

Corporate Peer Challenge

North Tyneside Council

18th – 21st June 2019

Feedback Report

1. Executive Summary

The Borough of North Tyneside is an attractive and vibrant place with outstanding natural assets which have been enhanced in recent years by effective Council regeneration interventions. The Council has intervened strategically and tactically to make the most of the natural assets of the local area and this comes across clearly in both the look and feel of the place. The Council's leadership role in place-shaping is based on a deep understanding of the local context and it is evident that Members, staff and strategic partners know the place and its people very well.

Members, staff, partners and residents are all passionate about North Tyneside. There is a high sense of belonging and pride of place and this was evident across the broad spectrum of people the peer team met. They recognised and appreciated the Council's effort in shaping the local area. People could see both the physical transformation of the area and the benefits of the impact the Council's interventions are having on their quality of life.

The Council itself is effective, well led and well managed, providing quality services for residents which has produced high satisfaction levels among service users. The organisational environment and culture within the Council is very positive and energetic. Nevertheless, the organisation is changing, and it is paramount that this culture is captured in a set of distinct values and behaviours so that it is not lost. This means teasing out some key words and phrases that define what North Tyneside Council is all about, what it is trying to achieve and what it will prioritise.

The Elected Mayor and Chief Executive are highly regarded both inside the Council and among partners. The Elected Mayor has a particularly strong connection with residents and is highly respected. She is viewed by residents as approachable and committed to improving the lives of local people. The Chief Executive is seen by people as someone who gets things done and also Council partners valued the very good one to one working relationship they have with him. There are very good and trusting relationships between Members and officers.

To date the Council has effectively managed services and resources to a high level but will now need a new focus on strategy going forward so that it can sustain the quality of performance in challenging times. The message of 'We Listen, We Care' is landing very well with stakeholders. Nevertheless, there is now a need to translate this commitment into tangible plans for Members, staff and external partners which describe 'what' the message looks like in practice and 'how' they can embed it in their work and through their behaviours and actions.

The Council has previously undertaken organisational restructures, in some cases without reforming the services, which is now leading to pressure on staff. Reduction in staffing levels has not necessarily led to a corresponding reduction in service provision or indeed service redesign and this has led to increased workload for staff. Beyond efficiency improvements that can be accommodated, there is a need for the Council to

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further embrace public service reform and to enhance the use of digital technology for both residents and staff.

The peer team is encouraged by the recognition and collective ownership within the Council of the need to match resource to ambition, but the Council must secure a much better alignment of its financial resources to its ambition and priorities for the next 3-4 years in order to deliver in challenging times. This should ensure that everybody understands the ambition and challenges ahead and this should now happen as a matter of priority.

Overall regeneration of North Tyneside has been successful, with projects such as The Spanish City and Whitley Bay and wider regeneration on the sea frontage, which has repositioned the area. There is now an opportunity for step-change in tackling the impact of pockets of deprivation across the Borough through an inclusive economic strategy. The Council recognises that there are approximately a quarter of residents whose life chances may be impacted by deprivation, and this will require special attention. An inclusive economic strategy can concentrate minds and help everybody to better understand what the Council and its partners are trying to achieve and how each can contribute. An economic strategy will also enable the Council to demonstrate how regeneration and investments translate into lives in local communities, enabling more residents to benefit from regeneration and investment. An economic strategy for the Borough should capture not only the future investment and regeneration proposals, but also provide a comprehensive approach including skills, social value, sectoral strengths and well-being, linking a local proposal into a broader regional agenda through the North Tyne Combined Authority.

The Council is a key player in the emerging North of Tyne Combined Authority. As the North of Tyne Combined Authority develops, the demands on Members and the Council's senior staff will become more intensive. This will require the Council to extend its strategic capacity to manage the demands so that it is able to lead and help influence the sub-regional agenda and thereby capitalise on future emerging growth and funding opportunities.

The Peer Team engaged across the organisation and a common theme from both Members, council staff and residents was a clear need for the Council to develop the ability and capability of digital transformation and Information Communication Technology (ICT) to support the changes the Council needs to make. This is something the Council will need to address with its external providers in the short term if it is going to maintain the current level of services in an environment of reducing resources.

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. ***Crystalise the 'We Listen, We Care' principle and narrative into a coherent strategy and implementation plan and develop Council-wide strategic capacity to support this objective.*** This will help to translate this commitment into tangible plans for Members, staff and external partners which describe 'what' the message looks like in practice and 'how' they can embed it in their work and through their behaviours and actions.
2. ***From the existing positive culture, articulate and communicate clear key values for the organisation.*** This means teasing out the different key words and phrases and consolidating this into one clear set of values that articulate and define what North Tyneside Council is all about, what it is trying to achieve.
3. ***Realign the corporate enablers to better develop and deliver service reform with a particular focus on digital enablement.*** This means strengthening the strategic functions by having a stronger centralised intelligent client function, working with service area teams to get the best out of outsourced contracts. This will help to ensure that the outputs are aligned to the Council's ambitions and will support service reform, particularly in the progressive use of modern technologies.
4. ***Develop an inclusive economic strategy for North Tyneside having regard for commercial opportunity, sectorial strengths, skills provision and social inclusion.*** An inclusive economic strategy co-developed with communities and businesses would help in targeting growth opportunities to specific sectors, both locally and as part of the North of Tyne Combined Authority strategy. It would enable the development of skills around those sectors so that local people can benefit from the investment that may flow into the area.
5. ***Through a whole council approach, deliver a four-year medium-term financial plan to meet the challenge which will enable the Council to deliver its priorities.*** This will enable the Council to take a long-term view of its financial capacity by breaking the budget down and aligning expenditure against priorities to help the Council in delivering its ambition for people, place and the economy.
6. ***Maximise North Tyneside's influence and participation in the new North of Tyne Combined Authority with particular emphasis on joint development of priorities.*** This will enable the Council to jointly work on key agendas such as skills development, inward investment, tourism and in addressing deprivation through inclusive economic development.

3. Summary of the Peer Challenge approach

The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the Council's 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 at North Tyneside Council were:

- **Jim Taylor** (Chief Executive, Salford City Council)
- **Mayor Ros Jones** (Elected Mayor & Leader, Doncaster Metropolitan Borough Council)
- **Amy Harhoff** (Director of Regeneration and Growth, Sandwell Metropolitan Borough Council)
- **John Donnellon** (Chief Executive, Blackpool Coastal Housing, Blackpool Council)
- **Katharine Eberhart** (Director of Finance, Performance and Procurement, West Sussex County Council)
- **Satvinder Rana** (Programme Manager, Local Government Association)

Scope and focus

The peer team considered the following five questions which form the core components that all Corporate Peer Challenges cover. These are the areas the peer challenge process 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?

The peer challenge process

It is important to stress that this 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. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared 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 4 days onsite at North Tyneside Council, during which they:

- Spoke to more than 80 people including a range of Council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 32 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 280 hours to determine their findings – the equivalent of one person spending more than 7 weeks in North Tyneside Council.

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 (18th – 21st June 2019). In presenting feedback to the Council, 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 peer team appreciate that some of the feedback may be about things the Council is already addressing and progressing.

4. Feedback

4.1 Understanding of the local place and priority setting

There is an overwhelming understanding of the local context and place at all levels in North Tyneside. Everyone knows the Borough well and this is evident through all the documents the peer team read and the conversations they had with Members, staff, partners and residents. Members and staff are committed to the

locality and have a strong sense of local identity and civic pride, over 70% of the workforce of the council live in the Borough. The Elected Mayor's role and high profile in communities has been fundamental to the Council's understanding of the local place and priority setting. She is engaged with the local population and is seen as approachable and wedded to improving the quality of their lives.

As a result of this accumulated knowledge the Council has been able to deliver differentiated services and projects to residents and areas according to need. In North Tyneside it has not been a case of 'one size fits all' or 'universal services to all' but targeted services to meet the specific needs of each section of the local population. This has produced very good overall satisfaction levels among residents and strategic partners/stakeholders with the quality services they receive and the quality of the local environment. This is evident in the resident surveys and was verified through the conversations the peer team had directly with residents, strategic partners and other stakeholders. All acknowledged and appreciated the Council's role in doing its utmost for the Borough and its people.

The recent message of 'We Listen, We Care' is well articulated by the Elected Mayor and Chief Executive and is landing very well with stakeholders and staff. There is growing understanding in the organisation about the message and its importance. Nevertheless, there is now a need to translate this commitment into tangible plans for Members, staff and external partners which describe 'what' the message looks like in practice and 'how' they can embed it in their work and through their behaviours and actions.

Associated to this is the need to develop an overarching long-term strategy (and associated strategic priorities) for North Tyneside. This would help the Council to sustain the quality of performance in challenging times. Currently there are several documents and plans that set priorities such as the local plan and these need to be brought together into a coherent overarching long-term strategy that includes place, people and the economy. Having clear priorities will also help to align resources more effectively and performance manage their delivery so that the right outcomes are achieved in the right place at the right time and using the appropriate level of resource.

There are strong relationships with partners and external organisations. The Council leads the North Tyneside Strategic Partnership and takes an active role in the wider regional groups including the North Eastern Local Enterprise Partnership, the Association of North East Council and other professional networks. It is also a key player in the North of Tyne Combined Authority with senior staff spending a large portion of their time supporting the North of Tyne Combined Authority. However, as the North of Tyne Combined Authority develops, the demands on Members and the Council's senior staff will become more intensive. This will require the Council to extend its strategic capacity to manage the demands so that it is able to lead and help influence the sub-regional agenda and thereby capitalise on future emerging growth and funding opportunities. This position of strength through existing engagement should

support North Tyneside in developing the strategy so that stakeholders buy into the priorities.

4.2 Leadership of Place

North Tyneside is an ambitious Council and is absolutely focused on its place, its people and on its economy.

There is effective leadership of 'place' delivered through regeneration projects in North Tyneside. The Spanish City and Whitley Bay, Richardson Dees Park in Wallsend, Cullercoats, Tynemouth, North Shields Town Centre, North Shields Fish Quay, and other such projects are great examples of the impact regeneration projects are having in North Tyneside. The Council's plans to deliver 5,000 homes together with associated community infrastructure facilities at Murton Gap and Killingworth Moor, and its plans to develop North Tyneside as an attractive visitor destination demonstrates active and effective leadership of 'place'.

There is effective leadership of 'people' delivered through good quality services to meet the specific needs of each section of the local population. The Council's strong performance in providing services for children and adults resulting in high education standards, high satisfaction levels among residents and strategic partners with the quality of other frontline services. This is further exemplified by the way the Council interfaces with health partners to get to the unusual situation of no Delayed Transfers of Care (DTOCs) which demonstrates the role the Council plays in providing leadership of 'people'.

There is also effective leadership of the 'economy' delivered through several large-scale economic growth projects such as Cobalt and Quorum Business Parks and plans for Swans Centre for Innovation and the Indigo Park to develop the economy and to deliver good quality employment. The Borough's growth potential has not yet been fully reached and there are numerous opportunities to increase the North Tyneside "pound" by exploiting its assets further and developing policies to ensure the outcomes are inclusive for all communities, particularly those highlighted as most deprived.

There is a well-defined tourism, cultural and heritage offer delivered, for example, through the Mouth of the Tyne festival, the ruins of the Benedictine Priory, the Blue Flag beaches, and the plans the Council has for the development of the Segedunum Museum at the end of Hadrian's Wall are all regionally significant. To ensure these opportunities are fully maximised there is potential to exploit them nationally through a clear destination marketing strategy and build on the 5.8 million visitors to North Tyneside. Again, using the North of Tyne Combined Authority it may be possible to deliver more value through a regional approach.

Whilst previous regeneration projects are to be commended there is now a need to develop an inclusive economic strategy for North Tyneside having regard for commercial opportunity, sectorial strengths, skills provision and social inclusion.

An inclusive economic strategy would help in targeting growth opportunities to specific sectors and developing the skills around those sectors so that local people can benefit from the investments that may flow into the area.

A key objective of an inclusive economic strategy will be to maximise the link between the Borough's quality education and the skills agenda. It is already a core part of the Council's pitch to potential investors and has been instrumental in landing substantial investment jobs within the Borough. Linking educational excellence with high level skills development is an attractive offer to potential investors and will ensure that employment opportunities continue to flow into the Borough.

Aligned to this will be the need to ensure that economic prosperity reaches communities in the Borough where people are more likely to experience the impact of deprivation. This will need major strategic interventions around skills and employment to improve market accessibility and mobility for the local resident working age population i.e. a comprehensive infrastructure of employment support for residents of working age that national employment programmes currently lack.

Articulating this into an inclusive economic strategy which covers regeneration, inward investments, supply chains, procurement, jobs and employment, social inclusion, tackling deprivation, skills and education, would be of great benefit. It will also be important to consider carefully how the Council uses its own local assets and land as part of this strategy.

4.3 Organisational leadership and governance

There is stable and effective political and managerial leadership in North Tyneside Council with very good relationships between Members and officers. There is trust and respect at all levels and the Council has been very effective in combining the collective knowledge and skills of both Members and officers to deliver good quality services to residents.

There is high regard for the Elected Mayor and Chief Executive both inside the Council and among partners. The Elected Mayor has a particularly strong connection with residents and is highly visible. She is viewed by residents as approachable and committed to improving the lives of local people. The Chief Executive is well regarded and visible to the workforce and is seen by people as someone who gets things done; partners valued the very good one to one working relationship they have with him.

There are positive, respectful and trusting relationships between Members and officers; Members feel supported in their political leadership roles and there is high regard and respect for lead Members. People saw the senior leadership team as adaptable and collaborative with high-order skills and excellent networking with external partners that allows them to "punch above their weight". Staff across the

Council feel empowered and supported to work on solutions and across departmental lines.

There are also strong and effective governance arrangements in place together with decision-making and scrutiny that responds to key challenges and meets current requirements. The Council can respond to issues and challenges very well and this is a major contributing factor to its success. Appropriate strategic and operational risk management arrangements are all in place. The peer team would encourage the Council to keep these under review so that as it accelerates its investments in some of its strategic assets, it is able to do so with the full understanding of risk and with appropriate safeguards in place.

Whilst the Council can respond to issues and challenges at present, there is a risk that as time and resource diminish the Council could be stretched and will need to revisit its meeting structures to make them more agile whilst maintaining effective governance. This is to ensure that people's time is not absorbed by too many meetings and that staffing resources are better used to continue delivering good quality services.

North Tyneside Council has an extremely positive organisational culture, and this runs right through the Council from the Elected Mayor to frontline staff. However, the organisation is changing, and it is paramount that this culture is captured in a set of distinct values and behaviours so that it is not lost. This means teasing out some key words on lanyards and straplines that define what North Tyneside Council is all about, what it is trying to achieve and what it will prioritise. At present there are a blend of several key messages, priorities, actions and objectives which makes it difficult to grasp what the Council is focused on achieving. For example, there is 'our people', 'our place' and 'our economy'; then there is 'we listen, we care'; the initial priorities set for the Chief Executive by the Elected Mayor and Cabinet; and 'creating a brighter future' and 'Target Operating Model' are also still present. All these are important and interlinked but they need crystallising into clear organisational values and behaviours that can help people to better understand the 'hook-lines' and get behind them. As part of this process two-way engagement with Council staff will be important to ensure the messages are co-owned and well communicated.

A number of the Council's core functions have been outsourced to external providers on long term contracts and this has diluted corporate strategic capacity, particularly to plan ahead and drive service reform. It is therefore necessary for the Council to manage these contracts in the medium term to ensure a realignment of core corporate functions to help drive and deliver service reform at the frontline. This means strengthening the strategic functions by having a stronger centralised intelligent client function for outsourced contracts and more engagement with providers so that the Council can move from being a 'thin client' to a 'thick client'. This will provide capacity to get the best out of outsourced contracts so that they are aligned to the Council's ambitions and support service delivery.

4.4 Financial planning and viability

North Tyneside Council has good financial management in place. It should be commended for maintaining financial stability since 2010 with a reduction of over 50% of revenue government funding, and yet during this period excellent front-line services have been maintained and are still highly regarded by residents. The Council is good at tapping into external funding sources, particularly for regeneration projects but current funding does not match ambition.

The Capital programme for 2019/20 has 44% of funding from grants and other external funding contributions. The balance is funded through borrowing as no capital receipts are anticipated. The projects in 2019/20 using borrowing include asset planned maintenance, local transport plan, highways maintenance, ICT, operational depot accommodation review and investment in North Tyneside Trading Company. Across the life of the approved programme, borrowing totals £40.022m. This is a significant sum and it is not clear how the Council manages the priorities between service delivery requiring revenue funding and the revenue costs of its capital ambition. The costs of borrowing are a significant pressure on the Council's revenue funding.

Financial systems and processes in the Council generally operate efficiently and are well managed. There is an organisation-wide understanding of the current tight financial position. However, whilst there is recognition of the financial challenges the peer team did not see sufficiently developed solutions to deal with the pressures. The budget for 2019/20 is balanced without the use of reserves and the Medium-Term Financial Strategy (MTFS) has been prepared on the assumption that there will be no use of reserves. The MTFS has a budget gap that rises to £27.2m by 2022/23 with limited information on how the Council plans to bridge the gap. Last year only 67% of savings were delivered and there is a programme of ongoing savings. This programme should be backed up with visible delivery plans to support the efficiency statement and regularly reported to the appropriate performance board and Members. The senior management team should ensure that this is the focus of their next set of deliberations. There is an opportunity to ensure that Council teams are full engaged in the development and ownership of the savings plan.

The Council has a medium-term financial strategy but is not clear how that has been informed by the Council's priorities. The peer team therefore strongly recommends that the Council should deliver a four-year financial strategy, through a whole Council approach, to meet its financial challenges and deliver its priorities. This will not be easy as currently around 47% of the Council's revenue budget is spent on services to support people (i.e. social care for children and adults), a further 16% is tied up in major contracts, around 15% is needed to finance borrowing (projected to rise to 18%), which leaves around 22% (reducing to 19%) over which the Council has direct control. Therefore, prioritisation will become important as the Council breaks the budget down and aligns expenditure against

those things that are going to enable it to deliver its ambitions for people, place and the economy.

4.5 Capacity to deliver

Organisational capacity in the Council has so far been fit for purpose and has enabled quality services and projects to be delivered. But going forward the Council does not currently have enough focus on strategic long-term planning to deliver the next phase of its journey.

At present senior Members and officers are very much focused on the 'here and now' and their time is preoccupied in delivering outstanding operational activity, which is to be applauded. Since the Council has the mechanisms in place for this to continue in the short term, now may be the time to shift the focus slightly. The peer team would encourage senior Members and officers to create personal capacity to enable them to take a more long-term view of their people, places and economy. This means occasionally pausing and taking stock of what the road ahead looks like so that they can position themselves and their resources to grasp any emerging opportunities and deal with the challenges. In addition, the peer team would also encourage the Council to reflect on their senior officer job titles to see if they are appropriate enough to represent and profile the Council's status externally.

The Council's operational delivery of services is changing but without an overarching and coordinated programme of service reform. There is therefore a need for the Council to develop and deliver a programme that seeks creative ways of doing things differently, more efficiently and effectively. Service reform is not necessarily about restructuring but focuses on the maximum use of modern information and communication technologies to not just communicate with people but to also deliver key services, promote collaboration with partners, manage demand, and get people to do more for themselves. The other element to consider is for the Council to have an in-house strategic lead for ICT and digital strategy so that the agenda to enable citizens to access more Council services online and for staff to be more connected can be delivered.

Externally, the additional demands in the emerging North of Tyne Combined Authority landscape will require the Council to input and position itself more strategically, through the governance and sponsorship of programmes to influence and maximise future external funding opportunities. This requires the Council to explore ways to resource and coordinate this. Currently input to the North of Tyne Combined Authority is achieved by devoting a portion of senior officer time, which is in addition to their substantive jobs. This will need to be addressed so that there is dedicated capacity to enable the Council to play a full part in the North of Tyne Combined Authority landscape. This will ensure that the work of the Council and the North of Tyne Combined Authority is given equal importance and is seen as seamless and not an addition to the day job.

5. Next steps

Immediate next steps

The peer team appreciate that 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 a number of the areas for development and improvement and it would be happy to discuss this. Mark Edgell, Principal Adviser is the main contact between North Tyneside Council and the Local Government Association (LGA). His contact details are: Tel: 07747 636 910 and email: mark.edgell@local.gov.uk

In the meantime, peer team is keen to continue the relationship it has formed with the Council throughout the peer challenge. It will endeavour to provide signposting to examples of practice and further information and guidance about the issues it has raised in this report to help inform ongoing consideration.

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. The LGA's expectation is that it will occur within the next 2 years.

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.



Satvinder Rana
Programme Manager

(On behalf of the peer challenge team)

Examples of good practice

The following is an example of good practice that the peer team identified during the peer challenge at North Tyneside Council which might be suitable for LGA case studies and sharing across the sector.

Business Factory

Launched 2012, the North Tyneside Council Business Factory addresses the historic low levels of self-employed residents within the area. The project provides bespoke advice, mentoring and workshops for start-up businesses. It also helps to develop innovative approaches, such as a Business Start App, which has made it quicker and easier for entrepreneurs to access support and information.

In addition to working with start-ups, the project also supports SMEs with high growth potential through its Aspire Programme by linking scale-up companies with successful business leaders based in the region to share best practice.

The Business Factory provides support to anyone in North Tyneside. It helps people through the following services:

- Starting your own business
- Growing your business
- Developing or growing a social enterprise
- Developing an innovative idea

Professional businesses advisers and development officers will work with local businesses no matter what stage they are at.

All of the support is free and people can access daily workshops, training courses, one to one advisor time and up to £1,000 worth of specialist consultancy.

The Business Factory has been hugely successful, supporting over 5,000 potential entrepreneurs in the community and increasing the number of self-employed residents by over 70 per cent in the last five years.

Further information at: <https://businessfactorynt.co.uk/>