

David Oliver
Chief Executive
East Northamptonshire Council
Cedar Drive
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29^h April 2014

Dear David

**East Northamptonshire Council
Corporate Peer Challenge – 12th to 14th March 2014**

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

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 on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge were:

- Andrew North, Chief Executive – Cheltenham Borough Council
- Andrew Proctor, Leader – Broadland District Council
- Dave Barnes, Strategic Director – Christchurch and East Dorset Councils
- Ian Leete, Adviser – Regulation, LGA
- David Armin - peer challenge manager, LGA

Scope and focus of the peer challenge

The council asked for a particular focus on economic growth during the challenge. Alongside this the peer team provided an external 'health-check' of the organisation by considering the core components looked at by all corporate peer challenges:

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 asked us to focus on your aspirations for economic growth and plans to achieve this by helping you consider the following questions:

- How can council services be improved to support business growth?
- How can the Council enable growth through partnership working?
- How can the Council's resources be better focused to support the local growth agenda?
- What role should the Council play in shaping the skills agenda locally?

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focused 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.

The peer team prepared for the peer challenge 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 three days onsite at East Northamptonshire, during which they:

- Spoke to more than 40 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 20 meetings and additional research and reading.
- Collectively spent more than 170 hours to determine their findings – the equivalent of one person spending more than five weeks in East Northamptonshire.

This letter 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 on 14th March 2014. 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. We appreciate that some of the feedback may be about things you are already addressing and progressing.

Summary of feedback: overall observations and messages

We found in East Northamptonshire District (ENDC) a council that is well regarded by its partners as a responsive, accessible council with a 'can do' reputation. It has capable, committed officers who are highly respected outside the council. The Council Leader is known to partners and the Chief Executive is regarded as very approachable by those wanting to work with the council.

The Council has an impressive track record of working with its communities. Its approach to neighbourhood planning is good, having been in the third wave of neighbourhood planning front runners identified by DCLG, and it enjoys strong relationships with Town and Parish councils. It understands and wants to maintain the real assets of the area – a very attractive environment that affords a high quality of life and good communications links, in particular its location on arterial roads such as the A14 linking the east coast ports to the Midlands. The Midland mainline railway passes close to the district, providing services to London, the East Midlands and the north.

There is a clear and strong focus on economic growth across the organisation. Aware that many residents commute outside the district to work, and that average earnings for such commuters exceed those within the district, the Council wants to attract more high value jobs to the area. It understands that business rates retention and New Homes Bonus (NHB) have the potential to make a significant contribution to addressing the financial challenges arising from the changes in the arrangements for funding councils and the much reduced grants from central government. It is working hard to become a 'business friendly council' and is taking a lead in the Better Regulation agenda as part of this.

There are some key issues that the council must address if it is to deliver on its growth agenda and meet the financial challenges which it faces. It needs to ensure that there is clear, sustained and visible political leadership of growth and identification of those members who will drive the Council's agenda in support of the Leader within its committee governance arrangements. The Secretary of State is due to make a decision on East Northamptonshire's Rushden Lakes development proposals. This has split opinion across the four districts which make up the North Northamptonshire Joint Planning Unit. Whatever the outcome of this decision, it will be important to work to rebuild and maintain relationships with partners and to secure the future of that unit, which is seen to have a positive role to play in delivering effective strategic planning arrangements as part of the growth agenda.

Many partners identified the poor performance of the Council's planning service as a major issue. We understand that there have been problems in recruiting and retaining planning officers, leading to a high turnover of staff including at chief planning officer level. The Council is aware of these issues and is working to address them, but we believe this is an area where the Council needs to do more as it presents a risk to both its delivery of the growth agenda and its reputation among partners.

We believe that some stakeholders, including some elected members, may not fully appreciate the extent of the challenge faced by the council in balancing its budget in the future. There is a savings gap from 2015-16. The 2017-18 indicative budget includes savings of £2.158 million which are yet to be identified, to deliver a net budget requirement of £9.770 million – a significant level of savings to achieve. There are risks to the financial strategy in that the actual level of income envisaged from business rates and NHB may not be realised. ENDC should therefore quickly develop and deliver a convincing savings plan. The council recognises the issues presented by the savings gap from 2015-16 onwards and intends to develop detailed plans to address this over the next twelve months or so for implementation from 2015-16.

Summary of feedback: current performance, ability and capacity to deliver future ambitions

Understanding of local context and priority setting

ENDC shows a good understanding of its local area, reflected in its corporate priorities of:

- Sustainable Development
- Regeneration and Economic Growth
- Financial Stability
- Customer Focused Services.

You recognise that new housing will be an important element in delivering growth, but want to see this accompanied by the necessary infrastructure and more local employment opportunities – particularly higher value jobs. The Council supports the provision of affordable housing and has a guideline target of 40% of new developments. However, it is flexible in its approach and members have reduced the proportion of affordable housing where they believe this is sufficient to meet local need. The area has an adopted Joint Core Strategy (JCS), subject to review, that provides the strategic framework for development. Partners (including Parish councils) feel the Council has a good understanding and track record in addressing rural issues. It has worked with communities to involve them more in development planning, through community plans and now the neighbourhood planning process,

leading to local residents speaking in favour of the Rushden Lakes proposals for example. The Council is seen as an enabler of growth by developers, who consider the district to be a good investment area. Rushden, Higham Ferrers and Wellingborough (in a neighbouring district) is seen as an attractive investment proposition as a unit enjoying the shared 01933 dialing code.

We think that ENDC needs to progress the allocation of employment land if it is to secure local jobs to balance the growth in housing. In turn it may need to consider wider options in the use of employment land. We understand the desire for higher value jobs, but if the market demand is for strategic distribution centres (taking advantage of the district's location) the Council may need to consider accepting more of these, taking the benefit of increased business rates to assist with its financial position. Strengthening the skills of the local workforce will be an important element in securing higher value jobs, but we feel that the Council's approach to the skills agenda is in need of further clarification and development. You clearly understand that parts of the road network need to be developed to enable sustained growth – such as in the south of the district on the A45 and the Chowns Mill roundabout. We suggest the Council should continue with its lobbying efforts in this regard.

Financial planning and viability

The Council currently appears to have a generally healthy financial position. It transferred its housing stock some years ago and receipts from this have been used to support capital expenditure and the political priority of low Council Tax levels (£123.65 at Band D in 2014-15, one of the lowest in the country). Since 2012-13 it has decided not to use reserves to support current spending and to maintain a minimum general fund reserves level of £2 million in response to the growing uncertainties affecting local government finance (total revenue reserves as at 31 March 2014 are c.£6m). The assumptions underpinning its Medium Term Financial Strategy (MTFS) are cautious – such as factoring in business rates retention and NHB at levels achieved to date rather than any increase which may arise from the growth agenda. The Council participates in the business rates pooling arrangements across Northamptonshire. This is reviewed annually and seems to be working to the Council's advantage.

Members do not want to borrow externally, but balances are available to invest in economic development and business transformation. The capital programme is split into approved projects (with 'clear and certain funding') and development projects, the latter making up 70% of the programme currently. Recent land sales should enable more projects to be approved over the coming months. The Council did take the potentially difficult decision of not passporting Council Tax support to Town and Parish councils in 2014-15 – but dialogue enabled them to plan for this and relationships with these local councils have not been damaged as a result. The

Council has been successful in securing external funding, not least through the efforts of the External Funding Manager.

Notwithstanding the above, we believe there are significant challenges to the Council's future financial position. There are risks associated with the MTFs – the actual proceeds of business rates and NHB are uncertain, due to economic and political factors locally and nationally. Moreover, the very prudence of some of the assumptions in the MTFs may be leading some members to believe that the savings required will be smaller than predicted with the risk that complacency may creep in, leading to difficult decisions being put off.

The established strategy of the council is to increase Council Tax up to the referendum limit, but in 2012-13 and 2013-14 members decided not to do this. The actual sums involved are not great - and this is not an uncommon position for councils to take - but given the relatively low Council Tax base and hence exposure to grant reductions, it may be indicative of a too comfortable perspective on the council's financial position. The MTFs assumes that Council Tax will be increased from 2016-17 onwards.

Of greater importance is the need to develop and implement a clear efficiency and transformation plan to deliver the savings required to balance the Council's budget up to 2017-18 and beyond. The Council has a number of shared services arrangements with other councils (including procurement; audit; licensing; ICT; finance / payroll; emergency planning and legal). There are opportunities to extend these, but a more strategic approach may be necessary to generate substantial efficiencies and reduce management costs. Some ways of achieving this elsewhere have been through setting up a Teckal compliant company to provide back office services (the model used by South Holland and East Lindsey district councils) and joint venture companies to deliver development projects.

Political and Managerial Leadership

During our visit we observed a Council that benefits from good relationships between the political leadership and senior officers and a generally positive climate in terms of member – officer relationships. The Chief Executive and Corporate Management Team (CMT) are very approachable, visible and focused on the growth agenda, which is mainstreamed across council services. We have mentioned already the positive working relationships with Town and Parish councils.

We suggest there is a need for wider and more visible support to the Leader, a view expressed by partners among others. Both inside the Council and externally, we found people uncertain who the political leaders of growth are. There are opportunities, we think, to make this more explicit within the Council's committee

governance model. The District Regeneration Working Party (DRWP) – consisting of the Leader, Deputy Leader, the chairman of Policy & Resources and other senior members – provides a vehicle to give this agenda key political leadership. The terms of reference and linkages to stakeholders should be reviewed to strengthen its role in guiding decision making across the Council and in potentially convening forums with business and other partners in the growth agenda. More generally, we think there is a need for members to develop their awareness of the risks to the delivery of the council's agenda, from financial pressures and otherwise.

Governance and decision-making

As a '4th option' district, the Council was not previously required to adopt a Cabinet governance model. The Council's committee governance model provides the opportunity for wide member engagement through participation in a number of committees, sub-committees and working groups that discharge the policy and decision making, scrutiny and ethical standards and regulatory functions. Members we spoke to felt that the Scrutiny Committee was working well in this context. Management of risk has been strengthened with a regular review of the risk register by CMT. The Governance & Audit Committee has a risk remit extending this into the member arena.

Within a Committee system, particular attention needs to be given to identifying which members are driving the Council's agenda, including on growth, both within the council and externally so that the Council's messages are clear to all stakeholders. Alongside this, there is a need for continuing collective leadership with all members being prepared to champion the council's growth agenda. We heard that there can be some tensions in relationships between officers and members on the Development Control Committee, perhaps exacerbated by the churn in planning officers we have noted elsewhere in this report. Some difficulties can be expected, and are understandable given members' responsibility to exercise their democratic mandate in determining applications which may not always follow officer recommendations. However, more dialogue between officers and members before decisions are made may be helpful. Members need to have up to date training when sitting on planning or licensing committees and officers should work with the political leadership to ensure that this continues to be the case. There is scope to embed risk management more deeply across the Council, leading to greater awareness of risk and how this can be managed and mitigated to enable achievement of the Council's priorities.

Capacity

We found the staff to be dedicated, flexible and well respected outside of the Council. They show a strong business / customer focus and seek to resolve issues at the first point of contact, an approach acknowledged by partners. Staff we spoke

to were knowledgeable about the Council's objectives and their contribution towards these, which is aided by the Council's clear focus on growth and sustainable development. There is evidently strong member and staff loyalty to East Northamptonshire. Shared services have brought greater resilience and expertise to aspects of the council's business.

Considering the size of the authority, ENDC has an ambitious growth agenda. We questioned whether there is sufficient capacity to deliver all of this. It may be necessary to focus more closely on priority areas or consider how capacity can be increased, such as through more joint working or investment in key areas. We got the impression that staff are stretched across the organisation and this may well increase as it becomes necessary to deliver more savings. A clear and well communicated transformation plan may help staff focus their efforts and give a better sense of where the end point will be in terms of the future shape of the council. We heard that there is still scope to improve the support and training offered to staff in understanding better and interacting with residents and business, despite the progress already made.

A key challenge to the Council's capacity is the need to strengthen the planning service, to improve both the speed of decision making and quality of advice to members, the public and business. Whilst there has been improvement recently, past performance levels suggest the Council may be at risk of designation as a poorly performing authority, particularly if the designation threshold is raised to 40% of major planning applications determined within 13 weeks following the current consultation. Processing of minor applications was bottom quartile in Q3 2013 – 53% within 13 weeks, but processing of major applications was just above average at 67% over the same period (source: LG Inform). In the final quarter of 2013-14, 87% were determined within target. For major applications, this represents a significant recent improvement with 42% being determined within target over the last two years – in 2012-13 just 17% were determined within 13 weeks, rising to 68% during 2013-14. If this improvement is sustained then the council should avoid designation.

The Council knows that it needs to be able to recruit and retain suitably qualified and experienced staff (we understand that there have been five chief planning officers over the last three years). More creative approaches to attract staff may be needed and consideration given to more joint working in support roles. However, members are likely to continue to want to receive advice from dedicated officers when determining local planning applications. In general terms, ENDC finds it difficult to attract and retain new staff given its proximity to larger district and city councils which can offer more attractive salary packages. Recruiting staff with new ideas and fresh perspectives will help to maintain improvement and innovation across the council.

Summary of feedback: the local economic growth agenda

We have already made a number of observations and suggestions on the economic growth agenda in addressing the core components of the corporate peer challenge. We make some further comments below on the specific aspects of the growth agenda which the Council asked us to consider.

Business friendly council

There is a real focus on improving business support, including sign-posting to other agencies better placed to help. Staff actively and enthusiastically support the agenda and are regarded by business as helpful, accessible and delivering on promises made. The Council has strong ambitions and has clearly been proactive in refocusing regulatory services to make these simpler and more supportive of business. The 'ball of string' exercise used in staff meetings has clearly had an impact in demonstrating how complex the regulatory impact of different council services on a business can be.

The Council has some pockets of good business intelligence, including business rate records, and has plans to make more effective use of this. Small businesses spoke of how valuable the support of individual council officers had been when they were starting up. Taken together, these demonstrate how the Council's Better Business project and officers and members on the Business Focus Group are having an impact. ENDC has taken a lead in the Better Business work across Northamptonshire, leading to regulatory services across the county signing up to the Better Business Charter (based on the Leicestershire model).

We think the Council now needs to more effectively market its services and support offer to businesses. Its website will benefit from being refreshed with improved navigation to provide a single point of access for business. Businesses feel that planning advice needs to be more consistent and appropriate to the local, rural context – this is likely to be a function of the wider capacity issues in the planning service noted elsewhere. The Council needs to make sure that a range of commercial development sites is available across the district, including small to medium sized premises required once start-up businesses have begun to grow.

Working in partnership to enable growth

As noted previously, many partners praised the Council as an enabler of growth and commented that its approach to neighbourhood planning was effective, well received and valuable in terms of engaging local people with the sustainable development and economic growth agendas. The Joint Planning Committee (JPC) and Joint Planning Unit (JPU) for the North Northamptonshire districts of East Northamptonshire, Wellingborough, Kettering and Corby, along with

Northamptonshire County Council, are seen as vital parts of the planning system for the area, providing the core spatial strategy and the expertise to support and review this and a framework for partnership working. It is recognised that ENDC has played a key role in the development of the wider growth and business support agendas across Northamptonshire. There are excellent examples of joint initiatives with the LEP (Northamptonshire Enterprise Partnership) such as Enterprise Clubs in libraries and the work on promoting Destination Nene Valley. The support the Council has offered partners in levering in external funding has enhanced the reputation of the organisation (we understand the Council has attracted a total of £21 million of such funding into the district over the past few years).

We have already mentioned that many outside the Council would like to see more visible champions of growth among elected members. Some partners see the delivery of growth across the district as incremental rather than wholesale. The key to this will be the implementation of the local plan to underpin the JCS to specify both housing and employment development sites for the district and the related infrastructure requirements. The work being done to implement the Community Infrastructure Levy (CIL) will also be valuable in taking this forward. There is a need to develop a stronger image and greater recognition for East Northamptonshire to attract greater inward investment and tourism.

Of particular importance is the need to manage the implications of the Rushden Lakes decision for partnership working when this is made. The proposal has split the districts which make up the JPC and JPU, with Corby and Kettering opposing the development and Wellingborough supporting it. The time taken for the Secretary of State to make a decision on this issue is inevitably a source of frustration to all partners. Given the importance placed on the joint planning arrangements, we suggest the Council will need to work hard with its partners to make sure that the goodwill and relationships which sustain these arrangements are maintained.

Focusing the council's resources to support local growth

The Council has used New Homes Bonus (NHB) to deliver community projects (some of which have helped to provide local employment) which have strengthened community engagement and also investment in faster broadband as recommended by the District Regeneration Working Party (DRWP), which demonstrates how the Working Party can have an impact. The Council has earmarked an increasing proportion of NHB (50% from 2015-16 onwards) to support community and infrastructure projects under the following headings:

- Community empowerment fund (local councillors)
- Bids from local communities
- Town and parish plans (including infrastructure to facilitate growth).

The Council is developing its approach to the CIL, and its charging schedule and the list of projects the levy may support went out to consultation on 17th March 2014. The scheme is targeted to local development opportunities and is intended to generate income to help fund infrastructure while not discouraging development.

We think a clearer definition of what success looks like would help guide the council's efforts to secure economic growth, where effort should be targeted and the impact this is having. The Economic Development and Tourism Strategy would benefit, we suggest, from the inclusion of key success measures. While use of the NHB to support community projects has helped to strengthen engagement, the Council may wish to consider shifting the use of NHB further towards economic growth and to help lever in additional external funding such as from the Northamptonshire Enterprise Partnership. You may also want to use the current consultation on the CIL charging scheme to see if the balance between securing resources and incentivising development is correct. ENDC proposes to charge £112.50 per m² for residential development in some areas (mainly in the north of the district), £75 elsewhere (mainly in the centre) and £50 in the south, where most development is expected. For commercial properties the proposed rate is £20 per m² and £100 for supermarkets etc. In broad terms these appear similar to those in other districts across the East Midlands and East of England.

Shaping the local skills agenda

We found the Council's approach to this aspect of the growth agenda to be less well developed than in other elements of its approach. However, it is clearly aware of the significance of developing the skills of the local workforce, especially if it is to attract employers offering higher value jobs. Attainment at NVQ levels 1-4 in East Northamptonshire lags behind regional and national averages. To encourage greater attention to developing relevant skills, the Council could facilitate closer relationships between businesses and schools and seek better engagement with Higher and Further Education institutions. Schools and colleges are aware of the need to engage with LEPs to secure funding and this in turn may give the council more leverage in its relationship with schools. It could work with schools and colleges to develop apprenticeship schemes, including in the council.

Key suggestions and ideas for consideration

The peer team developed some key recommendations for the Council to consider. These are based on what we saw, heard and read. Drawing on our experience of the sector and knowledge of local government improvement, the following are things we think will help the Council to make best use of its skills and experience, deliver some quick wins, and develop the strengths it will need to see its growth agenda through. The key issues it needs to address are:

1. Ensuring clear and sustained political leadership of the growth agenda
2. Rebuilding and maintaining relationships with partners to secure the future of the North Northamptonshire Joint Planning Committee and JPU
3. Urgently developing and implementing a clear plan to secure the savings required to deliver the MTFs
4. Complete the emerging Transformation Plan for the Council with relevant efficiency targets linked to the MTFs
5. Strengthen the Planning service to deliver improved and consistent performance and advice.

To help address these key issues and to take forward the Council's growth agenda more generally we offer the following specific suggestions:

- a) Review and strengthen the role and terms of reference of the District Regeneration Working party (DRWP)
- b) Raise the profile and application of risk management across the organisation and in particular ensure greater member awareness of these processes
- c) Urgently consider a more flexible approach to recruitment and retention, with particular reference to the Planning service
- d) Revise the Economic Development & Tourism Strategy, with a focus on what the Council wants to deliver and what success will look like
- e) Consider and raise knowledge and awareness of different ways of doing business, including more commercial and entrepreneurial approaches (for example the possible use of Joint Venture companies etc.)
- f) Create a forum to bring together businesses and councillors to work on the growth agenda and consider the role of the DRWP in this
- g) Restructure and refresh the website to make the support offer to business more accessible and better known

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 the Council's 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. 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 Mark Edgell who, as you know, is our Principal Adviser for the East Midlands. Mark can be contacted via email at mark.edgell@local.gov.uk (or tel. 07747 636910). 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 the Council every success in future. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

David Armin

Peer Challenge Manager
On behalf of the peer challenge team

Appendices – copy of feedback slides & signposting note to sources of support / good practice