executive takes a leading role on the Norfolk One Public Estate Programme and Climate Change Partnership. The leader and portfolio holders work closely with parish councils, partners, and communities to understand local needs and deliver improvements.

However, within the organisation there appeared to be a significant expectation on the leader and chief executive to drive and lead. Whilst, collectively and individually, CLT provides strong leadership, greater clarity would be helpful around the

distributed leadership model at levels below that. Management Team (MT), being the group of managers operating at assistant director level, recognised that collectively they could play a greater role in the corporate management of the organisation and that a review of their role and purpose (as a Team) should be undertaken. This will help ensure that senior officers make well-informed decisions at appropriate levels. In addition, through MT or other mechanisms (e.g. via directorate meetings or thematic board structures), to collectively develop and communicate identified corporate policies and decisions and then to ensure and be accountable for consistent implementation.

A partnership approach is delivering the provision of the council's [leisure services](#) and operation of [Cromer Pier](#) and Pavilion Theatre, [North Walsham High Street Heritage Action Zone](#) (HSHAZ), The £1.2m UK [Shared Prosperity Fund](#) (UKSPF) the £1.4m Rural England Prosperity Fund (REPF) business and community support programmes. The strength of the council's partnership arrangements and community leadership was also evident in its strong local response to the COVID pandemic with some of the lowest cumulative rates of infection of all local authorities in the UK despite an aged demographic and large numbers of staycation visitors.

Peers were impressed by the council's leadership of the challenging tripartite waste contract with Breckland Council and King's Lynn & West Norfolk Borough Council. The £230 million joint collections contract with Serco represents the first time three Norfolk councils have jointly tendered for waste collection and associated services contracts. In doing so they saved on the process by sharing legal fees and procurement costs, rather than incurring three sets of costs for seeking a provider separately. NNDC have tackled these issues with commendable professionalism and diplomacy to maintain relationships with the contractor and deliver services to residents.

The council's coastal team are leaders in their field, delivering nationally significant projects. Peers considered the management of highly complex technical projects with challenging and multiple partners to be notable. Of particular note is the current £15 million Coastwise project in partnership with DEFRA and the EA as was the £21M [Sandscaping project at Bacton Gas Terminal](#). The multi-partner project was led by NNDC in collaboration with Shell UK Ltd, Perenco UK Ltd and the Environment Agency. These partners funded the scheme alongside Norfolk County Council,

Regional Flood and Coast Committee, New Anglia Local Enterprise Partnership, Bacton Terminal Operators and the local community. It was developed following the 2013 North Sea Surge which flooded homes in Bacton and Walcott and saw the loss of up to 10 metres of cliff at the Gas Terminal. The council [placed approximately 1.8 million cubic metres of sand](#) on the beaches between Bacton Gas Terminal, Bacton and Walcott to provide natural protection by improving beach levels that absorb the sea forces before they reach the cliff and defences.

The scheme protects Bacton Gas Terminal, which processes up to one-third of the UK gas demand alongside improved erosion and flood protection to Bacton and Walcott. Other benefits include:

- Economic Benefits (excluding Gas Terminal) £32M.
- 298 homes better protected from erosion.
- 101 homes better protected from flooding.
- Highways protected.
- Community and economic benefits including time for communities to prepare to adapt for coastal change.
- Research opportunities.

The dedication of NNDC's housing team to overcome the challenges of providing additional homes in North Norfolk was also clear to peers. They showed determination in delivering affordable homes, exception sites and temporary accommodation working particularly well with Broadland Housing Association. Facing the challenges of having one of the highest percentages of second and holiday homes in the UK, with a local housing market also driven by strong demand for people retiring to the area, the team have done well to maximise delivery. The difficulties associated with nutrient neutrality have had a significant impact on this, but a pipeline of projects is ready to be delivered with registered providers, assisted by the new enabling officer, when issues have been overcome.

Equally as impressive, environmental and people services have been putting the council's friendly face into communities throughout the pandemic and beyond. Firstly, as covid support officers and now as [community connectors](#). This jointly funded project with health partners is taking the council's services out into the community

and through engagement with them, bringing valuable information back into the organisation to feed into priorities and actions. The creation of the [Help Hub](#), linking up health, social care and public service partners is an example of best practice. Investing in a financial inclusion team, energy officer and social prescribing programmes is providing communities with a holistic, one stop shop approach to their needs and is a valuable part of the prevention agenda. The short-term funding provision that has been used to deliver these projects provide challenges of continuing the excellent work and retaining those on fixed terms contracts who deliver them but it was clear, officers are proactively looking at options, including working with partner councils on a joint bid for Coastal Communities Research Funding.

There is evidently lots of operational involvement with external partners and organisations who recognised the positive role played by the chief executive and leader. The missing link appeared to be a gap in strategic partnerships, particularly with businesses. One solution would be to create a business forum to support the council's economic priorities. A regular forum where they could come together to engage with the council, to be listened to, discuss specific issues, potential joint ventures (for example Holt Vision) and to understand the priorities of the council as well as its challenges. Stakeholders want to be engaged and they provide additional capacity and skills to deliver – NNDC doesn't have to do everything itself.

The council recently reviewed its approach to communications and engagement, investing in this area has had a visible impact, especially with external and digital communications. Peers were impressed with the use of videos, social media, and radio to deliver corporate messages and engage with communities on a range of local and national issues. In addition to the use of digital communications NNDC also makes effective use of traditional print media by delivering a free council magazine to every household twice a year. Led by the Health and Communities team, over 30 topics have been discussed on "Poppyland Radio" and turned into podcasts.

The council now needs to engage all staff and members to deliver the council's plans and ambitions. NNDC should make the most of its internal communications methods including all staff briefings, away days, team meetings, digital communications, and engagement to expand knowledge and create excitement, but also to clarify expectations and accountability.

4.3 Governance and culture

Through the many conversations with officers and members, peers were satisfied the council has overcome past governance issues providing a stable platform from which to move forward. Comments such as *“well run and tight council”* further confirmed this. The Cabinet are working collaboratively to deliver their portfolios and there is a genuine willingness for all elected members to work together and deliver for NNDC residents - putting aside political differences. There are good member/officer relationships with mutual understanding and respect for the different roles. The peers heard from members that *“officer support for members ward work is good”*. Members interact with officers at all levels on casework and in the community and a member/officer protocol is in place and used where necessary to remind of the behaviour and attitude expected.

The three statutory officers, chief executive, section 151 officer (S151) and monitoring officer (MO) have a good relationship and meet regularly to discuss actions to address governance and risk. Whilst not a member of CLT, the MO is invited as and when required. Both the S151 and MO are responsible for a broad range of services at the council. They have limited resources within their teams and in the case of finance the S151 is the only CIPFA qualified accountant at present. Peers were concerned these officers are overstretched and their opportunity to provide strategic oversight may be compromised. Considering some interim capacity whilst resources and responsibilities are realigned would enable both officers to focus on their statutory roles and play an active role in supporting the council’s governance.

Following the elections in May 2023 the democratic services team has delivered a comprehensive member induction programme for all councillors, not just the 15 new ones. This was well-received by members and helped them to understand the breadth of services delivered by the council and introduced them to many officers. In discussions with councillors, they did suggest extending the training on planning to everyone, not just the committee members would be helpful. This was echoed by the parish councils too, who wished to have more experience in responding to planning applications. In recognition of this the council should consider how the existing member development group is able to shape future training and development plans.

The council’s constitution is currently being reviewed with a view to completion by March 2024. This is long overdue – the last being completed in 2010. It seeks to

modernise the council's governance framework making it fit for the future. Within this review, peers suggest thought is given to delegation and decision-making powers. Some current decision-making processes were described as "*clunky*" with some operational decisions needing to be signed off collectively by MT, reflecting a lack consistency of organisational approach and missed opportunities to align with Corporate Plan objectives. This is not congruent with the council's aspirations to make the most of opportunities and be more commercial. To be agile and compete in different markets, there is a need to streamline processes. Peers recommend the scheme of delegation is reviewed to provide managers with the appropriate autonomy to make decisions within their services, with the adequate checks and balances in place to assure the leadership.

Peers read committee reports and observed a number of meetings during their visit to North Norfolk. As a result, they strongly advise officers to improve the quality and timeliness of information given to members. There were examples of reports arriving on the day of meetings, in the wrong report template, without consideration of the implication's sections and generally poorly written. Whilst in some circumstances late reports can be forgiven, this was becoming a regular occurrence. Reports need to be clear about what decision they are asking members to make, provide all the options, risks and implications and be succinctly explained by an officer in the meeting. Peers witnessed many reports were "to note" without that being explicit in the report and some reports were so lengthy, it would be impossible for members to read and digest all the information ahead of meetings. This is unhelpful to the members; it also doesn't allow for good governance and needs to be addressed. Better use of the forward plan and regular communication between CLT, MT and Cabinet would also help prevent this.

The council is part of a well-established internal audit partnership across all seven Norfolk district councils led by South Norfolk District Council. The Governance, Risk and Audit Committee (GRAC) oversee the work programme and receive reports from internal and external audits. Peers had concerns over two outstanding internal audit recommendations which had been reviewed by GRAC on seven occasions (planning) and five occasions (business continuity). They were assured these would be resolved imminently but it raised questions around capacity and how audit is viewed across the council.

There is a recognition in the council that the Overview and Scrutiny Committee (O&S) is not functioning as effectively as it could be. The principal [power of a scrutiny committee](#) is to influence the policies and decisions made by the council and other organisations involved in delivering public services. The scrutiny committee gathers evidence on issues affecting local people and makes recommendations based on its findings. At NNDC there appears to be a view that scrutiny has a focus on criticism and blame, which is not helpful and is reducing the effectiveness of O&S as Cabinet sees it as overly critical, leading to defensive behaviour making it difficult for scrutiny to influence change. Peers recommend the relationships between Cabinet, O&S and GRAC are clarified, along with the roles and responsibilities of each. They then need to work together to add value to the council's decision-making processes. Designing an O&S workplan which focusses on the most important strategic issues of the council and its communities is needed.

Project and programme management had been a recent focus of internal audit. Concerns were raised over the ways in which projects were initiated, often without clear thought of future implications, risks, and ongoing costs/responsibilities. An example given was that of the solar car ports, where an opportunity was seized upon to meet the council's climate ambitions and to save energy costs. What didn't appear to be as thought through was the way in which the council will recover its costs on this project with the leisure provider.

A new project management procedure has been put in place following the audit, but this is not well understood or consistently adhered to within the organisation and has not yet had a chance to be road tested on a new project. Peers recommend the council considers how oversight of projects and programmes is improved are governed, perhaps via one or more officer governance boards, sponsored by a member of CLT with new projects needing to demonstrate sound business cases, report progress and demonstrate realisation of benefits. Any issues can be picked up by the board and a collaborative approach can be used to resolve them. Highlight reports can be used to keep members informed of progress and to escalate issues for their consideration.

The Council has recently launched an Equality, Diversity and Inclusion group, in addition to the established Health and Wellbeing Staff group and Staff Forum. These staff led networks are providing spaces for staff to discuss work-related issues. They

are also providing a programme of events and activities across the organisation to promote national celebration days and further educate staff on protected characteristics and health. The Staff Forum has been less active since the newer groups were formed. It would be beneficial to clarify the roles of all staff groups to prevent duplication of effort whilst maintaining choice.

Approximately a third of the workforce are members of Unison. The chief executive and HR manager meets regularly with Unison officers and there is a good relationship in place. The chair of Unison, two administration members, two opposition members, the chief executive and HR manager attend a Joint Staff Consultative Committee (JSCC) to discuss and review staff related policies and performance. As with peers' previous observations about committee reports, it would benefit this committee to have reports in advance of the meeting, to enable participants the opportunity to read the papers and come prepared for the meeting.

4.4 Financial planning and management

NNDC has a historically sound financial position. It is debt free and has a healthy level of reserves for a district of its size - £23.1m as of March 2023. Prior to 2022/23 the council had always set a balanced budget resulting in a year end surplus. The councils outturn for 2022/23 was a General Fund overspend of £0.782m as a result of £0.261m revenues services overspend and a £0.561m income shortfall in retained business rates. Market conditions, inflation, contracts and wage costs combined to create the deficit which was resolved through one off organisational savings.

The budget for 2023/24 appears to be sustainable. It is based on having taken £2.6m of savings out of the base budget and the use of £0.064m of General Fund Reserve. It also includes £3.871m of earmarked reserves being used to fund the expenditure in the 2023/24 budget. For a council not used to finding base budget revenue savings this may present an organisational challenge where savings need to be identified to balance future years budgets and will require a collective and corporate response owned across Cabinet and CLT.”

Only £6.9m of the £16.3m capital programme was spent in 2022/23, representing slippage of £9.4m across all five priority areas. There is a history of underspending on the capital programme, largely due to external factors including Nutrient Neutrality, contractor availability and in respect of coastal schemes significantly rising

costs and required additional grant funds and in discussion with officers and members it was recognised that this needed more scrutiny and oversight and the Capital Projects Working Group have begun monitoring this more closely.

The MTFS is a four-year plan. Peers and the new S151 were more used to a three-year plan with a rolling year. This allows for more accurate forecasting and inclusion of external factors. Financial monitoring reports are currently shared with members in periods four, six, ten and 12 (outturn). Again, peers were used to more frequent reporting and recommend the council adopts a more regular monitoring and reporting regime with improved financial forecasting for CLT and Cabinet. Peers suggest financial reports could contain more narrative to explain the story behind the numbers. The use of this data will also better inform management decisions.

Over the past four years the council has invested significantly in the coastal and visitor economy and key facilities. They have delivered a £12.7m new leisure centre, £2m public convenience improvement programme, £4.9m purchase of new refuse vehicles, £1.2m investment in Cromer Pier, £2.5m on the purchase of temporary accommodation and £0.56m on a solar car port all without external borrowing. Peers were impressed with this delivery but cautioned the ongoing revenue considerations (cost/income) associated with them. It wasn't clear that these were accurately reflected in the business cases.

However, the challenges of a new operating environment affecting the local government sector as a whole, both financial and workforce related, will result in NNDC having to consider how it delivers its priorities in the future. In light of this peers recommend the council takes a stronger focus on strategic finance. Mindsets will need to shift as the council looks to make efficiencies and savings, considers external borrowing, and becomes more commercially focussed on income generation. Peers heard reference to zero based budgeting but when pressed, it appeared this was not widely understood or consistently applied across all services. The organisational understanding and transformation required in relation to the current structure and culture around finance should not be underestimated.

CLT recognise the need for more responsibility within the council for finance beyond the finance team. Members have received and officers are due to receive external training on financial matters to ensure a much wider appreciation of the budget

context and pressures with greater responsibility for budget management and realising efficiencies across the council. This is an area where significant improvements need to be made so that officers and members have a full appreciation of the council's overall financial position and the cost-of-service delivery.

Although not without teething problems, the council has successfully implemented a new financial management system which will support the supply of data for monitoring and management. There are also effective systems and reporting mechanisms for providing oversight and reporting of corporate risks. Project and service risks are managed at the operational level. A wider oversight of these identifying any interdependencies could be picked up if the council implements programme boards to oversee corporate projects.

The council's MTFS has not yet been aligned with the new corporate priorities. During the upcoming workshops to develop the annual delivery plan, Cabinet and CLT need to make this connection to ensure there is the financial capacity to deliver and to jointly own responsibility for corporate finance.

The council was unsuccessful in its Levelling Up Funding bids to the Department for Levelling up Housing and Communities (DLUHC). Having read the feedback from DLUHC and from experience of successful bids in other areas, peers felt that making use of the capacity available from other partners, including Norfolk County Council, who will have experienced bid writing officers, would be beneficial for future bids. Furthermore, joint bids with other organisations and partners are often considered more favourable as they have a wider reach and deliver benefits to more communities.

The capacity within the finance team did concern peers who identified this as a risk to the organisation. The current officer team is working incredibly hard and has focused on delivering a balanced budget, but this has led to problems in completing the accounts for 2022/23. The director of resources in addition to their S151 officer responsibilities has a wide remit, managing two assistant directors, one of whom has been absent from the organisation for some months, leaving her to directly manage the teams below and another who is the MO, another statutory role with a wide-ranging remit. There are vacancies in the team, interim staffing arrangements and being the only qualified accountant, the S151 officer is over stretched and unable to

focus give the optimal time to her statutory role. Similar pressures exist for the MO. Peers recommend an urgent review of this situation, to increase capacity for both statutory officers to fulfil their roles, support delivery of the corporate priorities and provide the council with the governance and oversight it needs.

Recruitment and retention in this and other professional roles are a national issue for local government which requires innovative thinking to address. As a coastal council there is the additional challenge of only accessing half the employment market, or as peers heard, “50% of our boundary is fishes and crabs”. Peers encourage the council to think creatively about how to address this challenge and work with the LGA to support the actions outlined in the [Local government finance – capacity and capability study](#).

4.5 Capacity for improvement

NNDC is fortunate to have a loyal and dedicated workforce who care about delivering good services to their communities. Peers heard comments including, “we are a family” “I love it, I feel extremely privileged to work here” and many staff have worked for the organisation for over two decades. The “grow your own” apprenticeship scheme is well regarded and producing skilled and dedicated officers throughout the council. Unlike a growing number of councils, NNDC pays the professional fees for officers in specialist roles. There is also an emphasis on personal development with training budgets allocated to each service and a central budget accessed through human resources (HR). Consideration needs to be given to the organisation’s awareness of the new priorities and how they cut across all services. Peers identified the need for training and understanding, in particular to climate/net zero ambitions, economic and commercial aspirations.

Peers saw examples of collaborative working within and across services. This was especially evident in People Services, which had transformed the way it worked over the past two years. Breaking down barriers between teams, looking for joint solutions to complex problems, sharing resources across teams and spending time as a directorate to get to know each other. Officers in other services talked of “silos” and insular working practices - they were also very envious of the “away day”. The organisation has much to learn from this model and if collective ownership and delivery of the council’s priorities is to be front and centre, other services will need to

adapt and change accordingly.

The council is working across Norfolk and the wider geography to deliver joint partnership projects, bringing in additional funding to the district and maximising its reach to communities. These include the Section 113 structure with Coastal Partnership East, Community Connectors and Social Prescribing Programmes with Norfolk Health and Wellbeing Partnership and delivery of the UKSPF projects. Shared services are in place for waste (King's Lynn and West Norfolk and Breckland), Internal audit (all seven Norfolk districts) and Nutrient Neutrality Joint Venture (a joint venture with four districts and Anglian Water) providing all with greater buying power, efficiencies through standardisation and avoidance of duplication and the ability to scale up or down as required.

In March 2022, the council's O&S committee supported the production of a Planning Service Improvement Plan (PSIP), aimed at addressing key issues, namely:

- Speed of decision making.
- Communication with stakeholders and members.
- The provision of and access to information, and
- Alignment of planning and sustainable growth interests.

The service is making good progress against this but there is more to do. Comments including *"planners are not on the same page as the Corporate Plan"* were repeated across internal and external meetings. To deliver the Corporate Plan and its priorities, all services, especially planning which has a fundamental role in place shaping need to recognise this. Peers propose the council uses the PSIP to further drive corporate objectives for housing, climate, economy, and other cross cutting priorities.

CLT have recently started work on an Organisational Improvement Plan, outlining areas where the council needs to improve in order to be an agile council which is fit for the future. This is really positive, and peers recommend the work that has been done so far, is built upon, and developed into an all-encompassing Organisational Development Plan. They recommend the council undertakes an employee survey to understand the views, needs and culture of the organisation. The results of this can populate an action plan which should look to capture hearts and minds by

demonstrating “you said, we did” and bring staff along on the cultural transformation journey.

In addition, peers recommend a labour market analysis is completed to reinforce the council’s workforce planning objectives. This data will also help underpin the approach to talent management, learning and development and recruitment and retention. Linked to this it is important the council reviews the skills, knowledge and expertise in the organisation to ensure there is enough capacity in the right places to deliver the council’s priorities. Training can then be targeted in the most needed areas.

Another strand of the plan should be the enabling role ICT and digital services play in driving the organisational outcomes and efficiencies. Peers recommend the council agrees a digital vision and develops a strategy and roadmap to outline how digital will support the efficient and effective running of the business, how it can save money without compromising outcomes and how it can make services simpler, easier to access and more straightforward to use. Without a plan for digital transformation the council will struggle to deliver against its Corporate Plan priorities.

Overall, organisational health is good. Staff turnover is at 14.4 percent (9.89 percent when fixed term contracts and retirements are excluded) compared to the national average of 15 percent and an East of England comparator of between 14-20 percent. Days lost to sickness are at 6.1 days compared to a national average of 8 days and an East of England comparator of between 6.1 – 13.2, the average being 8.8 days. Peers did hear that capacity is stretched and some officers in high demand services are particularly overwhelmed. The latest report to JSCC in September showed that between April – June 2023 the top three reasons for absence were, work related stress, anxiety/stress, and stress.

There is an opportunity, for CLT to look at how they distribute the leadership capability, through introducing a mechanism for directors and their direct reports to work across thematic boards to focus on the Corporate Plan delivery, build corporate capacity, and provide assistant directors with an active and constructive role in driving the modernisation/transformation agenda.

This will allow CLT to evaluate and reassess its workload, individual responsibilities and statutory functions, providing the space needed to strategically plan for the future

and to develop external partnerships.

To move the council from good to great, peers recommend CLT consider the leadership and capacity to lead further improvement and transformation in the organisation, allocating a lead/sponsor and considering themed programme boards to deliver the council's priorities and digital vision. NNDC is on a journey, there is more to be done but sound foundations are in place.

4.6 Commercialisation

Peers were asked to comment on the council's ambitions and opportunities to become more commercial - these are their thoughts.

NNDC is starting to feel the pinch of austerity and the impact of rising inflation. As part of its wider strategy, officers and elected members are beginning to explore ambitions and opportunities to become more commercial.

Views on what 'being more commercial' means to NNDC vary greatly. With current commercial skills limited to existing assets and contract management of the council's major waste and leisure contracts.

To enable and support its ambitions and opportunities, the council may wish to consider how it might better channel and enable its existing commercial capabilities to be more focussed and agile in their respective markets. Pursuit of new markets may require the acquisition of additional commercial skills.

Consideration may also be given to operational oversight of profit share arrangements, the costing and pricing of fees and charges and maximising returns from existing assets such as beach huts, potentially through alternative delivery models options, one of which may be a Local Authority Trading Company (LATC).

What does "Commercial" mean to NNDC?

There is an opportunity for officers and members to work together to define what 'being more commercial' means to NNDC. Peers observed a wide range of views, from a strong, clear view that commercial is about maximising profit, to a more contextual 'enterprise' view of the need to balance financial, social, and environmental returns; Enabling the application of commercial tools and techniques to deliver a broader set of outcomes over and above financial efficiencies and

improved revenues.

Fees and Charges

During discussions Peers observed that annual fees and charge increases are often based on a simple percentage basis. While this approach offers a quick and simple solution, there is a risk that fees and charges become misaligned with actual costs, particularly during a protracted period of salary, fuel, and materials inflation, when these hidden costs can accumulate to a material level.

Officers and members recognise the need to conduct a detailed costing and pricing exercise but believe this to be a large, time consuming and difficult task, or that this is a job for the finance team, or that the council will apply the percentage approach anyway.

The value in a costing and pricing exercise is not simply in the production of the final output but in the insight and depth of understanding gained by the service during the process; helping to ensure statutory compliance, fair pricing, and fiscal prudence, while promoting ownership of and operational innovation within the service.

The council should consider reviewing its approach and the skills required to undertake efficient, effective, and ethical costing and pricing of NNDC's Fees and Charges.

Contract Management

Peer interviews established NNDC's waste contract with Serco as a sound commercial model. With a fixed service fee for the defined volume services, fixed unit prices for variable volume services and a profit share for commercial work. Annual indexation models for inflation are applied to both fixed and variable models. While contract management is sound there are two areas worthy of consideration.

Management and condition of the council owned vehicles is the responsibility of the contractor, with the council responsible for replacements. There is a risk that over time, poor fleet management could result in reduced availability and the need for early replacement of vehicles. The council could mitigate this risk to its assets by introducing a more rigorous vehicle condition monitoring regime.

Secondly, while NNDC has a positive and trusted relationship with its suppliers, as an intelligent partner in a profit share scheme, the council should consider developing

the knowledge and skills to interrogate an income and expenditure account in detail. Along with an annual programme of constructive challenge for those areas where profit share applies. This approach could be applied to all of the council's profit share schemes.

Business Planning

The innovative solar car port at The Reef Leisure Centre in Sheringham will generate renewable electricity to help supply the leisure centre and assist the council's transition to Net Zero. Peers established that the energy supply contract with Everyone Active has yet to be signed. Everyone Active is a large organisation which uses its scale to reduce its costs by hedging its energy requirements. There is therefore a risk of a misalignment between the market-based business case model and final price agreed with the customer. Early engagement with customers, market analysis and scenario planning for sales volume and price variations are vital skills in the development of robust business cases.

Return from Assets

NNDC recognises the need to work its current property portfolio to achieve a return, but the current property portfolio has a limited number of assets available for revenue or capital returns. The current risk appetite for new investment property is low to medium. The council does have interest in a significant number of seafront-based assets such as beach huts, public toilets, and car parks. These assets are not being worked as hard as they could be.

Talking to services, the roles and responsibilities of the beach huts, car parks and public toilets appears disjointed. The property team does not feel they have the time, experience, or a mandate to manage these assets as a business and maximise the financial, social, and environmental returns.

The council has an opportunity to bring scale, focus and drive to the management of the sea-front assets; to deliver a greater return and improve its seafront offering to residents, local businesses, and visitors alike.

Consideration could be given to the use of an alternative model of deliver, for example a Local Authority Trading Company (LATC) or outsource the management of the seafront to take full advantage of these assets. The establishment of a LATC

would require a blend of commercial acumen and public sector values. Should the council consider a LATC, it is strongly advised that NNDC seek operational experience and legal advice on the establishment, governance, and management of LATCs at an early stage.

Risk appetite

When exploring property opportunities and challenges with officers and members the peers heard three key concerns around risk, reputation, and capacity.

Several challenging legacy property issues were highlighted, requiring difficult conversations with external parties to reach a resolution. Officers expressed frustration with having to negotiate with risk profiles that change. Members raised concerns over risk to the council's reputation when negotiations proved contentious. There is a need to agree the council's risk appetite and create the structures that enable its effective and consistent implementation. As one individual put it "we need to decide the level of bravery we are all going to adopt...and stick to it", understanding that whatever the council does there is a risk to its reputation, even if it does nothing.

In terms of effective and consistent implementation of an agreed risk profile, consideration could be given to setting up an Investment Board, consisting of members, officers, and invited market experts, with the delegated powers to enable agile decision-making to meet market timelines.

Concerns were also raised by several parties over the capacity of the Legal team and timely availability of specialist skills to support services in the agile, response way they need to operate in the open market. Consideration could be given to strengthening the Legal team or empowering them to access external specialist legal and market expertise in a timely manner.

4.7 Net Zero

Peers were asked to comment on the council's ambitions and opportunities to become Net Zero. These are their thoughts.

Budget planning

Peers felt a clear budget plan is required to meet the level of ambition – revenue and

capital for the central team and all service areas. There are three areas which the council should consider to

support this.

Firstly, NNDC has swiftly aligned its budget to support delivery of the council's climate ambitions by allocating £0.5m to the portfolio, however it wasn't clear whether this can be used for capital expenditure, revenue or both. Providing clarity on this will enable a clearer articulation of forecasting spend and profile.

Secondly, the council has a track record in successfully securing partnership funding. To support the level of ambition, the council should consider opportunities to match fund/leverage external funding, for example, capitalising on local partnerships (Bacton consortiums) to collectively broker discussions with non-public sector organisations. Harnessing the knowledge and experience of partners, for example, within the coastal team on the Sandscaping project to maximise resources in the delivery of priorities.

Finally, the council's procurement strategy needs to be reviewed with consideration of its core values. Ideally climate and the environment should be at its heart as this strategy is vital for realising carbon reduction in Scope 3 GHG emissions.

Collective ownership - golden thread of climate

There needs to be a common understanding that tackling the climate and environmental emergencies requires a change to the way NNDC deliver services, make decisions and create communities. Peers found the awareness of the [NNDC Environment Charter](#) was low across several focus groups. For climate action to be at the forefront of officer's minds there needs to be more engagement on the subject across all services. If the vision is for "*all council staff to implement this charter and respond to the climate emergency in the performance of their roles*" – there needs to be further education to shift the culture more in line with collective ownership. The climate team cannot deliver the ambition on their own. Building upon staff briefings, expanding training to all-staff and made mandatory as part of staff induction will help to embed its importance.

Consider whether staff have the competencies for project delivery and behavioural

change. For example, are plans for net zero being given the visibility and resources needed within planning, or is it an additional ask?

This education and awareness will also help officers to understand and complete new climate considerations in committee reports. Members will also need to play their role here in questioning and challenging the implications, mitigations, and offsetting proposals if the council is to meet the climate targets it aspires to.

The council appears focussed on the output/capital delivery of net zero projects. For example, the solar car port and tree planting. These are good examples of focused delivery albeit with some room for improvement but there needs to be a similar focus on behavioural change, a paradigm shift - both internal and external.

Preparedness vs retrofit

The Environment Charter sets out very clearly the council's commitment to achieving net zero carbon emissions by 2030. Consideration now needs to be given to a policy review through the lens of climate and environment for all policies and strategies to fall in line with the charters principles and targets. Establishing a process for new policy development that considers the impact of climate and environment at the creation/planning stage will also prevent too much retrofit, for example, the Asset Management Plan.

There is an opportunity to address carbon reduction and renewable energy generation through asset management. This will require a discussion with members and officers about what this means for the acquisition and disposal strategy and links to the commercial point regarding being clear what commercial means. The solar carport is now an asset and should be considered within the Asset Management Plan. In line with the charter the council should discuss its appetite for further acquisition or installation of energy assets either alone or with partners.

How to support partners, communities to achieve NZ

Officers expressed difficulty in 'landing' messages about climate change with communities that then translate into positive action. Consider doing this by strengthening the articulation of co-benefits. For example, the main driver and communications message for a project doesn't have to be climate change, it can be health/wellbeing/pride of place/cost of living/economic development with a strong

secondary driver of carbon reduction/addressing climate and biodiversity emergencies.

Given the prominent role NNDC plays within the Norfolk Climate Partnership, the council should maximise the value of this to articulate the carbon reduction challenges through a data-led approach, how collectively these will be overcome and profile this work over the next 5-10 years. Understanding the housing stock condition (private not council), the local carbon flows across Norfolk and key local decarbonisation challenges will enable the Partnership to secure external funding for example, Innovate UK and Department for Energy Security and Net Zero (DESNZ).

5. Next steps

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

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month check-in session, which provides space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps.

In the meantime, Rachel Litherland, Principal Adviser for the East of England, is the main contact between your authority and the Local Government Association. Rachel is available to discuss any further support the council requires.

rachel.litherland@local.gov.uk, 07795 076834.

6. Additional information

6.1 Commercialisation

The term 'Commercial' is loaded and difficult for some in local government to reconcile. NNDC could consider using 'Enterprising' instead.

To assist NNDC's thinking in this area, we suggest this further reading <https://www.local.gov.uk/publications/profit-purpose-delivering-social-value-through-commercial-activity>

The LGA Advanced Commercialism Group is now closed. However, with LGA support, an informal network of over 60 councils has been established. 'Enterprising Councils Group' meet on MS Teams every quarter. Point of Contact angela.redman@westsussex.gov.uk Consider being added to this network.

6.2 Staff Survey

The LGA provides a [workforce offer](#) for councils. To discuss a staff survey please contact: Nigel.Carruthers@local.gov.uk

6.3 ICT

The LGA has a [Cyber, Digital and Technology](#) offer for councils. This includes access to a [free cyber 360 service](#) and advice and guidance from experts. For more information or to discuss bespoke requests contact: jamie.cross@local.gov.uk

6.4 Transformation

The LGA's [Transformation Experts programme](#) offers bespoke advice and support to local authorities to help them deliver transformation activities. We have a cohort of transformation experts who have delivered transformation programmes in their own councils. The experts also cover a wide range of service specific expertise including but not limited to:

- service transformation
- data and digital
- adult social care
- children's services

- council culture
- organisational change
- partnership-working
- economic growth and business intelligence
- behavioural insights
- governance
- commissioning

Our Transformation Experts will be linked up with councils who request ad hoc support to provide expert advice. This could range from reviewing their council plans and projects, to offering constructive challenge based on their own experience and knowledge. The type of support will be led and determined by the needs of the recipient council. The support will be available for a maximum of 10 days until March 2024.

Contact: Olivia.Lancaster@local.gov.uk or Michael.Balls@local.gov.uk