

NORTH HERTFORDSHIRE DISTRICT COUNCIL



25 March 2020

Our Ref Council/Meeting Date
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To: The Chair and Members of North Hertfordshire District Council

**REPORTS TO BE CONSIDERED BY MEMBERS OF
THE COUNCIL**

by

THURSDAY, 2 APRIL 2020

at

7.30 PM

NO MEETING OF THE COUNCIL WILL TAKE PLACE ON THIS DATE

****MEMBERS PLEASE ENSURE THAT YOU CHECK YOUR EMAILS AND RESPOND
BY THE DATE AND TIME ABOVE****

Yours sincerely,

Jeanette Thompson
Service Director – Legal and Community

Agenda **Part I**

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2. RESOLUTION TO EXTEND THE 6 MONTH RULE - SECTION 85 LOCAL GOVERNMENT ACT 1972 REPORT OF THE DEMOCRATIC SERVICES MANAGER To consider the extension of the six-month rule for Councillor Bill Davidson, having regard to the circumstances for absence from meetings.	43 - 46
3. REFERRAL FROM EMPLOYMENT COMMITTEE: 17 MARCH 2020 - SENIOR MANAGEMENT ARRANGEMENTS To consider the referral from the Employment Committee regarding Senior Management Arrangements. <i>NB: This item was deferred from the cancelled Council meeting which was due to be held on 25 March 2020.</i>	47 - 52
4. SENIOR MANAGEMENT REPORT REPORT OF THE LEADER OF THE COUNCIL To provide Council with an update on the savings that are likely to be achieved from the new senior management arrangements and options to provide resilience in the absence of the Managing Director. To confirm that changes to the Constitution and Financial Regulations will be required to reflect the new arrangements. <i>NB: This item was deferred from the cancelled Council meeting which was due to be held on 25 March 2020.</i>	53 - 56
5. REFERRAL FROM EMPLOYMENT COMMITTEE To consider the referral from the Employment Committee regarding Senior Management Arrangements. <i>NB: This item was deferred from the cancelled Council meeting which was due to be held on 25 March 2020.</i>	57 - 60

Agenda Item 1

Referrals from Other Committees

- 1a Referral from Cabinet – 24 March 2020 – Corporate Peer Challenge Report
- 1b Referral from Cabinet – 24 March 2020 – Third Quarter Revenue Monitoring 2019-20

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REPORT CONSIDERED BY CABINET MEMBERS AS PART OF THE AGENDA DATED 24 MARCH 2020

TITLE OF REPORT: CORPORATE PEER CHALLENGE REPORT

REPORT OF: THE CHIEF EXECUTIVE AND THE DEPUTY CHIEF EXECUTIVE

EXECUTIVE MEMBER: LEADER OF THE COUNCIL AND DEPUTY LEADER

CURRENT COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

NEW COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL

1. EXECUTIVE SUMMARY

- 1.1 The Council recently undertook a Corporate Peer Challenge (CPC) between 21 and 24 January 2020, where we were visited by a peer team supported by the Local Government Association. The peer team met with a large number of staff and councillors, as well as external stakeholders such as contractual partners, neighbouring authorities and members of our community. The peer team has produced a feedback report, which is attached at Appendix A.

2. RECOMMENDATIONS

- 2.1. That the content of the Corporate Peer Challenge report and its recommendations be noted.
- 2.2. That the Chief Executive, Deputy Chief Executive, Leader of the Council and Deputy Leader be requested to develop an action plan responding to the Corporate Peer Challenge report, to be reported to the next scheduled meeting of Cabinet.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To ensure that the Council responds to the matters identified within the CPC report, ensuring that the benefits of the CPC process are realised.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The 'do nothing' option of not creating an action plan to follow up on the report has been discounted, as the Council committed to undertake the CPC and should therefore seek to gain benefit from that process.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. All staff and councillors who took part in the CPC were invited to attend the feedback session on the final day. That presentation has been made available to all staff and councillors (including those who had not taken part). Executive Members and the Leadership Team have received the feedback report and been given the opportunity to raise any questions or clarifications.

6. FORWARD PLAN

- 6.1. This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1. The Local Government Association offers a number of services to authorities, one of them is the CPC and all authorities are encouraged to undertake them every four to five years. It has been a number of years since North Herts last had one. The CPC took place between 21 and 24 January 2020.
- 7.2. The CPC is designed by the Local Government Association to provide a robust and effective improvement tool managed and delivered by the sector, for the sector. Peers are at the heart of the peer challenge process and consist of councillors and senior officers from other District/Borough Councils who provide a 'practitioner perspective' and 'critical friend' challenge. The CPC was at no additional cost to the Council.
- 7.3. All CPC's look at five core areas for good performance (see page 4 of the feedback report). Additionally we asked that they look at two other areas, decision making by the Planning Control Committee and conducting effective scrutiny.
- 7.4. To prepare for the CPC the Council developed a background briefing document which set out our assessment of how the Council performs in certain key areas identified by the LGA.
- 7.5. The approach taken in the CPC is set out in section 3 of the feedback report and is therefore not repeated here.

8. RELEVANT CONSIDERATIONS

- 8.1. The CPC feedback report covers a range of areas and identifies both the Council's strengths and also areas where it could improve or change approach. In general terms the report is very positive and a fair assessment of the organisation, identifying a number of positive traits including:-

- strong working relationships internally and with partners;
- positive performance and delivery of services;
- prudent management of finances;
- Good staff morale, recognising the improvements generated by a number of recent initiatives;
- Service innovation and willingness to try new approaches.

8.2. The areas for improvement include:-

- A clear perception that the Council is risk averse;
- A lack of clarity around future ambitions or direction for the District;
- Taking a corporate and strategic approach to transformation;
- A number of specific recommendations regarding the operation of the Planning Control Committee (section 4.6);
- A number of specific recommendations regarding the operation of the Overview and Scrutiny Committee (section 4.7).

8.3. The expectation of any CPC is that an action plan is developed within three months to respond to the recommendations from the peer team. There appear to be three main themes arising from the CPC which will form the basis of the action plan, with specific actions against those themes

1. Developing an ambitious place narrative to shape our future agenda
2. Developing an internal transformation programme, reimagining the customer experience
3. Progressing the already agreed organisational development programme (called Shaping our Future) to link points 1 and 2 and ensure the Council is able to deliver on its programme.

8.4. The peer team identified the use of reserves to fund the place narrative work and transformation programme and this will be looked at in the development of the action plan, considering capacity of the organisation currently. Use of the General Fund reserves for discreet, time limited, projects that will positively benefit the organisation is possible although using reserves to fund ongoing costs is of course not possible. The resourcing of any work will be considered as part of the development of the action plan.

9. LEGAL IMPLICATIONS

- 9.1. Cabinet's terms of reference include at paragraph 5.6.13 "To consider the reports of external review bodies on key aspects of overall service delivery".
- 9.2. The CPC is a voluntary process and therefore there is no legal obligation to either host a CPC or act upon the recommendations. However it is best practice to undertake a CPC and having done so, to act upon the issues identified.

- 9.3. The CPC makes various recommendations relating to the Council's Constitution. These are matters for Full Council to determine in accordance with paragraph 4.4.1(p) of the Council's constitution and will be the subject of a separate report to Council.

10. FINANCIAL IMPLICATIONS

- 10.1. The recommended minimum level of reserves referred to in the CPC feedback report only applies to General Fund reserves, and this minimum has been set after considering the level of other specific revenue reserves. The Investment Strategy that was approved by Council in February, and this showed the need to use capital reserves to fund the currently planned capital programme, and indeed there would be a need for future borrowing. As stated in paragraph 8.4 above reserves must not be used for ongoing revenue costs, however time limited projects that positively benefit the Council could be funded. There would be a very high level of risk in following a strategy that aimed to have reserves at the minimum recommended level, even if the Council was in a position where there was a clear plan as to how to balance funding and expenditure in the medium term. Instead it is recommended by the Chief Finance Officer that a more prudent target level of reserves is considered, and that any spend on time limited projects should not take reserves below that level. The potential financial implications of the proposed action plan will be assessed as the plan develops.
- 10.2. The Peer Review, alongside many other services and support, is included within the Council's annual subscription to the Local Government Association. For 2019/20 this cost was £12,540.

11. RISK IMPLICATIONS

- 11.1. The CPC feedback report identifies that staff, partners and citizens frequently describe the Council as risk averse. The revised Risk Management Framework is intended to assist in moving the Council to a position of being 'risk aware' and focused on significant risks. This is an important part of the ongoing push to develop commercial income generating projects, but to move away from being 'risk averse' there would also be a need for a general shift in the level of risk that the Council is prepared to take.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no equalities implications in this report.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and "go local" requirements do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1. As identified in paragraph 8.4 above there are potential staffing resource implications of some of the recommendations in the CPC feedback report and these will be considered in the development of the action plan.

15. APPENDICES

- 15.1. Appendix A – Corporate Peer Challenge Feedback Report

16. CONTACT OFFICERS

- 16.1. Anthony Roche, Deputy Chief Executive
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17. BACKGROUND PAPERS

- 17.1. NHDC Peer Review Position Statement

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Corporate Peer Challenge **North Hertfordshire District Council**

21 – 24 January 2020

Feedback Report

1. Executive Summary

North Hertfordshire is the second largest district in Hertfordshire at 145 square miles and is polycentric with four main settlements; Hitchin, Baldock, Royston and the world's first Garden City, Letchworth. In addition to the main settlements there are some 40 surrounding villages and hamlets. Staff, partners and citizens identify with these settlements, with less of a focus on North Hertfordshire as an identifiable 'place'.

Residents enjoy and strongly value the surrounding rural areas which are predominately green belt. North Hertfordshire was described on more than one occasion as green and leafy and with the proximity to London, Cambridge and nearby Stevenage making North Hertfordshire an extremely well-connected commuter hub and location for business.

The four settlements are the focus for economic growth, housing and employment with several established international businesses located in the district. The Hertfordshire Local Enterprise Partnership (LEP) has recently relocated to Letchworth and is working closely with Letchworth Garden City Heritage Foundation to develop a strategy for its economic future in partnership with local businesses.

The council are working from a Local Plan dating back to 1996. The revised Local Plan 2011 – 2031 is on a trajectory to be adopted in the summer of this year and was originally submitted in June 2017 with a detailed examination in public starting later that year in November. The Local Plan proposes significant housing growth of 14,000 homes of which many are sited in the green belt. This level of growth will understandably be difficult to accept for the community and members of the council.

Since the May 2019 elections the council administration has moved from long standing Conservative control to 'no overall control' with a new joint administration formed through Labour & Cooperative and Liberal Democrat members. The new administration operates through an executive model with a mix of Labour & Cooperative and Liberal Democrat cabinet positions with deputy arrangements fulfilled by the opposite party held by cabinet. The administration is in transition from being in a long period of opposition. The recently elected councillors have positively added more diversity to the administration. Third elections will take place during May 2020, followed by a two-year period before the next election takes place.

The administration is taking the council forward on the back of a period of unprecedented change which has seen budget cuts of £11m whilst being in the first cohort of authorities to receive zero revenue support grant. The administration has developed a new corporate plan, renamed the 'council plan', which includes a refreshed vision and corporate objectives. Staff and partners described how the culture and work environment is shifting positively and the council is moving forward. The administration has committed to increasing engagement with communities and are introducing three new cabinet panels to include increased community engagement. The council is also now a member of the Cooperative Councils Innovation Network and is working towards operating to a cooperative set of values. The administration is keen to work with partners to achieve

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positive community outcomes and to ensure social and affordable homes are delivered. The peer team encourage NHDC to align all its resources, policies and capacity to achieve these priorities.

Staff and partners spoke strongly about the Leader of the council and the Chief Executive, citing them both as consistently easy to work with, supportive and with a strong working relationship. Partners like working with North Hertfordshire District Council (NHDC) and the existing relationships could support further constructive partnership working. The council does, however, need to look beyond the county of Hertfordshire for good practice and innovation and should be bold and brave in its future networking and learning.

The peer team described the council as being at a junction. Staff, partners and citizens were unclear of the council's ambition or future direction. Staff talked about the future being more about achieving operational efficiency (which is an important contributing factor to achieving a balanced budget) but spoke much less about the council's role in place shaping and providing leadership as the anchor organisation to lead growth and the building of new communities (despite this objective being in the council plan).

Performance and delivery of public services is positive, despite the financial backdrop. Balanced budgets have been modelled as part of the Medium-Term Financial Strategy process and are now progressing into a planning stage to ensure there is a viable solution to the known future budget gaps of £1.1m. There are significant financial reserves well above the section 151 officers recommended minimum. The level of reserves provides the council with options for funding future transformation capacity.

Morale was reported as being good and staff feel engaged and supported. The culture is changing, and staff are looking forward. The new office work environment is seen as positive alongside the implementation of technology that assists staff with agile and flexible working. New people-focused strategies were described as positive, for example the staff awards for role-modelling the council's new behaviours.

Service innovation and a willingness to try new approaches was evident throughout discussions with staff, including the use of 'ChatBots' and artificial intelligence to support customer service delivery. The peer team found that despite the positive deployment of technology and creative approaches this appeared to be driven bottom up and not part of an overall strategy or vision for an agreed corporate target operating model. The current approach was considered as opportunistic and lacked an overall strategy and corporate approach. This current approach to service delivery may result in positively reducing operational spend, although at the risk of a potentially fragmented and inconsistent customer experience and no corporate approach. It is therefore crucial for the council to take an integrated corporate approach to transformation which is clearly articulated top down and programme managed.

Staff, partners and citizens frequently described the council as risk averse and believe that more value and positive outcomes can be achieved. The peer team, therefore, recommends that NHDC defines its approach to risk within the context of the council being

more outward facing and ambitious for its place and communities, as well as being aligned to the council plan.

Developing a clear narrative for place and developing an outward facing ambition for North Hertfordshire will help the council broaden the focus from service delivery to place shaping. Taking a corporate and strategic approach to transformation will ensure all resources and effort is focused on achieving an agreed set of outcomes. There is now an opportunity to move from a culture of evolution to a more 'step change' revolution. The council is in a good position to meet and lead on current and future challenges.

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. Broaden the council's focus to an ambitious place shaping agenda.
2. Align all your resources, policies, capacity to achieve your priorities.
3. Develop a narrative for place.
4. Use reserves to fund internal and external transformation capacity.
5. Take a corporate approach to transformation – top down and programme managed.
6. Use external partnerships to benefit North Hertfordshire.
7. Best practice needs to look beyond the Hertfordshire area.
8. Be brave.

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 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 at North Hertfordshire District Council were:

- Lead Chief Executive Peer - Rose Rouse, Chief Executive, Eden District Council
- Lead Member Peer - Councillor Mohammed Iqbal, Pendle Borough Council
- Lead Member Peer - Councillor Mark Cory, Colchester Borough Council
- Officer Peer - Mike Hill, Corporate Director, South Cambridgeshire District Council
- Officer Peer - Richard King, Former Director of Place and Community, Lichfield District Council
- Peer Challenge Manager - James Mehmed, Local Government Association

Scope and focus

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

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

In addition to these questions, you asked the peer team to provide feedback on:

- Decision making by our planning committee, pre and post Local Plan period.
- How to conduct effective scrutiny with clear outcomes to benefit the political process.

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:

4

- Spoke to 95 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from attending 50 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 190 hours to determine their findings – the equivalent of one person spending more than 5 weeks in North Hertfordshire District 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 on 24th January 2020. 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.

4. Feedback

4.1 Understanding of the local place and priority setting

The four main settlements in North Hertfordshire form a natural focus point and are adjoined by 40 surrounding villages and hamlets.

Staff and members refer to places and communities, as opposed to a North Hertfordshire identity or geography. Partners referred to some places within the district as the “jewel in the crown” for Hertfordshire. Councillors and staff understand the unique identity of towns and villages and understand the communities concerns over growth and potential impact on the green belt and natural environment.

Within NHDC, external ‘place’ and ‘communities’ were spoken about much less than internal service delivery, internal transformation and organisational performance which were all frequently raised. The peer team recognise that the focus has been on service delivery to deliver a balanced budget and achieve required savings. An example was the implementation of a new waste contract. Despite a turbulent start to the contract and on-going customer service challenges, the savings to the council have been significant. It is however time to further shift this focus towards a more people and place-based approach.

There is strong community engagement to inform council priorities and decisions. Area committees and ‘Town Talks’ are used to engage the community. Although ‘Town Talks’ were seen as a positive engagement mechanism they tend to focus on operational / service delivery matters and are reactive to residents’ issues. The peer team recommend realigning the meetings to inform strategic direction, policy shaping and decision making and to proactively take council and place-based issues out to local communities.

The Leader of the Council and Chief Executive are fully engaged in the Hertfordshire Growth Board and the North, East and Central Herts authorities joint strategic planning group. Working as part of these two groups has enabled detailed work and information on place to inform strategic decision making on economic growth and housing.

Despite a good understanding of place, there was no evidence of a strategic needs analysis to inform the council plan and policy shaping.

Whilst speaking to staff, partners and councillors, there was very limited evidence of looking outwards at best practice. There was some evidence of looking across Hertfordshire for best practice but little reference to researching or comparing / benchmarking outside of the region or more broadly nationally. NHDC would benefit from visiting other councils’ that have achieved or are some way working towards the objectives and outcomes NHDC is seeking to deliver, such as place shaping, large scale housing development and commercial development.

Place-shaping could be accelerated and supported by maximising the opportunity of working in closer partnership with the Hertfordshire Local Enterprise Partnership (LEP). The Hertfordshire Growth Board has the LEP as an active partner at pan-Hertfordshire level and it would be advantageous to work more closely with the LEP (and BID Town Centre Managers) on a local place-based strategy, maximising available skills, expertise and funding. A partner summarised well the opportunity that exists in North Hertfordshire ... “You need an ambitious growth plan, bite the bullet and go for transformation of your place ... demonstrate your ambition to show you want something bigger and better for your businesses and residents”.

The peers believe NHDC is well placed to take on this agenda and need to be brave in their endeavours.

4.2 Leadership of Place

The Council Leader and Chief Executive are consistently seen as positive and held in high personal regard by a broad range of partners and peers. Partners like working with NHDC and speak highly about working with councillors and senior leadership.

Partners state “there are a lot of things to like about the way NHDC do business” and suggest that everyone is “missing opportunities”.

Staff and partners were unable to describe the future ambition and identified more closely with operational transformation. A clear narrative for place is needed to support partners and staff in understanding how they can better contribute towards outcomes and assess strategically how resources can be deployed for maximum impact. Partners felt there was a shared ambition for the place and are keen to put their energies into developing a shared narrative and so make a difference and deliver something that everyone can be proud of.

Peers were unable to identify a clear unique selling point (USP) for North Hertfordshire and felt that place assets were not being exploited or communicated in a way that could enhance community benefits. Councillors should be leading the way as brand ambassadors. Throughout the peer challenge process there was little evidence of this and much opportunity for councillors to be ‘selling’ the district and promoting what is good about North Hertfordshire.

The administration is seeking to lead place shaping through increased engagement with communities. Recent membership of the Cooperative Council’s Innovation Network is a step towards wanting to reshape the council’s relationship with communities, working in equal partnership with local people to co-create, co-produce and strengthen communities.

This means a repurposed role for NHDC that will challenge traditional models of top down governance and service delivery with local leadership, co-operation, and a new approach built on values of the co-operative movement: collective action, co-operation, empowerment and enterprise.

The peer team held a focus group with a small group of North Hertfordshire citizens. Representation was distributed across the four main settlements in North Hertfordshire. The group was highly engaged and spoke freely and objectively about their experience of NHDC, from an operational service delivery perspective and about their views on the future of their respective communities. The meeting was insightful and provided the following summary which is indicative of how the community are feeling at present:

- The stance on climate change was viewed as positive and more needs to be done.
- Transport is a key factor in connecting rural communities to jobs and services.
- It is not always clear how to engage in consultation processes.
- More needs to be done to make consultation accessible to the broader community.
- More opportunity to engage on consultation topics using digital solutions.
- Attracting London overflow was seen as a threat and an opportunity.
- Concern over villages becoming commuter dominated and just 'community shells' with less community cohesion. How do villages stay vibrant?
- High level of awareness of the need for much more affordable and social housing.

The Citizen Panel were clear that NHDC is a good council. This is demonstrated by NHDC's performance across a range of areas including:

- Performing above the mean for the percentage of household waste sent for reuse and recycling compared to CIPFA nearest neighbours.
- Spending above the mean on cultural services.
- Experience less households on the housing waiting list compared to the mean for CIPFA nearest neighbours.

Citizens shared their experience of the council being open to constructive feedback and the feeling that NHDC is making a big effort to do the right thing. Some positive interventions made by NHDC were not well publicised, the citizens felt that advertising and signs could be used in parks stating that NHDC has enabled the improvement or funded the development. More can be done to actively inform citizens of the work NHDC has delivered and how their council tax is being invested.

The citizen panel want NHDC to be the champion of what citizens want. They want there to be more representation from citizens and ensure the differences in places, main settlements and villages are recognised in policy making. Housing, transport and employment near new homes are important to citizens.

Peers were informed of an example that while Hitchin Market has suffered reduced footfall, it is seen as historically important and valued by the community. As a result, NHDC investment was directed to the market, knowing that the outcome was less about financial returns and more about delivering social and economic value, maintaining the facility for the community and small businesses to ensure the market did not diminish.

Area committees and 'Town Talks' provide a good basis for community engagement. However, peers heard that these are currently used by citizens exclusively to raise service delivery / operational issues. Although this feedback is helpful in terms of driving service improvement, there is an opportunity to refocus these over the next year to better engage citizens in and inform policy shaping. The citizen panel formed for the peer challenge was a good example of how citizens can inform policy making. They had a lot to say with ideas on what is needed going forward. The relatively new cabinet panel on environment provides a positive mechanism for formulating policy, community participation and could attract specialist resources from the community. Other councils' embarking on a similar approach have cited examples of specialist resources that are located within the community such as academics and environmental consultants who are willing to input into local climate strategies.

4.3 Organisational leadership and governance

The internal culture and direction of NHDC was consistently described as evolving, improving and moving forward. There was genuine feedback indicating officer and member relationships are improving, which staff see as positive.

Staff described how they were feeling more empowered and freer to perform in a way that is more productive for NHDC. The Council Leader was described as having an 'open door' and actively encourages staff to drop by and see him to discuss any aspect of their work. While this is a positive, there equally needs to be clarity about the roles and responsibility of officers and members.

The culture of NHDC has shifted towards employee engagement, wellness and being more supportive. People strategy projects and policies are having a positive impact. The challenge will be sustaining the positive work to date and ensuring that the people strategy that has recently expired and emerging organisational development strategy can continue to support NHDC's performance and developing culture. In this regard, the new organisational values and behaviours are positive and visible around the building. However, these were perceived to be complex and as having been developed with little staff engagement. As yet they do not appear to be embedded in the organisation's culture. There is an opportunity to involve staff more in the development of the new organisational development and people strategy.

NHDC was described by peers as being 'at a junction point' and if more emphasis is made on place-shaping and being more outward facing, both strategic plans will need to be fully aligned to that direction of travel.

Learning and development was discussed least. Peers understand that a career development survey was conducted in 2019 to understand individual employee appetite, to feed into succession planning and regular one to ones. There are regular performance reviews (RPR) in place. Peers identified an opportunity to use the RPR process to gather information on career development (as done by other councils) and

see career aspirations and personal development as an ongoing conversation as people's circumstances, positions and aspirations frequently change.

In sections 4.6 and 4.7 of this report the peer team highlight the requirement for members to undertake specific learning, development and training to assist with roles on committees. There is an established corporate budget to fund specific and general learning and development needs. While peers see this as positive, the emphasis must be on all learning and development being aligned to the emerging organisational development plan and council plan delivery.

It is recommended that the emerging organisational development strategy identifies the future skills and behaviour requirements and identifies how those skills and capabilities will be developed across the workforce, either in job design, specific learning interventions or other approaches to ensure skills acquisition keeps up with pace and change of organisational priorities. As an integral component of future organisational performance, it is recommended that there is an increased focus on management and political oversight of learning & development (for both officers and members) with regular reporting and assessment of impact and readiness e.g. being ready to cope with future increased planning applications post-Local Plan.

NHDC has an established mechanism for staff engagement and internal communication. There is a top-down grouping of management meetings from leadership team, senior management, senior management group and staff briefings that are held regularly where all staff are invited to attend. The peer team recommends that there is a focused period of time where all staff have the opportunity to understand the direction of the council and the council plan and ensure there is an increased outward-focus for the organisation to help staff to make the shift to understanding the place-shaping agenda and NHDC's role in facilitating curation of place. Staff reflected that they would like to see more of the Chief Executive and leading more of the internal communication forums.

Existing forums between the Trade Union were seen as effective and support a close working relationship between Trade Union and employer representatives over organisational change. There was positive recognition for recent employee policies that have been implemented, including the increased focus on people and the 2019 Christmas shutdown which was positively received by staff members.

NHDC has a proactive relationship with internal audit, where the senior leadership objective is to maintain an open and honest approach to internal audit processes and therefore be receptive to issues, identification of weaknesses and areas for improvement.

NHDC enjoys the benefits that come from being a member of a shared internal audit service across 8 other Hertfordshire councils. The partnership supports shared learning across member councils and facilitates regional benchmarking. There is an established annual cycle that starts each December where all service directors are engaged to create an assurance map, indicating to audit where to focus on for the forthcoming year.

Plans will be agreed through sign off processes involving the chair of audit committee with senior management team sign off in February 2020.

There was evidence of an established performance management framework in place. Performance Indicators (PI's) are reviewed each January and set by Executive members and service directors. Historically there is good practice involving the review of PI's for continued reporting, although there is less forward looking and horizon scanning for the introduction of new PI's. There are not too many corporate PI's and some measures such as homelessness targets are not included. Peers were informed that there was robust challenge at Overview & Scrutiny (O&S) on setting PI targets.

In March of each year new PI targets and project PI's are shared with O&S. O&S monitor the corporate PI's as well as significant projects. There is a strong thread running through projects ensuring all are linked to a corporate objective. Quarterly updates go to O&S using a traffic light system on an exception report basis. O&S only see amber or red indicators, plus homelessness and waste performance. The peer team were surprised that only low / negative PI's were debated at O&S and those reports were shared publicly. Publishing positive performance alongside amber and red performance would provide the public with a rounded summary of performance, allowing NHDC to outwardly celebrate what is being delivered to agreed performance levels. Peers believe that if amber and red PI's were seen alongside green PI's at O&S there is a greater opportunity to debate how those officers supporting green PI's can transfer some of their learning and skills to amber and red PI areas.

Peers understand that the full performance report is sent to councillors one month before O&S to provide the opportunity for requesting the appropriate lead executive member and officer to attend O&S to be accountable for questioning. This opportunity has never been requested and should be used in order to strengthen the debate and challenge at O&S.

4.4 Financial planning and viability

NHDC has delivered £11m of budget savings since 2010 and was in the first group of authorities to receive zero revenue support grant. The recommended level of reserves (£1.96m) are far exceeded with general fund reserves at circa £8m as at 31 March 2019.

There was a strong theme from across a broad range of people taking part in the peer challenge process citing the council, members and officers are risk averse. The lack of a clear definition on risk appetite is likely to be contributing to a culture of risk aversion. The peer team recommends that NHDC defines its approach to risk within the context of the council being more outward facing and ambitious for place, as well as being aligned to the council plan.

There were some examples where staff cited an over cautious approach to risk was being employed. Peers questioned if commercial plan business cases were taking into

account non-cash benefits such as increased social value / outcomes, affordable homes, zero carbon homes and not just solely on financial returns.

With reserves at four times the recommended minimum, the council should invest some reserve budget into funding the transition to the new council plan and making early investment in capacity to deliver place shaping and transformation, inside and outside the council.

NHDC has a positive external auditor opinion relating to controls and measures. NHDC received an unqualified opinion in relation to the 2018/19 annual accounts and value for money conclusion.

NHDC has a Medium-Term Financial Strategy (MTFS) and is balanced through making future savings (although not all required savings have yet been identified). Identifying how those savings will be made is part of the next stage of moving the MTFS from a forecast to a plan. NHDC is considering reviewing current service delivery models, statutory / discretionary services, the capital programme and increasing commercial activity generating income from assets and other business opportunities. Peers questioned whether a statutory / discretionary service and base-budget review is the priority for delivering transformation. The team recommend that starting with the customer and aligning the council plan objectives with the MTFS is a more appropriate point to initiate the design of and impact on services.

To increase focus and capacity for undertaking further commercial activity, an investment has been made in setting up a commercial team. The commercial team will seek to make property investment and have a capital fund ready to invest. The team are also working on developing a commercial culture and seeking to increase staff knowledge, skills and awareness of commercialisation. A commercial workshop for senior managers was taking place whilst the peer team were on-site. The investment in the commercial team was perceived as a positive example of realigning resources to generate revenue. However, there is a strong need to ensure there is an agreed risk framework shared between officers and members in order to maximise performance and outcomes and ensure this team begins to deliver benefits.

There was evidence of a framework in place for political oversight of financial management. Councillors informed the peer team of participation in budget workshops, providing the opportunity for all councillors (cross-party) to engage in the budget planning process. Cabinet review the feedback and proposals generated through the budget planning process. Given the recent change in administration and allocation of portfolios, there is a learning curve for portfolio holders to ensure they are fully engaged and skilled in the service and financial business to provide the robust challenge to members and officers. Peers heard that officers are actively supporting new portfolio holders through the provision of technical guidance which was viewed as positive.

Service managers receive monthly budget monitoring reports from the finance team. Significant variances are reported to the senior management team and cabinet as necessary, demonstrating a framework for escalation and reporting. Service managers

are expected to manage overspending and work in partnership with finance officers to explore the rationale for overspends and work through strategies to bring spending back in line with agreed budgets. There are established thresholds and control measures in place where cabinet will be alerted to variances over £25k. Peers were content that there are appropriate measures and oversight in place to support good financial management.

4.5 Capacity to deliver

Staff described a period of feeling unsettled as a result of an organisational wide restructuring exercise. Post restructure this has improved and staff describe the organisation as being more streamlined and leaner. There was positive recognition that the last staff survey and office move led to improved staff morale, well-being and a more people focused culture. Flexible working is embraced positively, supported by improved IT and policies.

Staff consistently described the change in organisational culture as positive and evolving and are enthusiastic about the future. The culture was described as more people focused, with an increased attention on wellbeing and health. The current people strategy expires this year and there are steps in place to develop a new people strategy, supported by an organisational development plan which is in very early stages of discussion.

There has been a positive attempt to engage staff and their future contribution through the implementation of a career development survey. The organisation has a clear map of who is seeking career development, enabling resources to be targeted at growing skills and capacity. Emerging themes from the new people strategy are workforce planning, succession planning and the development of an organisational development plan. These were seen as important enablers of future organisational performance.

Most member and officer relationships are positive. Staff reported a positive change with the new Council Leader, where many staff described feeling more trusted and empowered. The Leader's door is open to staff to discuss any issue they wish to raise.

NHDC is willing to try new ways of working and will seek to innovate on a case by case basis, appraising opportunities as they arise. A positive example included working with the University of Hertfordshire to place two graduates to deploy their capacity and expertise in information technology and artificial intelligence. Although the introduction of new technologies was viewed as positive, the peer team recommend that the council ensure this approach fits within the strategic context and is sustainable after the resources have left their placement.

The feedback from partners was consistently positive, with partners citing examples of how they work together with the council, or to deliver contracted out services. NHDC has a mixed approach to service provision, with some services delivered in-house by NHDC staff, contracted out services, partnerships and shared services. NHDC adopts

an approach which is merit based where opportunities are assessed to examine the best outcome and value for money and are not led or constrained by one model, offering flexibility.

The peer team observed transformation being delivered 'bottom up' in the organisation, and therefore not part of a strategic, joined-up corporate plan. Some of the work was described to peers as being less visible and not joined up, which could potentially create issues for other service areas if there are dependencies between services and functions.

NHDC would benefit from an agreed target operating model (TOM) which would support an overall approach to how operational services are delivered. This approach could go some way to support delivering further efficiencies in order to reduce spend and contributing to reducing the future budget gap. A TOM would also enable a framework for investing in technologies, applications and systems as well as identify the skills and resources needed to maintain associated operations and service delivery. A TOM would support closing the gap between customer experience, ensuring that services have a common look and feel, supporting customers to navigate around services with more independence and decreasing more costly and avoidable demand.

Operating more corporately will require a more programme managed approach to transformational projects ensuring there is join up and managed risks, issues and dependencies. Project and programme management resourcing and planning could be improved as peers identified that resources and timescales were often underestimated, resulting in projects being delayed and staff having to manage the pressure of delivering day-to-day operational requirements whilst taking projects forward. There is an opportunity to use some of the council's reserves to fund capacity and accelerate delivery. There may be some cases where funding early delivery saves the council money, as an invest to save initiative.

As NHDC drive forward the council plan and consider being more ambitious with place-shaping there is a need to ensure there is a correct balance of resources and skills in place to support working differently. The peer team recommend that the organisational development plan addresses the future skills needs and supports staff, managers and leaders in building the required place-shaping capacity at a strategic level.

NHDC is carrying vacancies and finds some roles difficult to recruit to. Staff made an observation that some roles in each functional area have a similar skill set although access for flexible resourcing is limited and reinforced by the functional structure. The peer team suggest that there could be a pooling of roles with generic, flexible skills that could move around the organisation where the work dictates. This pool could operate as a corporate transformation resource pool and be assigned to projects through a programme management approach. One positive outcome of this approach is the development of corporate transformational capacity which becomes knowledgeable about NHDC's operations, adding some potential resilience and succession for future heads of service roles.

4.6 Decision making by NHDC planning committee, pre and post Local Plan period.

NHDC determines planning applications from its current 1996 Local Plan. A revised 2011 – 2031 Local Plan is on course to be adopted in the summer of 2020. A new Local Plan was first submitted in June 2017 with an examination in public commencing later that year in November. The examination is still in progress and NHDC continues to respond positively to questions and issues raised by the inspector, often within very challenging timescales.

With large volumes of housing growth destined for the green belt, there is a high risk of objection from impacted communities. The peer team were informed that during earlier consultation of the Local Plan, some 8500 representations were received and large numbers of the public (circa 400 – 500) attended a related consultation meeting.

It is therefore pivotal the planning committee performance is robust, effective, open and transparent in determining planning applications.

Current committee members believe planning officers are extremely knowledgeable, informative and professional with a good recent record on appeals. There is good joined up working between planning policy and development control.

One factor adversely impacting a delay to planning committee decision-making is the practice of issues and questions not being raised until the committee meeting. This results in deferment of decision-making whilst additional information or clarity is obtained to inform the committee. Changing this practice so that issues are raised with officers as soon as possible will provide greater efficiency and speed up planning application decision-making.

The peer team were informed that there are no corporately-arranged site visits for committee members, resulting in ad-hoc, independent visits. The peer team see this as unsafe practice and recommend there are pre-arranged, accompanied visits to inform the understanding of planning applications.

The current planning committee practice of allowing call-ins from Councillors based on “public interest” needs to stop as the practice is too vague and is not a material planning consideration. Failure to do so leads to increased risk of challenge and appeal from planning applicants.

Post May 2020, external training for targeted member development should be scheduled to support a base level of skill and confidence in committee practice. The size of the planning committee was perceived to be too large and should be subject to review and reduce in size to either 9 or 11 members.

For the same reasons cited for O&S in section 4.7, the finish time of planning committees should also be reviewed.

Recommendations:

Ensuring robust decisions on complex strategic scale applications in light of an organised local community.

Have planning training provided by an external trainer with broad experience, to aid understanding of the National Planning Policy Framework (NPPF) and what are material planning considerations.

Submit 'issues paper' to the planning committee early in the process so officers are aware of the concern's members want addressing. This will ultimately lead to less deferments.

Arrange specific training for the Chair and Vice Chair of planning committee as they have a key role, and this will support the development of a strongly led committee.

Lessen the number of call-ins by tightening up criteria for a call-in. Give reasons related to material planning considerations only, not simply in the "public interest" which is too vague and raises objectors' expectations for refusal.

Consider starting meetings earlier. Members and officers are not performing at their best at late night meetings after a full day's work and there is an increased risk of challenge from applicants if it was perceived that an application had been rushed because of a long meeting.

Alternative or additional committee process

Consider reducing the size of the planning committee.

Issues paper to committee on strategic applications to ensure issues are identified early in the process rather than waiting until the planning committee for decision.

Produce supplementary report to table on evening of the planning committee that updates members on changes / updates since publication of report. Currently there is a verbal update at committee which is time that could be saved.

Confidence in the Council's statutory consultees advice in light of opposing specialist views

Have specialists at planning committee for example, highways officers where there are highways issues.

Strong and clear legal advice can help.

Working relationships within the committee

Strong chairmanship of committee required, especially post Local Plan.

Call ins only on specific planning considerations.

Ensuring reports to planning committee are effectively written, to ensure members know what the key issues are for applications

Highlight in bold the key material planning considerations.

Location plan to show wider context.

Training will help understanding of the key points.

Ensuring decisions are made in accordance with the Council's priorities, integrating new developments into existing communities and ensuring they are as carbon friendly as possible

Have up to date council plan and supplementary planning documents.

Cabinet member or Leader to speak in support of applications at planning committee where the specifics would amount to a material planning consideration.

4.7 How to conduct effective scrutiny with clear outcomes to benefit the political process.

The peer challenge timetable permitted a small group of peers to observe an Overview & Scrutiny (O&S) meeting taking place on the evening of Tuesday 21 January 2020.

NHDC has a high degree of self-awareness that O&S has not historically been as effective as it potentially could be. The administration was open to suggestions on how O&S could be improved, as they strive for improvement, wanting the best from the process ensuring the executive is robustly held to account and O&S add early value to policy development.

In addition to observing a live O&S meeting councillor peers were able to discuss O&S effectiveness with a broad range of members.

The administration is in the process of implementing three cross-party cabinet panels and is keen to ensure from the outset these do not adversely impact the role of O&S.

Recommendations:

- Executive members should lead at O&S and be visibly accountable for decisions and performance. Current O&S practice often involves officers being the primary accountable person. Cabinet Executive Members should be the primary accountable person for scrutiny and be well briefed by officers to enable objective responses to scrutiny questions, with officers accompanying members to respond to technical questions at the invitation of the committee.
- The meeting observed by peers had a very large number of agenda items. Each agenda item was allocated a target time allowance, which potentially limit the amount of scrutiny by time rather than risk and complexity of issue. Future meetings would benefit from taking a longer-term view of the key issues for the district (not just focussing on the next immediate meeting), fewer, more targeted agenda items, and be focused on key areas informed by performance reports and a forward work plan. Fewer agenda items will support more allocated time for meaningful scrutiny and related debate.
- The current membership of O&S was considered to be too large and would benefit from reducing from 15 members to 11 or 9.
- Given the volume of new councillors with the council, only four members (plus one reserve) of O&S have received formal training. It is recommended that all O&S members undertake formal training to ensure a robust base of skills and expertise can be deployed in the O&S environment. The LGA has a Leadership Essentials Programme for Chairs of O&S and also has developed 'A Councillors workbook on scrutiny' which is available via this link - https://www.local.gov.uk/sites/default/files/documents/11%2064_Scrutiny%20for%20councillors_03_1.pdf
- Use the task and finish programme to support early engagement and involvement with policy making.
- It was helpful to observe a live O&S meeting from a public gallery seating area. The council chamber was not conducive to supporting an effective meeting. On many occasions it was unclear who was speaking and the acoustics were poor. If the O&S membership was reduced a smaller meeting room could be used, improving effectiveness of the meeting. It is recommended that finish times should be agreed in the constitution and meetings end promptly at those times. There was a concern around individual personal effectiveness, accessibility, external public perception and health & safety / personal welfare of both members and officers from such excessively long and late meetings. Rather than late meetings, it was noted that working members at another council have chosen to bring meeting start-times forward to 5.20 p.m. to fit in with their professional commitments. Combined with good agenda-planning and an effective forward work-plan, this will avoid excessively late finishes.

- The administration intends the cabinet panels should not adversely impact current or future O&S activities. Peers recommend clarification of the governance arrangements between O&S and cabinet panels.
- Ensure the O&S forward work plan includes scrutiny of external partners and contractors as a contribution to the leadership of 'place'.

4. Next steps

Immediate next steps

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

To support you in your improvement journey the Peer Team have identified a number of key recommendations, some of which you may already have in hand. We welcome your response to these recommendations within the next three months through the development of an action plan.

Your LGA Principal Adviser - Rachel Litherland, rachel.litherland@local.gov.uk will be in contact to assist the council going forward and to provide additional support, advice and guidance on any areas for development and improvement and will be happy to discuss this.

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

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. Our 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 2025.

REPORT CONSIDERED BY CABINET MEMBERS AS PART OF THE AGENDA DATED 24 MARCH 2020

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: THIRD QUARTER REVENUE MONITORING 2019/20

REPORT OF: THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

CURRENT COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

NEW COUNCIL PRIORITY: ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to inform Cabinet of the summary position on revenue income and expenditure forecasts for financial year 2019/20, as at the end of the third quarter. The forecast variance is a £262k decrease on the net working budget of £15.083million for 2019/20, with an ongoing impact in future years of a £33k increase and requests to carry forward budget totalling £254k to fund specific projects in 2020/21. Within these summary totals there are several budget areas with more significant variances, which are detailed and explained in table 3. The report also provides an update on;
- the progress with the delivery of planned efficiencies (paragraph 8.3)
 - the use of budget approved to be carried forward from 2018/19 (paragraph 8.4)
 - performance against the four key corporate 'financial health' indicators (paras 8.5-8.7)
 - the overall forecast funding position for the Council and factors that may affect this (paras 8.8 - 8.13)

2. RECOMMENDATIONS

- 2.1. That Cabinet note this report.
- 2.2. That Cabinet approves the changes to the 2019/20 General Fund budget, as identified in table 3 and paragraph 8.2, a £262k decrease in net expenditure.
- 2.3. That Cabinet approves the changes to the 2020/21 General Fund budget, as identified in table 3 and paragraph 8.2, a £287k increase in net expenditure (ongoing + Carry Forwards).

3. REASONS FOR RECOMMENDATIONS

- 3.1. Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Budget holders have considered the options to manage within the existing budget but consider the variances reported here necessary and appropriate

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Consultation on the budget monitoring report is not required. Members will be aware that there is wider consultation on budget estimates during the corporate business planning process each year.

6. FORWARD PLAN

- 6.1. The report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 6th December 2019.

7. BACKGROUND

- 7.1. Council approved the revenue budget for 2019/20 of £15.251million in February 2019. As at quarter 3 the working budget has decreased to £15.083million. Table 1 below details the approved changes to this budget to get to the current working budget:

Table 1 - Current Working Budget

	£k
Original approved budget for 2019/20	15,251
Quarter 3 2018/19 Revenue Monitoring report – 2019/20 budget changes approved by Cabinet (March 2019)	25
2018/19 Revenue Outturn Report – 2019/20 budget changes approved by Cabinet (June 2019)	521
Quarter 1 2019/20 Revenue Monitoring report - 2019/20 variances approved by Cabinet (July 2019)	(239)
Playgrounds report - delaying the removal of play equipment from two playgrounds in Royston until the 31st March 2020 – additional expenditure approved by Cabinet (July 2019)	4
Waste Collection from Multi Occupancy Properties report – retention of weekly residual waste collection service – variation to contract approved by Cabinet (July 2019)	68
Quarter 2 2019/20 Revenue Monitoring report – 2019/20 variances approved by Cabinet (December 2018)	(360)
Revenue monitoring included within 2020/21 budget report – 2019/20 variances approved by Cabinet (January 2020)	(187)
Current Working Budget	15,083

- 7.2. The Council is managed under Service Directorates. Table 2 below confirms the current net direct resource allocation of each Service Directorate in 2019/20 and how this has changed from the allocations published in the quarter two monitoring report.

Table 2 – Service Directorate Budget Allocations

	Working Budget at Q2	Changes approved at Q2	Changes approved in 2020/21 budget report	Other Budget Transfers	Current Net Direct Working Budget
Service Directorate	£k	£k	£k	£k	£k
Chief Executive	1,884	(78)	0	1	1,807
Commercialisation	(607)	144	0	0	(463)
Customers	3,528	(20)	10	26	3,544
Legal & Community	2,304	6	(54)	6	2,262
Place	4,776	(226)	13	0	4,563
Regulatory Services	1,230	(217)	(119)	(27)	867
Resources	2,515	31	(37)	(6)	2,503
TOTAL	15,630	(360)	(187)	0	15,083

8. RELEVANT CONSIDERATIONS

- 8.1. Service Managers are responsible for monitoring their expenditure and income against their working budget. Table 3 below highlights those areas where there are forecast to be differences. An explanation is provided for each of the most significant variances, which are generally more than £25k. The final column details if there is expected to be an impact on next year's (2020/21) budget:

Table 3 - Summary of significant variances

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2020/21 £k
Brexit Grant	52	0	(52)	NHDC have received Brexit resilience funding from Central Government totalling £52k. At the present time there is still uncertainty around the impact of Brexit. Several potential projects and measures are being looked at to minimise risk and provide resilience but spend is not expected to be incurred until 2020/21 and it is therefore requested that the unspent budget is carried forward into 2020/21.	52	0
Investment Interest	(372)	(418)	(46)	Level of investment balances are higher than budgeted due to slippage in the capital programme to 2020/21.	0	0
Apprenticeships	97	57	(40)	The apprentice budgets have been monitored closely to ensure any salary underspends can be used to recruit additional apprentices. In 2019/20 three additional apprentices have been recruited with their salaries funded from underspend. It has now been established that there will be an underspend of £40K. There is therefore enough funding to recruit two more apprentices. Allocation of those places and recruitment will get underway as soon as possible, but the posts are not expected to be recruited to until 2020/21. The budget is therefore requested to be carried forward into 2020/21.	40	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2020/21 £k
Rental Income for Phone Masts on DCO	0	(83)	(83)	A lump sum of back-dated rent extending back to 2013 of £75k was received from Vodafone in relation to their lease of part of the DCO roof top for their phone mast. There was a Landlord and Tenant dispute which meant the rent invoices had to be suspended and rent receipts had to be rejected until an agreement had been reached. The annual rent agreed is now just over £8k; however, legislation may result in the future rental value to reduce.	0	(8)
Regulatory Directorate Staff Costs	716	624	(92)	Various vacancies within Environmental Health and Planning Services have resulted in underspends on staff costs in 2019/20. The majority of vacancies have now been recruited to, with the remaining vacancies to be advertised in 2020/21.	0	0
PCN Income	(665)	(702)	(37)	A full complement of CEOs and concentration of enforcement where more parking breaches are committed, to ensure management of the traffic network and road safety, have resulted in PCNs issued at a higher volume compared to the previous year.	0	0
Local Plan	210	136	(74)	At the time of setting the 2019/20 budget, it was anticipated that the Local Plan would be adopted in 2019/20, which the budget reflected. The inspector however identified further queries in July and August 2019 and further hearings have been set for March 2020. The plan will not be adopted until 2020/21. It is requested that the underspent budget is carried forward into 2020/21 to cover the remaining stages of this project.	74	0
Community Infrastructure Levy	87	0	(87)	A further decision on the preferred approach to developer contributions was postponed due to the delays associated with the Local Plan. In January 2020, Cabinet resolved that officers be instructed to conduct a review to consider the feasibility of introducing a CIL for residential sites. It is anticipated that the review will report in the second half of 2020. It is requested that the unspent budget is carried forward into 2020/21 to cover any costs arising from this review or its recommendations.	87	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2020/21 £k
Planning Application Income	(950)	(820)	+130	The uncertainty around the next steps of the Local Plan and the national situation with regards to Brexit are believed to have impacted upon the level of income; either through uncertainty with regard the timescale for sites to progress or through uncertainty around house prices and mortgage rates.	0	0
Careline Net Direct Trading Expenditure	(306)	(288)	+18	The main area of overspend is maintenance costs. Maintenance costs are not being fully funded by the service users due to restrictions placed on increasing the weekly service user charge (which is currently £3.25) by HCC. Moving to a full cost recovery model is currently being reviewed.	0	19
Trade Waste Income	(952)	(923)	+29	The management of commercial waste services requires regular marketing to maintain the existing client base. Vacancies within the team and increased pressure on staff resources have meant proactive marketing has not been possible. This has therefore resulted in a reduction in forecast income. A review is proposed for 2020/21	0	0
Museum Equipment Purchases	5	38	+33	For the Museum to open on time, and hence secure funding from the Heritage Lottery, expenditure was required on several items of equipment. This includes the production and installation of graphics in the reception area, upgrading various features, and installing spotlights.	0	0
Homelessness - Temporary Accommodation Expenditure	0	80	+80	£80k is the projected spend on temporary accommodation. £70k is the contribution NHDC gets back from the DWP for any households in temporary accommodation that receive housing benefit. The £10k variance is because not all households would have received housing benefit, therefore no contribution will be received from Central Government. There is also a cap on how much can be claimed, so if the cost of temporary accommodation exceeds the cap, there will be a shortfall in income.	0	80
Temporary Accommodation Income	0	(70)	(70)		0	(70)
Total of explained variances	(2,078)	(2,369)	(291)		253	21
Other minor balances	17,161	17,190	+29		+1	+12

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2020/21 £k
Overall Total	15,083	14,821	(262)		254	33

- 8.2. Cabinet are asked to approve the differences highlighted in the table above (a £262k decrease in spend), as an adjustment to the working budget (recommendation 2.2). Cabinet are asked to approve the estimated impact on the 2020/21 budget (£287k increase in budget, which includes the request to carry forward £254k of budget from 2019/20 to 2020/21 (recommendation 2.3).
- 8.3. The original approved budget for 2019/20 (and therefore working budget) included efficiencies totalling £610k, which were agreed by Council in February 2019. Any under or over delivery of efficiencies will be picked up by any budget variances (table 3 above). However, there can be off-setting variances which mean that is unclear whether the efficiency has been delivered. Where this is the case, this will be highlighted. The current forecast at quarter three is that all the efficiencies approved in February last year will be delivered.
- 8.4. The working budget for 2019/20 includes budgets totalling £689k that were carried forward from the previous year. These are generally carried forward so that they can be spent for a particular purpose that had been due to happen in 2018/19 but was delayed into 2019/20. At quarter two it was projected that £74k of carry forward budget would not be spent. At quarter three, it is forecast that a total of £161k of the budget carried forward will not be spent in the current financial year. The increase of £87k relates to:
- Community Infrastructure Levy. The £87k budget carried forward will not be spent in this year, as highlighted and explained in table 3 above. The unspent budget is requested to be carried forward again into 2020/21.
- 8.5. There are 4 key corporate 'financial health' indicators identified in relation to key sources of income for the Council. Table 4 below shows the income to date and forecasts for the year. A comparison is made to the original budget to give the complete picture for the year. Each indicator is given a status of red, amber or green. A green indicator means that they are forecast to match or exceed the budgeted level of income. An amber indicator means that there is a risk that they will not meet the budgeted level of income. A red indicator means that they will not meet the budgeted level of income. Currently two of the indicators are green, one is amber, and one is red.
- 8.6. The amber status for Land Charges income was reported at quarter one and is based on the actual income to date. Whilst the income budget may still be achieved from an increase in activity over the remainder of the year, there is a risk that the budgeted level of income may not be met.

- 8.7. The actual income to date for planning application fees is increased by the reversal in the current year of the £335k accounting adjustment posted at the end of 2018/19. Income receipts received in the first three quarters of the year in respect of planning applications totalled £627k, which is below the budget expectation. The red status at quarter three therefore indicates that the budgeted level of income will not be met and the forecast outturn has been reduced by £130k, which is highlighted and explained in table 3 above. As in 2018/19, an accounting adjustment will be posted at the end of 2019/20 to ensure that the reported income total reflects only the income received from planning applications resolved in this financial year, in accordance with accounting policy. The accounting adjustment does not affect the cash the Council receives.

Table 4 - Corporate financial health indicators

Indicator	Status	Original Budget £k	Actual income to date £k	Forecast income for the year	Projected Variance £k
Planning Application Fees (including fees for pre-application advice)	Red	(950)	(962)	(820)	+130
Land Charges	Amber	(164)	(114)	(164)	0
Car Parking Fees	Green	(1,809)	(1,414)	(1,885)	(76)
Parking Penalty Charge Notices	Green	(532)	(560)	(702)	(170)

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.8. The Council's revenue budget is funded from the following main sources; Council Tax, New Homes Bonus and Retained Business Rates income. The Council was notified by Central Government in February 2019 of the amount of New Homes Bonus it could expect to receive in 2019/20 and planned accordingly.
- 8.9. Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of other bodies. Each organisation has a share of the balance on the Collection Fund account. At the end of the third quarter, it is forecast that there will be a small deficit on the Council Tax Collection Fund. With regards to Business Rates, while income collected in year is in line with original estimates, an overall deficit position is projected due to the adjustment for the final prior year outturn, as detailed and explained in the quarter one revenue monitoring report.
- 8.10. The actual gain from Hertfordshire being a Business Rate pilot in 2019/20 will be dependent on the overall Business Rates collected across Hertfordshire, as well as within North Hertfordshire. Monitoring of the expected gain is being coordinated by Hertfordshire County Council. These forecasts will be a guide only as Business Rate

income can be subject to significant fluctuations, particularly across 10 billing authorities. The final position will therefore not be known until after the end of the current year.

- 8.11. The Council also receives compensation in the form of a grant from Central Government for business rate reliefs introduced, which goes into our funds rather than the Collection Fund. In 2018/19 NHDC received grant totalling £1.435m and the current expectation for 2019/20 is £1.922m. We are holding the grant received in a reserve to fund the repayment of deficits recorded in future years. Some of the amount held in reserve will therefore be used in this year to fund the required contribution to the Collection Fund of £58k in respect of the position for 2018/19 and is included in table 5 below.
- 8.12. The recommendation to transfer to the General Fund several amounts currently held in earmarked reserves was approved by Full Council at its meeting in February. The release of the reserves will therefore increase the General Fund balance at the end of the year, as shown in table 5 below.
- 8.13. Table 5 summarises the impact on the general fund balance of the position at quarter three detailed in this report.

Table 5 – General Fund impact

	Working Budget £k	Q3 Projected Outturn £k	Difference £k
Brought Forward balance (1st April 2019)	(7,862)	(7,862)	-
Net Expenditure	15,083	14,821	(262)
Funding (Council Tax, Business Rates, NHB)	(15,319)	(15,319)	0
Contribution to Funding Equalisation Reserve	68	68	0
Contribution to Collection Fund	58	58	0
Funding from Reserves (including Business Rate Relief Grant and transfer of reserves as approved at Full Council in February 2020)	(58)	(405)	(347)
Carried Forward balance (31st March 2020)	(8,030)	(8,639)	(609)

- 8.14. The minimum level of General Fund balance is determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types, so when they occur they are reflected as budget variances (see table 3). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was £1,203k, and by the end of quarter three a total of £257k has come to fruition. The identified risks realised in the third quarter relate to;

- Recycling services. Increase in net cost due to the reduction in sales price received for paper recyclates collected, as highlighted in the addendum to the Revenue Budget Report 2020/21 presented to Cabinet in January. £13k
- Housing Services. Use of temporary accommodation, highlighted in table 3 above. £10k
- Housing Services – legal costs for successful defence of an appeal to a housing decision. £3k.
- Planning Services – reduction in planning application income, as highlighted in table 3 above. £130k.

Table 6 – Known financial risks

	£'000
Original allowance for known financial risks	1,203
Known financial risks realised in Quarter 1	(17)
Known financial risks realised in Quarter 2	(84)
Known financial risks realised in Quarter 3	(156)
Remaining allowance for known financial risks	946

9. LEGAL IMPLICATIONS

- 9.1. The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. Specifically, 5.6.8 of Cabinet's terms of reference state that it has remit "*to monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework*". By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget and to maintain a prudent balance.

10. FINANCIAL IMPLICATIONS

- 10.1. Members have been advised of any variations from the budgets in the body of this report and of any action taken by officers.

11. RISK IMPLICATIONS

- 11.1. As outlined in the body of the report. The process of quarterly monitoring to Cabinet is a control mechanism to help to mitigate the risk of unplanned overspending of the overall Council budget.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

- 12.2. For any individual new revenue investment proposal of £50k or more, or affecting more than two wards, a brief equality analysis is required to be carried out to demonstrate that the authority has taken full account of any negative, or positive, equalities implications; this will take place following agreement of the investment.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1. Although there are no direct human resource implications at this stage, care is taken to ensure that where efficiency proposals or service reviews may affect staff, appropriate communication and consultation is provided in line with HR policy.

15. APPENDICES

- 15.1. None.

16. CONTACT OFFICERS

- 16.1. Jodie Penfold, Group Accountant
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- 16.2. Antonio Ciampa, Accountancy Manager
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- 16.3. Ian Couper, Service Director – Resources
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- 16.4. Kerry Shorrocks, Corporate Human Resources Manager
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- 16.5. Gavin Ramtohal, Legal Commercial Team Manager and Deputy Monitoring Officer
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- 16.6. Reuben Ayavoo, Policy and Community Engagement Manager
reuben.ayavoo@north-herts.gov.uk; ext 4212

17. BACKGROUND PAPERS

- 17.1. None.

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**COUNCIL
2 APRIL 2020**

PART 1 – PUBLIC DOCUMENT

**TITLE OF REPORT: RESOLUTION TO EXTEND THE 6 MONTH RULE – SECTION 85
LOCAL GOVERNMENT ACT 1972**

REPORT OF THE DEMOCRATIC SERVICES MANAGER

EXECUTIVE MEMBER: THE LEADER OF COUNCIL

NEW COUNCIL PRIORITY: RESPOND TO CHALLENGES TO THE ENVIRONMENT

1. EXECUTIVE SUMMARY

- 1.1 To consider the extension of the six-month rule for Councillor Bill Davidson, having regard to the circumstances for absence from meetings.

2. RECOMMENDATIONS

- 2.1. That Council approves an extension of the six-month rule for Councillor Bill Davidson, on ill-health grounds, for an additional six-month period, until 9 October 2020.
- 2.2. That the power to grant an extension, on health grounds, be delegated to the Democratic Services Manager, in consultation with Group Leaders during the coronavirus pandemic, such delegation to last for the term of the pandemic, or to cease if not renewed by Council / or under emergency powers in July 2020.

3. REASONS FOR RECOMMENDATIONS

- 3.1. Section 85 of the Local Government Act 1972 states that *'if a member of a local authority fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, he shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority'*. Whilst the Local Government Association has been lobbying for this to be dealt with (potentially under the Coronavirus Bill 2020), at the stage of finalising the report, this has not been included.

- 3.2. The recommendation at 2.1 is therefore required to enable Cllr Davidson to continue to serve as a District Councillor. The recommendation at 2.2 is to cover the pandemic emergency.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The alternative option would be to not agree to the extension which would create a vacancy within the Royston Meridian ward. However, is not considered an option as Cllr Davidson wishes to continue to serve as a District Councillor.
- 4.2. It should be noted that the Coronavirus Bill 2020 contains a provision for 'casual' vacancies; however, this is not necessary.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. There is no duty to consult on this matter and therefore no consultation with Members or external organisations has taken place.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1. Councillor Bill Davidson has been unable to attend meetings recently on ill-health grounds. The last meeting attended was the Royston and District Committee meeting on 9 October 2019. Therefore, the six-month period will expire on 9 April 2020, unless an extension is approved. Since that meeting Councillor Davidson has experienced ill-health and is under ongoing medical care. Under the circumstances, it is requested that Council approve an extension of the six-month rule for Councillor Davidson on ill-health grounds.

8. RELEVANT CONSIDERATIONS

- 8.1. The information relevant to the decision has been detailed throughout the report. Should Council be minded to grant an extension for an additional six months it would not prevent Councillor Davidson returning to meetings at any time, should health allow.

9. LEGAL IMPLICATIONS

- 9.1. Council is required to determine this matter as per Paragraph 1.2.1 of the Council's Constitution:

'The Council is comprised of forty nine Councillors each elected for a four year period. Elections are held in three out of four years with a third of the seats contested in each year. Each Councillor is democratically accountable to the residents of their electoral ward as well as all of those who live in the District of North Hertfordshire. The overriding duty of Councillors is to the whole community, but they have a special duty to their

constituents, including those that did not vote for them. Councillors who do not attend at least one Council or Committee meeting in a six-month period cease to be a Councillor, unless their absence is approved by Full Council within that period’.

9.2. Section 85 (1) of the Local Government Act 1972 states that *‘if a member of a local authority fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, he shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority’.*

9.3. Section 85 (2) of the Local Government Act 1972 provides guidance as to attendance at a meeting. *‘Attendance as a member at a meeting of any committee or sub-committee of the authority, or at a meeting of any joint committee, joint board or other body by whom for the time being any of the functions of the authority are being discharged, or who were appointed to advise the authority on any matter relating to the discharge of their functions, and attendance as representative of the authority at a meeting of any body of persons, shall be deemed for the purposes of subsection (1) above to be attendance at a meeting of the authority’.*

10. FINANCIAL IMPLICATIONS

10.1 There are no financial implications arising from the report. However, should the extension not be granted could result in a by-election and therefore the costs would be incurred by the Authority.

11. RISK IMPLICATIONS

11.1. None contained within this report.

12. EQUALITIES IMPLICATIONS

12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2. The six-month extension to a term of office provides an opportunity for Cllr Davidson to continue in the role as District Councillor when health improves.

13. SOCIAL VALUE IMPLICATIONS

13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

14.1. The Committee, Member and Scrutiny Services Manager monitors attendance and notifies Group Leaders when a Member has not attended a meeting for 4 consecutive months.

15. APPENDICES

15.1. None.

16. CONTACT OFFICERS

16.1. Melanie Stimpson, Democratic Services Officer,
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Jeanette Thompson, Service Director; Legal and Community and Monitoring Officer
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Ian Couper, Service Director; Resources
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Tim Everitt, Performance Improvement Officer
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Reuben Ayavoo, Policy and Community Engagement Manager
Reuben.ayavoo@north-herts.gov.uk, ext 4212

17. BACKGROUND PAPERS

17.1. None.

**COUNCIL
2 APRIL 2020**

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: ITEM REFERRED FROM EMPLOYMENT COMMITTEE: 17 MARCH 2020 – SENIOR MANAGEMENT ARRANGEMENTS

Extract from the draft Minutes of the Employment Committee meeting held on 17 March 2020

The Leader of the Council presented the report entitled Senior Management Arrangements. At the Extraordinary meeting of Council on 27 February 2020 it had been resolved to delete the posts of Chief Executive and Deputy Chief Executive and for the establishment of a new Managing Director post. As a result, it was necessary to appoint to the role of Managing Director.

The Extraordinary Council meeting had resolved to accept the voluntary redundancy of the Chief Executive. As the Deputy Chief Executive role was considered a match for the Managing Director role, it was for the Employment Committee to consider the extent of this match and whether to make a recommendation to Council on the appointment.

The report was supported by the Person Specification and Job Description for the Managing Director and the Person Specification for the current Chief Executive and Deputy Chief Executive posts.

The recommendation was proposed by Cllr Billing and seconded by Cllr Stears-Handscomb, there being no debate on the matter, it was

RECOMMENDED TO COUNCIL: That Council appoint Anthony Roche to the new Managing Director post, being effective on 18 July 2020.

REASON FOR DECISIONS: The Employment Committee had undertaken an assessment of the candidate against the Job Description and Person Specification for the new role of Managing Director and was satisfied that Anthony Roche was a suitable candidate to match the new role.

OFFICER EMPLOYMENT PROCEDURE RULES – APPOINTMENT OF HEAD OF PAID SERVICE:

Subsequently as per the requirements of 12.8.4 of the Council's Constitution, Full Council may only approve the appointment of the Head of Paid Service where no well-founded objection has been made by any member of the Cabinet.

Notification was sent to the Cabinet on 17 March 2020, at the conclusion of the Employment Committee, to inform that the Employment Committee, who consisted of the Leader, Cllr Stears-Handscomb, Cllr Hoskins, Cllr Shanley, Cllr Billing and Cllr Levett, had interviewed Anthony Roche for the role of Managing Director. The Employment Committee was supported by the Corporate Human Resources Manager, the Service Director, Resources and Michelle Kirk, Director of EELGA.

As the Managing Director was to be the Head of the Council's Paid Service, section 12.8.5 of the Constitution applied (in respect of the appointment of Head of Paid Service), and therefore the Proper Officer had to notify every Cabinet Member of the name of the candidate; other particulars relevant to the appointment; and the period within which to make any material objections to the offer.

The Leader had until the close of business on Thursday 19 March to notify the Proper Officer on behalf of Cabinet of any material objections, as per the Constitutional requirements section 12.8.5(b)(ii) D.

The Proper Officer received no well-founded objection/s.

**REPORT CONSIDERED BY THE EMPLOYMENT COMMITTEE AT THE MEETING HELD
ON 17 MARCH 2020**

PUBLIC DOCUMENT

TITLE OF REPORT: SENIOR MANAGEMENT ARRANGEMENTS

REPORT OF THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: LEADER OF THE COUNCIL

CURRENT COUNCIL PRIORITY: ATTRACTIVE AND THRIVING / PROSPER AND PROTECT
/ RESPONSIVE AND EFFICIENT

NEW COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL / BUILD
THRIVING AND RESILIENT COMMUNITIES / RESPOND TO CHALLENGES TO THE
ENVIRONMENT / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY /
SUPPORT THE DELIVERY OF GOOD QUALITY AND AFFORDABLE HOMES

1. EXECUTIVE SUMMARY

- 1.1 To provide Employment Committee with relevant background information for the part 2 item. The decision made by Council on 27th February 2020 means that it is necessary to appoint to the role of Managing Director. As Council have accepted the voluntary redundancy request of the current Chief Executive, the current role of Deputy Chief Executive could be a significant match for the Managing Director role. It is for the Employment Committee to determine the extent of this match and whether to make a recommendation on appointment to Council.

2. RECOMMENDATIONS

- 2.1. That this report be noted and considered when making the part 2 decision.

3. REASONS FOR RECOMMENDATIONS

- 3.1. Following the decision by Council on 27th February 2020 it is necessary to consider an appointment to the post of Managing Director.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. These were considered as part of the decision by Council on 27th February 2020. Alternative options were rejected as a result of the level of savings that the Council is forecasting that it will need to make.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. This follows the decision by Council on 27th February 2020, so all Members have been consulted.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1. The Council meeting on 27th February 2020 resolved the following:

1. That Council agrees to the deletion of the post of Chief Executive (Head of Paid Service) and the post of Deputy Chief Executive and establishment of a new post of Managing Director (Head of Paid Service), subject to consultation with those affected and at a suitable date to be determined.
2. That Council accept the voluntary redundancy request of the Chief Executive, with an effective leaving date of 17th July 2020.
3. That Council approves the use of the Special Reserve to fund the potential redundancy outlined in paragraph 8.3.
4. That Council notes that a further report with a proposed new senior management structure will be brought to Full Council on 2 April 2020.

- 7.2 Formal consultation is being undertaken with all those affected and this is expected to conclude on Monday 23rd March.

8. RELEVANT CONSIDERATIONS

- 8.1. The Council's reorganisation policy guidance details the processes to be followed in relation to job matching. This is based on comparing the essential criteria of the person specifications of the existing and new roles. Where the match is greater than 70% then this is a direct match and the employee should be slotted in to the role. Where the match is less than 70%, but the employee is at risk of redundancy then the employee should be ring-fenced to the role. This means that the employee should be given the opportunity to apply through a ring fenced internal application process.

- 8.2. With support from HR, it is for the Employment Committee to fully determine the extent of any match.

9. LEGAL IMPLICATIONS

- 9.1. In paragraph 10.3.4 (a) the Employment Committees Terms of Reference include "to interview candidates for the post of Head of Paid Service and make a recommendation for appointment to Council".

10. FINANCIAL IMPLICATIONS

10.1. This restructure is expected to deliver savings to help towards the Council's forecast funding gap.

11. RISK IMPLICATIONS

11.1. Human Resources will provide advice to the Committee on the Council's policies and processes in respect of reorganisation. A failure to follow these could create a legal, financial and service delivery risk.

12. EQUALITIES IMPLICATIONS

12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2. There are no equalities implications arising from this report.

13. SOCIAL VALUE IMPLICATIONS

13.1. The Social Value Act and "go local" requirements do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

14.1. These are covered generally within the report.

15. APPENDICES

15.1. None

16. CONTACT OFFICERS

16.1. Ian Couper, Service Director: Resources, ian.couper@north-herts.gov.uk, ext: 4243

16.2. Rebecca Webb, HR Services Manager, Rebecca.webb@north-herts.gov.uk, ext: 4481

17. BACKGROUND PAPERS

17.1. Council report, 27th February 2020.

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**COUNCIL
2 APRIL 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: SENIOR MANAGEMENT ARRANGEMENTS

REPORT OF THE LEADER OF THE COUNCIL

EXECUTIVE MEMBER: LEADER OF THE COUNCIL

CURRENT COUNCIL PRIORITY: ATTRACTIVE AND THRIVING / PROSPER AND PROTECT
/ RESPONSIVE AND EFFICIENT

NEW COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL / BUILD
THRIVING AND RESILIENT COMMUNITIES / RESPOND TO CHALLENGES TO THE
ENVIRONMENT / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY /
SUPPORT THE DELIVERY OF GOOD QUALITY AND AFFORDABLE HOMES

1. EXECUTIVE SUMMARY

- 1.1 To provide Council with an update on the savings that are likely to be achieved from the new senior management arrangements and options to provide resilience in the absence of the Managing Director. To confirm that changes to the Constitution and Financial Regulations will be required to reflect the new arrangements.

2. RECOMMENDATIONS

- 2.1. That Council agrees to the principle of one of the Service Directors being designated as the deputy to the Managing Director, and that individual will receive additional salary to compensate for the additional responsibility. This will be subject to consultation.
- 2.2. That Council confirms that the recruitment of a Service Director to be designated as the Deputy for the Managing Director would be made by the Head of Paid Service, in consultation with the Leader of the Council and the future Head of Paid Service.
- 2.3. That Council notes the forecast savings of around £124k and that this will be reflected in the budget setting process for 2021/22 onwards.
- 2.4. That Council instructs the Monitoring Officer to make the necessary amendments to the Constitution in respect of the roles of Managing Director and Deputy Managing Director to be reported to Council in July.

- 2.5. That Council instructs the Chief Finance Officer to make the necessary amendments to the Financial Regulations in respect of the roles of Managing Director and Deputy Managing Director to be reported to Council in July.
- 2.6. That Council agrees that the salary of the Managing Director is reviewed during 2022/23 to ensure that it competitive against other similar roles, subject to affordability in relation to the Council's budget position.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To provide resilience when the Managing Director is absent. To ensure that the Constitution and Financial Regulations reflect the new senior management structure.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The Senior Management arrangements are subject to consultation (at the time of writing), and there may be alternative options that arise from that process. For example, this could include all the Service Directors acting as Deputies.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. This follows the decision by Council on 27th February 2020.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1. The Council meeting on 27th February 2020 resolved the following:

1. That Council agrees to the deletion of the post of Chief Executive (Head of Paid Service) and the post of Deputy Chief Executive and establishment of a new post of Managing Director (Head of Paid Service), subject to consultation with those affected and at a suitable date to be determined.
2. That Council accept the voluntary redundancy request of the Chief Executive, with an effective leaving date of 17th July 2020.
3. That Council approves the use of the Special Reserve to fund the potential redundancy outlined in paragraph 8.3.
4. That Council notes that a further report with a proposed new senior management structure will be brought to Full Council on 2 April 2020.

- 7.2 Formal consultation is being undertaken with all those affected and this is expected to conclude on Monday 23rd March.

8. RELEVANT CONSIDERATIONS

- 8.1. The deletion of the Chief Executive and Deputy Chief Executive posts and establishment of a new Managing Director post reduces the senior management capacity. It also reduces the resilience when the Head of Paid Service (Managing Director) is absent e.g. through annual leave or sickness. One of the options put forward at the start of the ongoing consultation is that one of the Service Directors is designated as the Deputy to the Managing Director and this is added to their job description, and reflected in their person specification. That individual would then act as Managing Director in the absence of the Managing Director. Due to the change in person specification this would attract an additional salary, of an amount to be determined.
- 8.2. The current constitution determines that the Deputy Chief Executive post is appointed by the Employment Committee. A Service Director being designated as a Deputy to the Managing Director post is a different arrangement to the Deputy Chief Executive post, so it is proposed that the appointment is made by the Head of Paid Service. This would be in consultation with the Leader of the Council. Subject to the current Deputy Chief Executive being confirmed as the new Managing Director, it would seem appropriate for them to also be involved in the recruitment process.
- 8.3. The Council's Constitution and Financial Regulations include a number of references to the posts of Chief Executive and Deputy Chief Executive. It is therefore necessary for these references to be updated as appropriate. As there may not always be a direct change (e.g. from Chief Executive to Managing Director) it is proposed that the changes are reported to Council in July for agreement.
- 8.4. The salary of the new Managing Director post will be in line with the current Chief Executive post. This is deemed to be appropriate given the position that the Council is currently in. As the Council develops over time (e.g. in terms of its commercial approach) it may be that the Managing Director is required to develop new skills and attributes, and this may mean that the salary range becomes uncompetitive when compared with similar roles in other organisations. Therefore it is proposed that the salary should be reviewed during 2022/23. Any change would be dependent on the financial position of the Council.

9. LEGAL IMPLICATIONS

- 9.1 Council's terms of reference includes receiving reports on the senior management structures of the organisation (paragraph 4.4 (o)).
- 9.2 Paragraph 2.6 of the Constitution determines that apart from minor changes (as detailed in 2.6.2) all changes to the Constitution and Financial Regulations are made by Council.

10. FINANCIAL IMPLICATIONS

- 10.1. The salary range of the new Managing Director post will be the same as for the current Chief Executive post. Therefore the ongoing savings from deleting the Chief Executive

and Deputy Chief Executive post, and creating the Managing Director post are £134k (full-year, based on an assumed 2% pay award in 2020/21). These savings will be reduced by any additional payment that is made to a Service Director to be designated as Deputy to the Managing Director. If this additional payment was around 10% of current salary then with on-costs that would equate to around £10k. Therefore the saving would reduce to £124k

11. RISK IMPLICATIONS

- 11.1. The risk to the Council could be reduced by having a nominated Deputy to the Managing Director that would be more able to take over in the absence of the Managing Director.
- 11.2. Having a clear and up-to-date Constitution and Financial Regulations help to provide good governance arrangements and therefore reduce risk.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no equalities implications arising from this report.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1. These are covered generally within the report.

15. APPENDICES

- 15.1. None

16. CONTACT OFFICERS

- 16.1. Kerry Shorrocks, Corporate HR Manager, kerry.shorrocks@north-herts.gov.uk, ext: 4224

17. BACKGROUND PAPERS

- 17.1. Council report, 27th February 2020.

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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