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Dear John

### **Newcastle-under-Lyme Borough Council - Corporate Peer Challenge**

On behalf of the peer team, I would like to say what a pleasure and privilege it was to be invited into Newcastle-under-Lyme Borough Council to deliver the recent corporate peer challenge as part of the LGA offer to support sector led improvement.

You asked the peer team to provide an external 'health-check' of the council. In doing this the peer team looked at the critical areas that provide reassurance about future performance, ability and capacity to deliver future ambitions. The team considered the following questions and areas of focus:

1. Understanding of the local context and priority setting: Does the council understand its local context and has it established a clear set of priorities?
2. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
3. Political and managerial leadership: Does the council have effective political and managerial leadership and is it a constructive partnership?
4. Governance and decision-making: Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
5. Organisational capacity: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

You also asked the peer team to comment on your evolving thinking and Council Plan priority to become a 'co-operative council'. You see a 'co-operative council' as an organisation that:

- Brings more public services together so that people get what they need at the right place and the right time.
- Encourages more involvement from local people and staff in planning and running services.
- Supports communities better and encourage people to do more to help their own communities.

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

This letter provides a summary of the feedback that was presented to you by the team at the end of their recent onsite visit. In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. We hope the feedback provided will help stimulate further debate and thinking about the future and how your plans might develop and evolve further.

### **Summary of feedback: overall messages**

Newcastle-under-Lyme Borough Council has a proven track record of improvement and achievement, delivering increased efficiency, and making budget savings. The organisation appears to be in good health, continuing to receive external awards, reducing sickness absence and maintaining staff morale. You have demonstrated a willingness to seek external challenge to reality check, test and stretch thinking, proposals and plans. Along with your prudent financial management, customer focus, investment in partnerships and willingness to adopt new ways of working these provide a good platform on which to respond to future challenges facing the borough, and deliver the ambition to become a 'co-operative council'.

There are nonetheless significant issues for the authority to tackle. Not least there is an increasingly challenging financial climate. There is a need to continue delivering savings, and generate the capital investment required to support your Council Plan ambitions. As the council continues to embrace new ways of working it will be important to monitor staff morale, engagement and well-being. Continued investment in staff development, member support and good governance will be required to enable the culture and values required by a 'co-operative' council. Regular communication and visible leadership will be required

to embed and support change, and ensure stakeholder expectations are clear about priorities and the progress being made against them.

## **Summary of feedback: ability and capacity to deliver future ambitions**

### *Understanding of local context and priority setting*

Your new Council Plan sets out a clear vision and priorities for the council. The Plan has clearly been informed by political ambitions. The priorities in it such as promoting a borough of opportunity (maximising investment and employment in the borough) appear relevant in light of the challenges facing the borough and wider sector. Priorities are evidence-based. For example the Joint Strategic Needs Assessment (JSNA) has informed the emerging health and well-being strategy, which will help deliver the priority of 'promoting a healthy and active borough'.

The Plan builds on the previous corporate plan and does not advocate a fundamental change in direction. This looks to have enabled a smooth transition into a new administration and a sustained focus on the key priorities for Newcastle-under-Lyme. The authority continues to allocate resources to the identified priorities, such as the establishment of a Town Centres Partnership, building on a track record of investing in priorities such as waste recycling and the Jubilee2 leisure centre.

The ambition to become a 'co-operative' council appears to be a natural evolution of the Council's established priorities, such as working with citizens and partners through the Local Area Partnership (LAPs), the budget consultation exercise, sharing services with other authorities and co-locating with partners. We think the stated ambition in the Council Plan provides a clearer purpose and focus for these ways of working. Once fully defined, it will provide a clear framework and basis on which the council does business.

It was clear to see your desire to improve the 'customer journey' and create a 'one and done' experience. You see this as part and parcel of being a modern, streamlined effective council. We could see notable progress towards this aspiration, demonstrated by your creation of a community hub, co-location with partners within the civic offices, use of customer insight information and the plans for a new county wide CRM system. All of this is commendable.

You have acknowledged the need to have measures in place to monitor and communicate progress and impact against priorities. We know you are already working on performance measures. We encourage this to happen as soon as possible. It will, we think, be increasingly important in terms of demonstrating the impact of your investment as financial pressures facing the council increase. Given the severe financial challenges ahead, we suggest that much greater clarity is needed about what are not priorities for the borough. This will inevitably require tough and potentially unpopular decisions.

### Financial planning and viability

We can see that you have a track record of making significant financial savings which has realised over £6million over the past five years. You are already planning for future years, and look to be well advanced in identifying potential savings for 2013/14. You have also started to consider and plan for the implications of future challenges and 'unknowns' such as universal credit and business rates, for example through discussions with other authorities about impact of the changes and options regarding pooling.

Your approach to identifying and delivering further budget savings has included the engagement and involvement of senior managers and elected members who are challenged to identify both saving and investment opportunities. As part of the process you have invited external critical friend challenge from a County Council officer which has helped to 'reality check' some of the emerging thinking and proposals. Your budget saving strategy includes a variety of activities – for example, procurement savings, negotiating with contractors, efficiencies, using new funding (such as New Homes Bonus) and identifying further opportunities and potential for income generation. This looks to be in line with practice in other authorities and suggested to us that you have a resilient approach to financial planning.

However, identified savings and income will need to be delivered. Given that there is currently some under-achievement on income targets achieving identified savings is now non-negotiable. The authority is now potentially in new territory without large reserves to draw on as contingency. As a result we think that there is a need to accelerate some of the savings plans and develop further options.

One significant challenge facing the authority is meeting future capital expenditure requirements to support your Council Plan priorities and aspirations. We suggest that decisions are needed about your future approach to borrowing and asset realisation as ways of generating the capital funds required. In particular the realisation of land and property assets into cash is fundamentally important and should be considered as soon as possible.

### Leadership

Excellent external engagement during the last couple of years, often led personally by the chief executive, looks to have built solid partnerships and relationships with key partners. The council is held in high regard by the partners we spoke with. They know where they stand with you and see you as 'open' and 'honest'. Partners consider the council as effective 'brokers' and the hub of partnership working in the borough. You clearly consider working in partnership, wherever appropriate, to maximise the resources at your disposal as a key element of how you deliver services and outcomes as a 'co-operative' council.

We know you have worked with partners to streamline the Newcastle Partnership so that it focuses on key priorities. You now need to ensure that the partnership, and all agencies and organisations participating in it, deliver against the agreed priorities and actions. Partners want the council to stay ambitious. They want you to 'hold your nerve' and stay committed to the shared agenda. To help bind the partnership together we think that the Partnership Strategic Board will benefit from a shared narrative about what an improved borough will look like which will compliment its focus and priorities.

As well as leading the place, there is a need to ensure you invest the same energy and enthusiasm within the organisation. Staff and elected members need to feel involved and engaged to achieve the wider goals. As challenges get tougher, the leadership of the organisation – both political and managerial - needs to be ever more visible and communicative inside the organisation. The new Leader is well regarded inside (and outside) the council and the Cabinet look to be stepping up to the challenges of the executive role. So there is a good basis on which to do more of this. Member and officer relationships appear to be good and based on mutual respect and a regular dialogue between senior officers and cabinet portfolio holders.

However, we were left in little doubt that not all 60 elected members are engaged and involved as they should be. It is clear that there are opportunities provided for all members to inform decision-making and policy development. But it is also clear that some members are choosing not to engage. As the authority gears up to make some tough decisions and develop long-term policy it will be increasingly important that all members contribute to the debate through effective scrutiny, constructive opposition and mature cross-party involvement in policy formulation.

### Governance and decision-making

You rightly recognise the importance of good governance as a basis for this to happen. We could clearly see that you have sought to improve and develop governance within the organisation. Notable improvements to the scrutiny function, a new constitution and Cabinet meetings being taken out and about the borough with a public engagement item on the agenda are all examples of this. Improvements to the scrutiny function include a new approach to task and finish groups, better work programmes and training for scrutiny committee chairs. All of these are positive developments.

We think there is potential to push these improvements further. Scrutiny committees should seize the opportunity presented by Cabinet to undertake pre-decision scrutiny. We suggest that the emphasis needs to shift to holding members, as well as officers, to account. The current proposal to introduce 'cabinet panels' needs to be implemented carefully so that members and officers

are absolutely clear on how the Panels role links to Cabinet and Scrutiny Task and Finish Groups.

We suggest that the links and connection between regulatory committees and policy making needs to be considered further too. Given both your Council Plan priorities and the changes brought about by the Localism Act and planning framework, it will be important that regulatory committees, particularly planning, clearly support the priorities of the council. In short they should be enablers of the outcomes sought by the authority. Our impression was that they still operate in a tight quasi-judicial remit and manner. As a result there may be a risk that they hinder rather than help the realisation of the council's vision and ambitions.

Following a recent review and the introduction of a new Constitution, elements of it are understandably still bedding in. Whilst most elements appear to be implemented smoothly, the operation of the Full Council meeting remains an issue for the organisation. Members do not value it in its current format. The purpose and function of it was unclear to many we spoke to.

We formed a clear view that process and procedures are preventing the behaviours and culture you would like to see in the council chamber. Clearly more needs to be done to make the Full Council the place for debate and politics, holding cabinet to account, members speaking up for people of the borough and championing local issues, and an opportunity for every member to have a voice. We heard positive comments about the recent Full Council debate on regional pay, suggesting that the meeting can operate effectively when there is the will to, and a debating topic that is relevant and timely.

We think that the Local Area Partnerships (LAPs) provide a 'touchstone' to communities and partners. Our view is that they have great potential to make an even greater contribution to priorities and outcomes and could become a key feature of the 'co-operative council'. We suggest that you consider developing a strategic framework so you can involve the LAPs more as part of your formal decision-making and scrutiny processes. Consider how you can enable them to do more. We know you are already starting to think about this. It will be important to involve LAPs in this consideration. We also encourage you to work with parish and town councils to develop and clarify mutual expectations and respective roles including their relationship with LAPs.

## Capacity

We were impressed with the way you have adopted new ways of working and your commitment to working with others. There is a clear understanding that to deliver key priorities, save money, generate income, increase capacity and build resilience you have to do this. There are many good examples where added value and positive outcomes are being realised such as 'The Way We Work' programme, co-location with partners, shared services arrangements and other collaboration that has developed or protected officer capacity and expertise. We have already mentioned the positive partnerships and relationships you have developed.

You have recognised the importance of workforce and member development and are providing a range of activity to support this. Member development is well regarded. We heard positive feedback about the cross-party member working group, chaired by an opposition member, which oversees the training and development programme. We encourage this approach to continue, and suggest that the focus of the group on other support for members increases, including ICT, to enable members to do the job of a 'modern councillor'. Not all members feel supported in their various roles by the organisation. Our view is that current support lags behind what many other authorities are providing for their members, particularly as regards ICT provision. Many provide all members with laptops/PCs or a specific allowance towards this, and we think you should consider something similar.

It will be important that the authority continues to invest in member support, particularly as their roles and the expectations of them will undoubtedly continue to develop as the organisation evolves into a 'co-operative' council. Members need to be seen as 'priority customers' so that they are able to fully play their role as advocates for the communities they serve, for example by being able to quickly log issues effecting local service delivery and engage with the appropriate officers to enable a response and resolution to them.

You are about to launch a new workforce development strategy. All of the components we would expect to see are in it. It looks comprehensive. It also sounds as if you are doing some exciting and innovative things such as the model you are proposing to broker and co-ordinate apprenticeships on behalf of other organisations. We question whether the workforce development and member development plans currently include enough about the values, behaviours and culture of a 'co-operative' council. Whilst we could see a range of activity across the organisation and plans to enable the required cultural shift, we suggest that a clearer and more cohesive culture change programme will be worth considering.

We suggest that as part of your wider approach to workforce development you will want to keep a close eye on staff morale and engagement through softer measures, particularly as workloads and expectations on staff inevitably increase or change. Pay

attention to work-life balance as part of this. The expression 'people are our greatest asset' has probably become over used, but it is nevertheless true. With this in mind, we encourage you to continue to harness the enthusiasm and talents of the Wider Management Team (WMT) to deliver your priorities, building on the project based approach established (e.g. for the budget review).

There are clearly key skills and competencies to draw on within the organisation. Good programme and project management for example is well demonstrated by the successful implementation of Jubilee2 on time and budget. This is quite an achievement that impressed the team.

As the authority continues to move to more 'co-production' as part of its co-operative council ambitions, we suggest you may benefit from setting out what your 'offer' is to help build and co-ordinate community capacity and empower people and clearly communicate it to community groups, LAPs, voluntary sector to co-deliver with you.

### **Becoming a co-operative council**

We have already commented that your stated ambition to become a 'co-operative' council appears to be a natural evolution to the things you are already doing. Things such as the LAPs, your customer focus, partnership working, co-location, budget consultation all provide great building blocks for a 'co-operative council'. There is a clear drive from political and managerial leadership to make the ambition a reality.

Because the move to a 'co-operative council' is a work in progress, there is an excellent opportunity to engage with and learn from other councils. We will endeavour to provide signposting to places and people you may wish to engage and share learning and thinking with.

In terms of informing and developing your thinking further, we think you should consider the following suggestions and questions:

1. Engage widely in defining the key characteristics of a co-operative council. Consider setting out what a co-operative council for Newcastle-under-Lyme looks and feels like for all stakeholders. Develop a Charter setting out minimum standards and expectations.
2. Continue to drive forward the 'one public service' for the borough, building on the clear desire to improve the 'customer journey' and notable progress in terms of a community hub, co-location, customer insight and plans for a new CRM system.
3. Consider how you can embed the concept of a 'co-operative council' into the constitution and decision-making process, so that it becomes the way that the council does business. For example, all council reports could reference the



contribution to co-operative council and feedback from consultation and engagement.

4. The behaviours, values and attitudes required by all stakeholders involved in being a co-operative council (members, staff, partners, communities). You might consider a code of conduct setting these out. Remember it is about culture and behaviours as well as processes and systems.
5. How you further develop and evolve the support you provide to members, staff and communities (e.g. role of technology). As member roles evolve, so too should the way that the authority supports them.
6. Can LAPs champion the concept of a co-operative council? What is the role of parish and town councils in a co-operative council? We suggest this needs developing and articulating further.
7. Making community land and property assets work for the community (including a timely asset realisation plan, creating a 'can do' attitude to make it happen e.g. planning and economic development)
8. What is the model of co-production – who does what? Are there any boundaries? And if so what are they? Where is the best practice to learn from?
9. Demonstrate how you meet and exceed the code of recommended practice for data transparency (openness and transparency).

All of the above needs to be underpinned by regular communication about the emerging thinking, direction of travel and the progress and impact being made.

### **Key suggestions and ideas for consideration**

In addition to the suggestions above, the following are things we think will help you to make best use of your skills and experience going forward and deliver some quick wins. They should be considered irrespective of the list of suggestions above.

1. Get ready to take the tough and potentially unpopular decisions about what are not priorities for the borough.
2. Consider the options and decide on capital expenditure strategy. Do this as soon as possible.
3. Continue to invest in members, including the technology, tools and training that enable and support them to do the job of a modern councillor.
4. Consider how all 60 councillors can be as engaged and involved as they should be in decision-making and policy development (including full council).

5. Keep a close eye on staff morale and engagement through softer measures as workloads inevitably increase.

We have attached a set of slides that summarise the above feedback. The slides are the ones used by the peer team to present its feedback at the end of the onsite visit. We will provide signposting to examples of the above and other information that will help inform your thinking.

### **Next steps**

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

I thought it helpful to provide contact details for Howard Davis who, as you know, is our Principal Adviser (West Midlands). Howard can be contacted via email at [howard.davis@local.gov.uk](mailto:howard.davis@local.gov.uk) (or tel. 07920 061197). He is the main contact between your authority and the Local Government Association. Hopefully this provides you with a convenient route of access to the Local Government Association, its resources and any further support.

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

Yours sincerely



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