

LGA Corporate Peer Challenge – Progress Review

Norwich City Council

01 March 2024

Feedback



Corporate Peer Challenge



Contents

- 1. Introduction 3
- 2. Summary of the approach 3
- 3. Progress Review - Feedback 4
- 4. Final thoughts and next steps 11

1. Introduction

The council undertook an LGA Corporate Peer Challenge (CPC) during 23 – 25 January 2023 and promptly published the full report with an action plan in March 2023.

The Progress Review is an integral part of the Corporate Peer Challenge process. Taking place approximately ten months after the CPC, it is designed to provide space for the council's senior leadership to:

- Receive feedback from peers on the early progress made by the council against the CPC recommendations and the council's RAG rated CPC Action Plan.
- Consider peer's reflections on any new opportunities or challenges that may have arisen since the peer team were 'on-site' including any further support needs
- Discuss any early impact or learning from the progress made to date

The LGA would like to thank Norwich City Council for their commitment to sector led improvement. This Progress Review was the next step in an ongoing, open and close relationship that the council has with LGA sector support.

2. Summary of the approach

The Progress Review at Norwich City Council took place on 01 March 2024.

The Progress Review focussed on each of the recommendations from the Corporate Peer Challenge, under the following theme headings:

- Welcome and action plan overview and focus on progress.
- Culture change and best practice.
- Governance of council owned companies.
- Summary feedback on progress.

For this Progress Review, the following members of the original CPC team were involved:

- Michael Bracey - Chief Executive, Milton Keynes City Council
- Cllr Darren Rodwell – Leader, London Borough of Barking and Dagenham
- James Mehmed – LGA Peer Challenge Manager

3. Progress Review - Feedback

During the January 2023 Corporate Peer Challenge (CPC) peers were informed both the leader and deputy leader would not be standing for re-election in the May 2023 local council elections and that the chief executive would be shortly leaving Norwich City Council (NCC).

Over the last year a new council leader and deputy leader have been appointed, along with a new chief executive. Recruitment to seven senior vacancies (executive directors, directors and heads of service) has progressed but has proved to be challenging, meaning the council has had to continue to rely on some interim appointments. In April 2024, two new externally appointed Executive Directors will start providing increased senior capacity alongside the other recent new starters.

This has meant the new political and organisational leadership of the council have been required to take ownership of the CPC outcomes including the development, delivery, and leadership of the action plan during a time of transition and external challenges such as the cost-of-living crisis which continues to impact communities across the city.

The council's position statement reflects that the council budget continues to be managed prudently. The council predicts that with continued careful management and forward planning they have the resources available to improve the services they know are important to communities.

Considerable efforts are being made by the new chief executive to drive the modernisation of the organisation and the senior team are working hard to ensure there is meaningful engagement and open conversations with residents and communities. Examples include engagement of colleagues, residents, partners, and businesses to explore future challenges and what they value about the city. The council have told peers the feedback and information from recent engagement have been used to develop a new five-year community led plan – We are Norwich – (2024 – 2029) which is in final stages of council decision making and adoption.

The corporate strategy, 'We are Norwich', is expected to drive the development of a comprehensive business plan alongside a newly aligned corporate performance framework to ensure the council's priorities, plans and measures of success reflect the needs of residents and communities and that its resources are aligned to deliver.

Peers reflected the importance of ensuring there is strong political alignment and leadership for the transformation of the council, ensuring full support whilst providing a clear mandate for officers to drive forward the programmes and projects that will deliver the corporate strategy and political objectives. The council has carried out extensive work in the last financial year to identify savings, investment / income opportunities and clearly defined robust transformation programmes and projects across the medium-term financial period that have provided the council with a solid financial foundation, allowing time to plan, adapt and change to deliver against evolving priorities agreed with stakeholders.

Peers were interested to hear how the learning and outcomes from the CPC will be mainstreamed into the council's 2024-2029 corporate strategy alongside a willingness to use the progress review process to further reflect and examine how feedback can provide further opportunities to drive improvement and modernise the organisation.

Action Plan Progress

Recommendation 1

With the departure of the leader, deputy leader and chief executive over the next few months, the council needs to quickly plan how it will support the new leadership. The LGA can assist. During this time, it will be critical that other members and senior colleagues do not allow momentum to be lost and remain focused on further improvement.

Shortly after the peer team departed in January 2023, a national recruitment campaign took place during February 2023. The process resulted in the successful appointment of Louise Rawsthorne, which was unanimously approved by full council on 28 April and with a formal start during May 2023.

Recruitment to six vacant, and one new senior role commenced in June 2023. As experienced across much of the sector recruitment has been challenging and has taken longer than anticipated. Successful appointments have been made to six of the roles, with the new senior leaders joining the organisation during March and April 2024. The final role – director of finance will be advertised in May.

To enable management to work across organisational functions more effectively and identify areas for improvement, peers heard how the weekly leadership meeting has successfully been extended beyond the chief executive and executive directors to now include the wider senior leadership team. Peers were informed that following a period of piloting these new arrangements, further changes have been made to separate out operational management and assurance which is now lead by directors and heads of service, leaving the executive leadership team to fully focus on strategic business, future direction of the council and overview of governance and assurance.

Peers heard how the senior team are critical in role modelling new behaviours to actively support the council in achieving its aspirations to become a modern organisation that can adapt to the evolving needs of residents, communities, and businesses.

A meeting was held between senior councillors and the LGA around support, development, and training, including peer mentoring, the options discussed at the meeting have been explored. Peer mentoring is underway, and a programme of training and development is in discussion.

Recommendation 2

Accelerate and prioritise plans to strengthen community and tenant engagement to deliver on the NCC stated commitment to put residents at the 'heart of everything we do'.

Peers were informed of a comprehensive engagement exercise which consulted residents, tenants, businesses, VCSE partners and other organisations to ascertain what is important to them and the role the council can play in delivering for the city. Over 900 individuals and organisations were engaged through a range of methods for example an online survey, face-to-face street engagement, tenant group participation, focus groups and one to one interviews.

The position statement summary demonstrates to peers how the council plans to use the engagement outcomes to inform the corporate strategy, resource allocation and community participation strategy.

The council has also developed a new Customer and Digital Strategy that is aimed at reflecting the needs of Norwich residents, recognising digital technology has changed the way people live, connect and work. The strategy has been informed by consultation and engagement exercises including an online and face to face engagement with council colleagues, councillors, and voluntary organisation representatives.

The council recognise the benefits of engaging at this scale, which has not been completed since 2018, including the creation of new community connections which will support future aspirations for the city.

As one of region's largest landlords, tenant engagement work has been given more focus through the development of a new tenant engagement strategy, policy, and a range of projects to ensure there is a stronger tenant voice informing the future of housing services. The impact of the tenant engagement is increasingly shaping services, for example a new digital platform which will be operational in the spring of this year.

Recommendation 3

Strengthen place leadership by involving partners more formally in the delivery of the local 2040 vision and clearly identifying officers to be the strategic leads for key partnerships.

The council has a track record of partnership working. This is a positive base to build from and over the past 10 months, the chief executive and leader have met with a wide range of partners which has reinforced a positive shared vision and ambition for the delivery of the 2040 city vision.

Roles on key forums have been extended to the wider leadership team to broaden representation. The council are exploring options to refresh the City Vision and City Vision Partnership with stakeholders, commencing in April 2023.

Following the future adoption of the council's 2024 – 29 corporate strategy the council will undertake a broad review of the council's strategic partnerships and have identified the review objectives.

Recommendation 4

Having improved governance processes, the council's focus and transformation resource should now shift rapidly to culture change, building on the work already started with a strong emphasis on staff engagement, equalities and inclusivity.

During the on-site peer challenge, peers were aware of the work the council had undertaken to improve governance and related processes, this was providing more rigour to existing governance arrangements. However, there was strong feedback from the workforce concerning an over-reliance of process.

The new chief executive recognises balancing strong processes with empowering her team to innovate and be solution focused. As a result, the chief executive told peers about the work to make culture change and leadership less of a standalone programme and more integrated into the day-to-day business of delivering council services.

Peers were informed how the heads of service now have a higher profile within the senior leadership of the organisation and critical thinking was being encouraged. Peers heard how the impact of these new ways of working is starting to drive an increased collective ownership of problem solving, and rather than colleagues thinking they are stuck on their own with issues to resolve, conversations are now taking place across broader groups to work out potential solutions.

Peers discussed the importance of ensuring councillors are part of the transformation of the organisation and more actively involved in leading new ways of working across

the council, providing their support, leadership, and political mandate where necessary.

Efforts have been made to increase two-way communication and employee engagement. The council is actively using a recent internal communications survey to inform the development of a communications strategy and plan.

Peers enquired how new ways of working and steps to becoming a more modern council are being received by the workforce. The chief executive shared that levels of buy-in and engagement are varied across the organisation and will be further strengthened through several key senior appointments, with new colleagues starting soon. Peers recommend that council works at pace to fill the remaining posts that include statutory posts for the monitoring officer and Section 151 director of finance role.

Peers highlighted that the collective leadership of both councillors and officers will be needed to deliver sustainable culture change and organisational transformation.

Recommendation 5

Whilst we recognise that review of the wholly owned companies has recently taken place, we recommend further consideration of the arrangements in line with the recommended best practice (including councillors not sitting on boards).

Peers were pleased to learn that following the corporate peer challenge process the above recommendation resulted in the council commissioning Local Partnerships to undertake a governance review of the council owned companies.

Norwich City Services Limited (NCSL) was initially reviewed and focused on the governance arrangements. The council discussed how the report has been presented to the NCSL shareholder panel for consideration. An action plan had been developed and approved at the by the shareholder panel and executive leadership team have oversight of the actions resulting from the recommendations of the report and will continue to report on progress to the Shareholder Panel.

During the original corporate peer challenge, peers suggested the council consider if these governance arrangements are in line with best practice, including councillors not sitting on boards. Peers were informed there are no longer any councillors sitting on the NCSL board.

The Local Partnership review has informed the requirement for clarity around the operational roles between NCSL operating as its own legal entity, the council as shareholder and the council as commissioner of services. Development of a new draft terms of reference of the shareholder panel. Cabinet have been engaged in the report

findings further consideration to how shareholder panel operates will be considered in the new civic year.

Peers heard directly from the chief executive about the actions that have been initiated in response to the peer team's recommendations including a review of NCSL's financial operational performance. This has led to a turnaround plan being prepared and shared with the shareholder panel which will inform the development of a new business plan which is due in Summer 2024. There is a clear understanding that the turnaround plan and improved operational performance must be achieved given the new regulation standards coming into force. The council recognise NCSL are on a journey, need to turnaround the performance with pace and stabilise the operation before the company can operate more freely and independent of the council. The company board has been reviewed with a clear focus on turnaround. Additional skills and expertise are in place to work closely with employees to develop a new culture and work practices which are embedded in productivity and health and safety.

The council recognise there is still some way to go before the performance of repairs and maintenance achieves the desired level. Peers heard from the interim section 151 officer that the 2024/25 budget is set and the business plan process will take forward the future years.

Another council-owned company, Lion Homes, has recently been subject to an internal audit review which included some focus on governance. Peers were informed how external advisors will be engaged in a similar review format to NCSL. The council will also review the purpose of Lion Homes; this point was raised during the corporate peer challenge and is still outstanding in terms of there being clarity of the core purpose and ambition of the company and its role in achieving specific outcomes for the council.

Recommendation 6

Identify further growth and invest to save opportunities needed to meet corporate priorities as part of 2024/25 budget planning.

The council's position statement refers to the finances of the council being relatively stable over the medium-term citing 2023/24 budget monitoring reports.

For 2024/25 the council has used a different budgeting approach where budgets better reflect the anticipated requirements of the new corporate strategy. There is a greater emphasis on growth and invest to save opportunities, including fees and charges, asset management and commercial income, maximising income and treasury management activities.

Oversight and delivery of the existing savings programmes is managed through robust monitoring of risks through the existing budget monitoring process and the mapping of savings to transformation activity through the reporting of robust benefits realisation.

The council describe the transformation process and project management that underpinned the savings programme as rigorous and its role in supporting the delivery of the necessary activity to ensure delivery of the savings was achieved. Oversight is provided by the executive leadership team via the Future Shaped Norwich Board which has ensured successful delivery. The council refer to their savings delivery for 2023-34 as extremely strong achieving £5.2m from a targeted £5.7m and with a very high confidence of full delivery through other actions.

Recommendation 7

Set clear priorities and identify resources required for delivery when developing five-year capital programme.

Peers were informed the council is reviewing all capital schemes alongside the budget setting process to align against the new corporate strategy priorities.

The council continues to have ambitious plans for the regeneration of key sites and the delivery of mixed tenure homes to meet the needs of residents. An interim executive director level post is now in place to drive growth at pace in key areas of the city.

The council have also made financial provision to enable them to respond to the capital investment requirements of the corporate strategy.

To guide all future capital investment decisions the prioritisation will be driven by five key decision-making factors, for example strong alignment to the corporate strategy and projects that deliver on-going savings.

The below actions have been shared with the peer team that seek to strengthen the capital programme:

- Establishment of a new capital board to determine the overarching budget against scheme prioritisation.
- An independent external organisation will undertake a review of the council's investment estate to determine capital liabilities and identify data for future related decision-making.
- A full stock condition survey for all Housing Revenue Account (HRA) assets. The outcomes will provide an evidenced based approach to the HRA capital programme.
- Detail provided in the position statement confirms approximately £210m in borrowing. The current interest rate environment means the council is returning a treasury position of £5m per year on approximately £90m of cash and short-term investments. The council's benchmarking identifies a favourable position on return and risk exposure when compared to similar authorities.

The capital strategy and treasury management strategy will form a cohesive approach to informing its investment capacity and prioritisation. A dedicated treasury management committee has been put in place to provide oversight and challenge to the treasury management delivery strengthening governance arrangements.

Summary

Peers would like to thank colleagues at Norwich City Council for providing a comprehensive summary of the progress made against each of the corporate peer challenge recommendations whilst evidencing the early impact.

The peer team recognise the significant change of leadership since the initial on-site visit in January 2023 and were pleased to see that the peer challenge recommendations have been progressed through a period of substantial transition.

The new 2024 – 2029 corporate strategy is set to provide a platform on which to fully align the political vision, aims and priorities of the council with the work underway to build a modern, capable organisation that provides excellent services for residents and the city.

4. Final thoughts and next steps

The LGA would like to thank Norwich City Council for undertaking an LGA CPC Progress Review.

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

Under the umbrella of LGA sector-led improvement, there is an on-going offer of support to councils. The LGA is well placed to provide additional support, advice and guidance on a number of the areas identified for development and improvement and we would be happy to discuss this.

Rachel Litherland (Principal Adviser) is the main point of contact between the authority and the Local Government Association (LGA) and their e-mail address is rachel.litherland@local.gov.uk