



# Corporate Peer Challenge **North West Leicestershire District Council**

25<sup>th</sup> – 27<sup>th</sup> June 2019

Feedback Report

## 1. Executive Summary

There is a positive feel to North West Leicestershire District Council (NWLDC). Staff are enthusiastic and optimistic about the future, and councillors are keen to look forward and do their best for their communities. The council has large scale developments within its borders, for example East Midlands Gateway and partnership working is strong.

Staff are friendly, welcoming and realistic about the changes that the council is going through. All talked about the last two years being a “breath of fresh air” and “welcome change”. The *Investors In People* accreditation reflects how much things have changed in recent years, and NWLDC should be proud to achieve this.

NWLDC is currently in a period of transition from one culture and delivery organisation to another. The Roadmap is an excellent illustration of this and could be a good communications tool to help explain to others where you are on that journey.

The Medium-Term Financial Plan (MTFP) recognises there is a significant budget gap on the horizon, and there is political commitment to bridging this gap using reserves. Looking further ahead, the peer team suggest considering how overall finances can be used to minimise or eliminate funding gaps and focus on increasing the delivery of strategic priorities.

Staff have good ideas but are sometimes reticent about offering them. This is perhaps due to getting used to a different work culture, but they could benefit from more confidence or clearer communication about this.

Housing is clearly a priority, but there appears to be a lack of confidence about what you as a council are legally and strategically able to do to direct and influence developments. For example, at the full council meeting we attended, we heard views expressed that the council is powerless to influence the types of development that the private sector provides. This is not necessarily the case, and as a council, you could be purchasing assets and developing them yourselves. This would mean you could get your green priorities into new developments and build the communities you would like to build in the district.

The Strategic Growth Plan could unlock many opportunities for the District. The East Midlands Gateway at East Midlands Airport is a growth area. It is good to note that there is a variety of businesses moving there, so that there is not a reliance on one sector. However, with this level of growth, there is a conflict with the current level of infrastructure. A key challenge for the Council is developing the infrastructure to support the speed and level of growth. This will be a focus of work with Leicestershire County Council going forward. Members will need to recognise the need for collaboration and co-operation in a timely manner as the Gateway takes off.

## 2. Key recommendations

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

- 1. Act on the opportunities that vacancies present.** When vacancies arise, consider how the role could be redefined and developed to further promote the changed culture and strategic priorities. This could mean making closer links across the council to reduce silo working and recognising that everyone contributes to placemaking.
- 2. Continue to improve the scrutiny function.** Make it more robust and be seen to be robust. Explore good practice regarding Scrutiny, such as training all scrutiny committee members, involving backbenchers in working groups if not on the actual committee, establish a forward-looking work programme, and involve scrutiny early in the decision-making process. This will help avoid the risk of questions about governance arrangements if decisions are not popular.
- 3. Be prepared to address the capacity issues and align resources to priorities.** Capacity is stretched in some key areas, for example finance, digital strategy. Ensure that resources follow the priorities set, to deliver what the council wants. Either put more resource in or reduce what you plan to deliver or adjust the timescale in which you want to deliver it.
- 4. Clarify the council's risk appetite.** What is the amount and type of risks that you are willing to take in order to meet your strategic objectives? Members and officers could work together to explore this and agree your tolerances. This would mean that the council and its leadership team is not only able to manage risk more effectively, but you will be better positioned to take full advantage of the many opportunities that you have identified.
- 5. Be confident and prepared to be more ambitious.** Consider what levels of risk the council is prepared to take to deliver on strategic priorities, and how best to communicate that to satisfy residents and partners. Explore how ongoing two-way engagement can help build residents' confidence in the council delivering on its objectives. You have a great deal to be proud of so be confident and tell people.

### 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 your requirements and the focus of the peer challenge. Peers were selected based on their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at North West Leicestershire District Council (NWLDC) were:

- Cllr Linda Robinson – former leader of Wychavon District Council
- Nick Tustian – Chief Executive, Eastleigh Borough Council
- Ben Lockwood – Director of Finance and Economy, Ashford Borough Council
- Karen Edwards – Director (Programmes and Place), Rushmoor Borough Council
- Becca Singh – Local Government Association (LGA) Challenge Manager
- Daniel Gardiner – Local Government Association Adviser

#### 3.2 Scope and focus

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

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, at the start of the review, NWLDC asked the peer team to consider/review/provide feedback on the following questions:

- Do we have the capacity to deliver our big-ticket items?
- How robust, realistic and ambitious are our plans to be self-sufficient?
- What is your view on our approach to being more business-like?
- Without a burning platform, how do we ensure we are financially robust to deal with future funding changes?
- How realistic and ambitious are our plans to improve customer experience?
- Are we on the right trajectory?

### 3.3 The peer challenge process

Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals and it is important to stress that this was not an inspection. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information to ensure they were familiar with the council and the challenges it is facing. The team then spent three days onsite at North West Leicestershire, during which they:

- Spoke to about 75 people including a range of council staff, councillors and external stakeholders, plus around 50 at the staff fair – a record of about 125 people!
- Gathered information and views from more than 40 meetings, visits to key sites and additional research and reading
- Collectively spent more than 280 hours to determine our findings – the equivalent of one person spending around 8 weeks in NWLDC

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (27<sup>th</sup> June 2019). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. The team know that some of the feedback may be about things you are already addressing and progressing.

## 4. Feedback

### 4.1 Understanding of the local place and priority setting

NWLDC is a district of contrasts, which the council understands well. These include the differing impacts of the decline of manufacturing and mining industries, differences in wealth between Ashby-de-la-Zouch and Coalville, differences between rural villages and urban town centres, plus the considerable growth at the East Midlands Gateway in the north-east of the district. The council tries explicitly to meet the needs of all those different communities.

The Delivery Plan 2019/20 is a crucial document, setting out what the council's Key Tasks are for 2019/20 but also its aspirations for the next three years. It illustrates the council's commitments to deliver on its strategic priorities. However, it is not clear how much detail sits behind that. The team found that the implications of the plan are not always widely understood by councillors, officers, residents and external partners. This includes the risks you need to take to achieve priorities, and the different impacts on existing communities.

There is a strong sense of community within the district, demonstrated by the high attendance at community events. This offers the council considerable opportunities for engaging with communities and helping them understand the choices that the council faces as funding arrangements for local government changes.

The vision for growth has not yet been communicated widely because the council is mindful that in the past, plans that have not always been realised. Sensitive to this, NWLDC is reluctant to release information about the investments in Coalville until they have been delivered. However, you could consider how other councils have used strategic and operational communications to enhance the reputation of the council in similar situations. Getting the right message to the right people at the right time is crucial, but so is engaging the right people at the right time in the right way.

### 4.2 Leadership of Place

NWLDC is the leader of several different communities, and it is hard to balance these competing needs.

Partners from all sectors value working with NWLDC and it is trusted to advocate and speak on their behalf. Support to the voluntary sector is seen as very generous, however you should consider whether you are able to sustain this in an increasingly commercial world. It may be useful to consider how a business-like approach can blend with the political commitment to social value above all else.

There is strong political commitment to deliver the Coalville regeneration plans. It is important to recognise the reputational risk of not delivering, which the council does, but there is also a reputational risk of appearing to do nothing. The council is delivering

some ambitious projects, which will act as enablers in achieving its vision for the District. Communications around those enabling schemes, such as the market relocation, is important and sometimes undersold. It could link back to earlier plans which did not come to fruition when planned, or provide a backdrop to a new, shared vision through greater residential engagement.

Everyone talked about Coalville, including plans for development, regeneration and building on the existing pride of Coalville residents. To lead this regeneration, the council could look imaginatively at ways to encourage high street businesses. For example, there are examples where councils have funded the freezing of business rates for three years to encourage new businesses to move to the area. The current government set scheme of Small Business Rates Relief exempts a lot of small businesses in high streets from paying any rates and it could be a case of promoting that scheme to new businesses so that they understand that rates are less of a barrier due to the reliefs currently offered.

You identified several potential regeneration opportunities in Coalville and how you saw these could contribute to the wider vision for Coalville, but you were inclined to wait for or broker private sector opportunities. 'Being the leader in the area', could mean leading regeneration with your own investment with the council's previous successful developments being highlighted widely to give confidence to the community. For example, the move and development of the new indoor market. The council could directly fund and actively promote this project as part of your approach to commercialisation, so that residents and businesses see that a commercial approach is not just about income generation, but is about investing to stimulate and encourage economic activity in the district

It is important that the rest of the District understand why the investments in Coalville are crucial, without feeling that other areas are missing out. The proposed Regeneration Framework and the Strategic Growth Plan provide platforms for leading the whole district. NWLDC has developed a significant council-owned house building programme that is actively seeking to address the shortfall in local council housing and is looking to develop a more diverse stock to meet wider housing need as a major contributor to Place and Communities. The next step is to link the HRA and General Fund to develop and enhance your built environment, with a wider collective responsibility for Place. Many Councils have, for example, used the General Fund to build Private Rented Stock (PRS) and have even entered the housing market by building house for open market sale. The Green Agenda is another example of how NWLDC can be a leader locally. Work around the green infrastructure and becoming carbon neutral could be improved with a wider collective responsibility for place.

Be prepared to lead on shaping the area for the future. Leading sometimes means challenging viewpoints and educating others. For example, residents want to improve retail offer in Coalville, but high streets everywhere are struggling with changes in the retail sector. Be honest with communities so that they understand the challenges and get on board to help you solve them.

### 4.3 Organisational leadership and governance

There is a strong, visible leadership team with a shared vision. Councillors and officers have built up mutual respect, although some councillors have found it hard to adjust to less direct access to officers. It is good practice to have a clear Member/officer protocol to explain the reasons for this, and how to get in touch with officers for different things.

There has been a major change in culture in the last two years, largely due to the change of Chief Executive and the very positive relationship that has developed with the Leader. This is not just about structures and processes, but the whole staff culture. The peer team found NWLDC to be a friendly and welcoming organisation, and this was that was shared by staff and partners. The Chief Executive has high visibility within the council and externally and this should be replicated by the directors so that the managerial leadership can be shared and made more sustainable. When vacancies occur, particularly those at senior leadership level, they can provide a real opportunity to reshape roles to reflect NWLDC's new priorities, behaviours and skills. Some of the current roles may not reflect these new areas of focus. Strategic leadership is less about the line management service structure, and more about building a matrix approach working across the organisation to drive change and reinforce the 'one team, one council' culture. This will continue embed collective responsibility and help to remove any silo ways of working. For example, the delivery of the 'Place' objectives should be seen as important for the whole organisation, not just for those services such as Housing or Economic Growth.

Councillors are committed to delivering for their residents, but the peer team heard that frontline councillors can feel outside decision-making processes. Consider how councillors could build ward-level relationships with partners, businesses and residents. For example, regular ward walks with police, Citizen's Advice Bureau, Fire and Rescue Service and Highways. Ensure ward councillors know when something is happening in their ward and get them involved at an early stage. Councillors are a good advocate for council work, but only if they are informed and involved. Enable councillors to have ongoing two-way engagement with residents and partners.

Scrutiny is improving. It is evolving but more could be done. Political decisions can be strengthened by good scrutiny, and by good scrutiny being seen to be done. Scrutiny is a way of involving frontline councillors actively in working groups if not on the actual committee. The scrutiny function is currently underused, leading to some frustration amongst elected members. This could be a risk to confidence in governance arrangements if decisions are not seen to be exposed to quality scrutiny. Consider how good scrutiny practice could be further incorporated. For example, each scrutiny committee developing its own work plan, involving scrutiny at an early stage in decision-making for example, decisions going to scrutiny before Cabinet make decisions, allowing scrutiny to have a more strategic role for example conducting a green review of council policies and practices, having members of the opposition chair meetings, and providing scrutiny training to members of scrutiny committees; this could involve seeking more support from the LGA to provide scrutiny training and mentoring.

Resources need to be aligned to strategic priorities for them to be delivered successfully. Make sure that the whole organisation understands the priorities, and that the resources will follow. For example, the digital transformation agenda was often quoted by staff as being the panacea for capacity concerns, but at the current rate of delivery it will be many years before the benefits are realised. Linking access to resources on an 'invest to save' approach around transformation could help accelerate delivery.

Understand the risks and impacts of decision-making. Financial decisions such as freezing council tax has an impact on the ability of the council to deliver strategic priorities. This links to engagement with residents. Discussions with them should focus on possibilities for delivery rather than funding resources. Then when you deliver, shout about it using for example the "you said, we did" section of the council's website. Demonstrating you are delivering your shared strategic ambitions in line with the wishes of your residents can help to engage and empower local communities.

There needs to be a clearer and wider understanding of risks and your collective risk appetite. There are risks involved in doing something but also in not doing something. You might start by considering how much risk you are prepared to take to deliver on your big-ticket items.

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

The council is in a sound financial position. However, there is a sense that for most people – officers and councillors – finance is something that the Financial Team 'do'. To be more business-like, as well as provide more resources in the finance team, the rest of the council need to understand how their role is part of the financial picture. If the whole council is to be more business-like, the whole council needs to further change culture to understand that finance is everyone's responsibility and more resources are needed to achieve this. This has improved, and there is more collective responsibility within the Senior Leadership Team on the financial position. In addition, for the first time there has been an opposition alternative budget. These are great moves to build on to become more 'business-like'.

The Medium-Term Financial Plan (MTFP) makes reasonable assumptions over external issues that will affect the council's finances, for example business rates, New Homes Bonus and the Fair Funding review. The plan position shows a budget gap of c£5m over the next five years. The external factors may turn out differently, but the risk these factors pose is real, and represents the burning platform for the Council that was not recognised.

NWLDC has been prudent and built reserves to cover this gap. Although prudence is good practice, relying on reserves is not sustainable and doesn't solve the underlying problem, and alternative solutions will need to be sought to mitigate the potential risks of external factors.

The council has a plan to close this gap through its strategies on commercialism, Asset Management and Finance, as well as controlling corporate costs. The 'Journey to Self-

Sufficiency' plan will be crucial in closing the gap, although a clear definition of what 'self-sufficient' means to NWLDC is needed. These strategies should be further refined to develop clear proposals to close the budget gap. A good way to ensure this works is to bring all this work together into a programme where individuals are accountable for delivery, and that this is monitored by the Corporate Leadership Team (CLT).

Finance is currently focused on managing the budget gap rather than supporting strategic ambitions. The council has ambitious plans for the District, but delivery will be resource intensive and complicated. Ensure your financial strategy supports these ambitions by releasing and investing resources to deliver transformation and regeneration plans. There is the potential to take greater ownership of assets and drive income streams to support long-term finances. How far the Council is prepared to seek to generate additional income by exploiting new and existing income streams including investing in commercial property will depend on attitude to risk and how it views income in terms of delivering its service objectives.

One approach to income streams is to analyse services in the following way:

1. Statutory and Compulsory – little or no income so don't waste time trying to maximise, or find alternative income streams
2. Discretionary Services - enjoyed by some, but not all residents, with the option to charge at market value for example leisure facilities and car parking
3. Fully commercial services – provided simply to generate as much profit as possible for example Trade Waste. In this area other councils have explored a wide range of income opportunities including such things as setting up a printing company and even a gin distillery. It provides an opportunity for the whole Council to demonstrate its entrepreneurial skills, but it needs to be realistic in recognising that initiatives will often require significant investment for only a limited return.

Investing in commercial property is something many councils have undertaken as a means of generating income. Undertaking only a few transactions, it is possible to secure significant revenue income from high quality long-term leases at relatively low risk. Also, by pro-actively intervening in the commercial property market a council can support the delivery of other strategic objectives such as regeneration and employment. The range of approaches to this is almost endless, with some investing only cash balances to secure a few local properties to those that have borrowed significantly to invest in a variety of different types of building for example, retail and offices both inside and outside of the borough boundary. One council in the South East is reported to have borrowed nearly £1bn to invest in commercial property, much of it outside of its borough.

NWLDC has a good commercial strategy that encourages a positive culture change in the organisation to be more business-like. However, the practical day to day implementation of this strategy is not widely understood as "Being-Business Like" currently means different things to different people. For the strategy to be effective, there needs to be a consistent definition of 'business-like', 'commercialism' and 'self-

sufficiency'. This would help you consider how this permeates into the council's decision-making, staff culture and communications. There is not a "one size fits all" approach that can be adopted across all the services and there needs to be greater clarity, service by service as to what "being commercial or business-like" really means. One suggestion is that each service/business plan could be enhanced further with a commercial framework that balances the council's social and moral values against commercial/business objectives, whether it be income generation or more effective control of costs. There are examples of good practice in other councils across the country and the LGA's Advanced Commercialism Group can assist pointing you in the right direction.

Treasury management could be used to help close the budget gap. The council currently holds its investments mainly as cash deposits with banks, building societies and other local authorities. These investments have relatively low returns and expose the council to 'buy-in and credit risk. The peer team would encourage you to consult your treasury management advisers to explore the potential to improve investment performance, for example using pooled investment vehicles, or other investments that should have a higher rate of return than cash deposits or generate income. These increase return and lower the credit risk and buy-in risk that the council is currently exposed to. The council could then use short-term borrowing to fund its capital programme. The team suggest you discuss this with your Treasury Management Advisers.

#### **4.5 Capacity to deliver**

NWLDC has a positive and motivated workforce which is keen to accept the challenges that proposed changes will bring. There are a strong set of values which feel owned by staff, and by councillors. However, this is an organisation in transition. All councillors, as well as officers, need to be part of that journey.

There are concerns about capacity. Senior staff and councillors need to recognise where services are stretched and consider how each service helps meet strategic priorities and resource accordingly. For example, there is currently considerable focus on finance, but the team could benefit from more longer-term resource and capacity. Recruitment in particular areas can be a challenge; you should therefore continue with your grow your own approach and release the talent in your current staff.

The digital strategy is crucial. Many people are relying on this as the answer to all NWLDC's capacity issues. Staff and councillors need to recognise the changes in culture that implementation will require. At the current level of resourcing, the Digital Strategy implementation will take years. The peer team would encourage you to look for quick wins now, and increase the resources allocated to the implementation of the strategy, alongside any further cultural transformation, as soon as possible.

## 4.6 Other specific focus areas as appropriate

In response to the specific questions asked of the peer team to explore as part of the peer challenge process, namely:

- Do we have the capacity to deliver our big-ticket items?
- How robust, realistic and ambitious are our plans to be self-sufficient?
- What is your view on our approach to being more business-like?
- Without a burning platform, how do we ensure that we are financially robust to deal with future funding changes?
- How realistic and ambitious are our plans to improve customer experience?
- Are we on the right trajectory?

Many of these have been addressed in the finance and capacity sections of the report. Further observations of the peer team are as follows:

### Capacity to deliver the big-ticket items

There is definitely the will, capability and drive to deliver the major projects, but you are trying to move forward on a very broad range of change and ambitions. Sequencing those could give you some headroom to deliver fewer things quicker, perhaps through a programme office and a clearer project management system.

Using finance more creatively will increase your capacity to deliver, for example by enabling you to allocate more staff to early stages of projects. It could also help you have more resources to invest in assets that could then help generate income.

### Being more business-like

The commercial strategy provides a sound basis on which you can build on. There are processes in place to encourage a business-like approach in the organisation, but a business-like culture still needs to be developed if you are to become a truly business focused organisation. This is because at present the term business-like means different things to different people. Clarifying the understanding and balancing your objectives for social value with commercialisation will be critical. Every council takes a different approach, and NWLDC should decide for itself where it wants to be on the commercialism spectrum. Once this has been defined, it should be embedded into business and service plans.

The council will need to consider the levels of risk it is prepared to take to deliver on its priorities. This includes financial as well as reputational. There are examples of good practice on the LGA website which NWLDC may find useful to learn from.

### Plans to improve customer experience

The vision, principles and timeline are in place. Staff are keen to improve things and can see the opportunities to deliver from the digital strategy. However, the desired outcomes are not clear, and recent delivery has taken more work than expected,

including re-working in some areas. A better resourced programme will help the council to deliver within the proposed timescale.

The peer team suggest that if this is one of your main priorities, resource it appropriately and deliver it, otherwise it will become a millstone rather than an enabler. It is ambitious, but at the moment it is not realistic without more capacity and resources.

### On the right trajectory

NWLDC is heading in the right way to deliver its strategic outcomes. However, because it is still in transition culturally, changes will take time to deliver without investing in crucial teams and programmes.

## **5. Next steps**

### **5.1 Immediate next steps**

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions to determine how the organisation wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on several of the areas for development and improvement and we would be happy to discuss this. Mark Edgell, Principal Adviser, is the main contact between your authority and the Local Government Association (LGA). His contact details are: Email [Mark.Edgell@Local.gov.uk](mailto:Mark.Edgell@Local.gov.uk) .

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

### **5.2 Follow up visit**

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the council. You have already indicated that a repeat visit by some of or all the team would be welcome in about two years.

### 5.3 Next Corporate Peer Challenge

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the council will commission their next Peer Challenge before 2024.

## 6. Appendix: Signposting

### 6.1 Signposting

Learn from others using LGA's searchable Case Studies database:

<https://www.local.gov.uk/case-studies>

Learn from how other councils have been progressing commercialisation, through the LGA Advanced Commercialism Group: [ACG website](#)

Consider signing up to MHCLG's Digital Declaration: [MHCLG website](#)