

LGA Corporate Peer Challenge

North Herts Council

4th – 7th November 2024

Feedback report



Corporate Peer Challenge



Contents

- 1. Introduction 3
- 2. Executive summary..... 4
- 3. Recommendations 8
- 4. Summary of peer challenge approach 10
- 5. Feedback 13
- 6. Next steps 35

1. Introduction

Corporate Peer Challenge (CPC) is a highly valued improvement and assurance tool that is delivered by the sector for the sector. It involves a team of senior local government councillors and officers undertaking a comprehensive review of key finance, performance and governance information and then spending four days at North Herts Council to provide robust, strategic, and credible challenge and support.

CPC forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement (SLI) put in place by councils and the Local Government Association (LGA) to support continuous improvement and assurance across the sector. These state that local authorities are: Responsible for their own performance, Accountable locally not nationally and have a collective responsibility for the performance of the sector.

CPC assists councils in meeting part of their Best Value duty, with the UK Government expecting all local authorities to have a CPC at least every five years.

Peers remain at the heart of the peer challenge process and provide a 'practitioner perspective' and 'critical friend' challenge.

This report outlines the key findings of the peer team and the recommendations that the council are required to action.

2. Executive summary

Located less than 40 miles north of Central London, North Herts Council (NHC) is one of 10 district and borough councils in Hertfordshire. Covering 145 square miles, it is the second largest district in the county with four main market towns: Baldock, Hitchin, Letchworth and Royston and around 40 surrounding villages.

NHC is a council which performs well, cares for and is delivering for its residents. Officers and elected members have a clear understanding of the needs, wants and challenges in the district and are passionate about delivering for their communities.

Employees like working for NHC. Peers heard from a generally happy workforce who feel supported to do their jobs and have access to learning and development opportunities. A recent staff survey showed that 90 per cent of staff would recommend the council as an employer and this is reflected in low turnover rates and high retention.

A new Labour and Co-operative Party-led minority administration and a new council leader have been in place since May 2024. The administration is ambitious and keen to deliver for the residents of North Herts in their four-year term.

Following the elections in May 2024, the new administration has quickly translated their aims and ambitions into a new council plan with four priorities which comprise: thriving communities; accessible services; responsible growth and sustainability. Whilst this plan sets out high-level ambitions, peers are concerned that there is no prioritisation yet, and this could result in frustration as trying to deliver everything simultaneously could delay what is most important.

Peers recognise the council plan is newly adopted and work is now starting on developing an annual delivery plan. In order to strengthen the golden thread between high-level ambitions, delivery commitments and local service plans it is important that the annual delivery plan includes SMART objectives that are recognised by staff. To ensure that the vision and priorities are fully embedded within the organisation, this delivery plan should be developed by the staff and not simply be a document produced in a top-down fashion by senior management. Following this, further effort is required to fully embed and communicate the vision and priorities, internal and

external to the organisation, to ensure everyone knows how they can contribute to their successful delivery. Consideration is also required in regard to the organisational capacity and buy-in to deliver the new priorities, and their reflection within the council's medium term financial strategy (MTFS).

Peers feel the organisation's resources and capacity are not aligned with the council plan priorities and tough decisions will be needed to ensure the right people and skills are in the right places to effectively deliver. For example, the enterprise team in particular, is currently carrying vacancies. Having been risk averse in the past, the council is now looking to redevelop a large part of Hitchin town centre, and whilst this presents a number of place-shaping opportunities, this capital project has the potential to expose the council to many internal and external risks. Strong internal controls, for example project, programme and financial management are required for this as well as robust governance and member oversight.

Through discussions with stakeholders, the peers found that there was significant goodwill and support for the work of NHC and as the delivery plan (including capital projects) starts to crystallise, NHC should not overlook the opportunity to call on the expertise and capacity of local partners.

The capacity of the officer leadership team (LT) was raised as a concern by the council. Peers agree that the service directors are stretched, and current arrangements are allowing insufficient time for strategic leadership as they are regularly drawn into operational activities. Creating opportunities for more in-person communications and supporting senior officers with the skills and time to look "up and out" to develop considered partnerships and strategy would greatly improve their strategic impact.

Whilst it is clear from the staff survey that employees clearly enjoy working for the council and the adoption of meeting free Friday's goes some way to providing increased capacity, there needs to be greater focus on developing the identity of the council and how it fits within the wider Hertfordshire family.

There is also a need to develop an energy in the organisation to get people excited about working, and coming to work, for North Herts. Visible and accessible energy

from the political and officer leadership would encourage officers to think more innovatively and create space for new ideas to meet needs of the council plan.

Whilst staff welcomed the approach to agile/hybrid working there was also concern expressed about the visibility of some of the corporate management team. The lack of clarity regarding the council plan expressed by some staff and a lack of buy-in to the digital transformation plan may well be symptoms of insufficient time spent in face-to-face engagement and conversations between teams – although peers do appreciate the plan was launched a week before their visit.

Prudent financial management sees NHC in a strong financial position with good reserves and low borrowing. However, the council has realised that it cannot continue to deliver a balanced budget by calling on unallocated reserves and there is a need to put in place a robust financial plan that will align annual revenue expenditure with income. The council is starting to see the consequences of rising inflation on service delivery, officers and elected members are beginning to confront the strategic financial challenge, but more work is needed to fully articulate the difficult decisions and financial planning that is needed over the course of the MTFs.

The council has begun to invest in digital transformation to support its ambition to modernise service delivery and be more efficient. To support the modernisation, peers feel there needs to be a greater focus on anticipating future capability and capacity requirements. Whilst it is acknowledged that the annual performance appraisal system appeared to be working well, in the absence of additional ways in which individual training needs and the development needs of the organisation could be identified, the Peers believe that NHC was not fully exploiting the opportunity to develop its capacity and capability. Creating an organisational development or workforce plan that horizon scans for future challenges and sets out clear processes for learning and development, skills audits, appraisals, succession planning, recruitment and retention will assist the council in delivering on its goals and achievement of council plan outcomes.

Capitalising on the digitalisation skills and capacity, NHC should deliver a modernisation programme that cuts across the council. Using the council plan and priorities as a starting point, and the digital strategy and resources as enablers, there

is an opportunity to develop a council-wide modernisation programme with engagement of all staff and elected members which sets out what type of council you want to be and the tools you will use to achieve this.

Whilst there have been improvements made to the chairing, organisation and effectiveness of the overview and scrutiny committee (O and S), some issues remain around the code of conduct and presentation of reports to committee. Peers recommend the council resets expectations of behaviour regarding internal council relationships and ways of working. They also agree with the previous CPC recommendation that executive members should lead at O and S and be visibly accountable for recommendations, decisions and performance. Peers noted that the design of the performance management system appeared to enable projects to go unmanaged if time-bound milestones were not clearly identified. Information and target-setting are likely to be more rigorous and comprehensive if officers are not unduly concerned about being unfairly challenged.

The council spent time in 2022 developing a place narrative for North Herts with partners and stakeholders. Peers found this had not landed externally in all areas and needs to be revitalised to clarify what makes North Herts special. Whilst the Peers appreciate that a large district with a number of urban centres and a large rural area does not lend itself to being easily defined, agreeing and communicating the place narrative for North Herts to encapsulate its character and attributes will serve to define and promote North Herts, giving a voice to its rural roots, and fostering a distinct identity for the area.

In the same way that NHC promoted itself and the Churchgate project at the UK's Real Estate Investment and Infrastructure Forum (UKREiiF), the council needs to maximise collaborative opportunities with partners and stakeholders to get the best outcomes for North Herts. As a trusted partner there are opportunities available.

Peers thoroughly enjoyed their time at North Herts Council and the opportunity to observe a range of some of the work/projects the council is delivering. There are many examples of good practice which the council should be proud of. The reflections and recommendations from peers are intended to help the council on its improvement journey.

3. Recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

3.1 Recommendation 1 – Develop the golden thread

Engage all staff and partners in developing an annual delivery plan with clear priorities, outcomes and measurable KPIs – golden thread:

- Align the financial strategy with organisational priorities, ensuring that there is a real balance between income and expenditure and that there is no longer a reliance on the use of reserves to produce a balanced budget.
- Align the digital transformation and capital projects with organisational priorities.
- Align service plans and staff objectives with the council plan.

3.2 Recommendation 2 – Prioritise

Collectively the political and officer leadership needs to be clear about what it wants to do and how the “one team” is going to do it. There may be things that have to take longer, be paused or stopped in order to free up resources to deliver the priorities.

3.3 Recommendation 3 – Place narrative

Promote the place narrative for North Herts that encapsulates its character and attributes. This narrative will serve to define and promote North Herts, giving a voice to its rural roots, and fostering a distinct identity for the area.

3.4 Recommendation 4 – Partnerships

Maximise collaborative opportunities to get the best outcomes for North Herts. There are willing partners ready to support delivery of shared ambitions.

3.5 Recommendation 5 – Leadership

Build energetic and visible officer leadership, with more strategic impact. Create opportunities for more in-person communications and support senior officers with the

skills and time to look “up and out” to develop strategic partnerships and strategy. Develop new ideas to get people excited about working for North Herts Council.

3.6 Recommendation 6 – Organisational Development

Create an organisational development plan that horizon scans for future challenges and sets out clear processes for learning and development, appraisals, succession planning, recruitment and retention.

3.7 Recommendation 7 – Ways of working

Reset expectations of behaviour regarding internal council relationships, ways of working and responsibility for presenting committee reports. This includes the behaviour and roles and responsibilities of members to members, members to officers, officers to members and officers to officers.

3.8 Recommendation 8 – Performance management

Improve the rigour and transparency of performance management. Be clearer in explanations regarding corrective and preventive actions, set challenging targets and use the data to drive improvement.

3.9 Recommendation 9 – Modernisation

Capitalise on digitalisation skills and capacity to deliver a modernisation programme across the council.

3.10 Recommendation 10 – Project management

Strengthen project and programme management. Be clear on the skills and resources required and ensure the delivery framework which includes lessons learnt and benefits realisation is applied consistently across all projects.

4. Summary of peer challenge approach

4.1 The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected by the LGA on the basis of their relevant expertise. The peers were:

- Cllr Hugo Pound, Leader of Labour Group - Tunbridge Wells Borough Council
- Cllr Sarah Bütikofer, LGA Regional Peer - North Norfolk District Council
- David Blake, Managing Director - Worcester City Council
- Rob Gregory, Assistant Director Digital Transformation and intelligence - Wigan Council
- Amy Webb, Director of Corporate Services/Section 151 Officer - North Somerset Council
- Jacqui Smale, Adviser - Improvement Coordination and Strategy - LGA
- Kirsty Human - LGA Peer Challenge Manager

4.2 Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities? Is there an organisational-wide approach to continuous improvement, with frequent monitoring, reporting on and updating of performance and improvement plans?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?

3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges? What is the relative financial resilience of the council like?
5. **Capacity for improvement** - Is the organisation able to bring about the improvements it needs, including delivering on locally identified priorities? Does the council have the capacity to improve?

As part of the five core elements outlined above, every Corporate Peer Challenge includes a strong focus on financial sustainability, performance, governance, and assurance.


In addition to these themes, the council asked the peer team to provide feedback on:

6. The approach and delivery of **digital transformation**.

4.3 The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. 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 by reviewing a range of documents and information to ensure they were familiar with the council and the challenges it is facing. This included a position statement prepared by the council in advance of the peer team's time on site. This provided a clear steer to the peer team on the local context at North Herts Council and what the peer team should focus on. It also included a comprehensive LGA finance briefing (prepared using public reports from the council's website) and a LGA performance report outlining benchmarking data for the council across a range of metrics. The latter was produced using the LGA's local area



benchmarking tool called LG Inform.

The peer team then spent four days onsite at North Herts Council, during which they:

- Gathered evidence, information, and views from more than 50 meetings, in addition to further research and reading.
- Spoke to more than 100 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

5. Feedback

5.1 Local priorities and outcomes

The new Labour and Co-operative Party administration has worked hard to develop a [council plan 2024 - 28](#) based on their political manifesto. Published just a week before the Corporate Peer Challenge (CPC) details of the plan have yet to filter down through the organisation or externally to partners; peers heard of plans being discussed to ensure this happens, including using [videos](#) shared on social media and through the winter 24 edition of the residents' magazine "Outlook".

The new council plan is the fourth to be developed since 2018. Peers stressed the importance of distinguishing the new plan from the old and the need to ensure everyone understands what NHC wants to achieve. The priorities of thriving communities, accessible services, responsible growth and sustainability are broad-ranging and peers were concerned that if everything is a priority then actually nothing is. Peers recommend that collectively, the political and officer leadership are clear about what they want to do and how as "one team" they will deliver it. There may be things that have to take longer, be paused or stopped in order to free up resources to deliver the priorities, but by constructively discussing the options, informed decisions can be made.

Work has now started on developing an annual delivery plan to support delivery of the council plan. It is essential that every part of the organisation, and its partners, understand their roles in delivering the actions, achieving the outcomes and realising the benefits if satisfaction, value and organisational alignment are to be attained.

The medium-term financial strategy (MTFS) needs to support delivery of the priorities. For example, one of the council's objectives is to "Engage with you on the best option for regenerating the Churchgate shopping area of Hitchin." For this to be achieved, there needs to be ongoing budget allocation in the MTFS or capital strategy for the project to ensure deliverability, recognising the fact that there will be a significant loss of income over a long period when the shopping centre is demolished and rebuilt. Another example is to "Work with the Herts Business Support and Skills programmes to increase activities available for North Herts businesses and

residents” in order to do this the council needs to budget to increase its economic development resources from the current 0.5FTE.

Peers recommend the council engages all staff and partners in developing the annual delivery plan with clear priorities, outcomes and measurable performance indicators, which aligns with the financial strategy, digital modernisation and capital projects to create the organisational golden thread. This will ensure the council’s goals, vision and values inform and are informed by its processes, systems and people.

NHC recently undertook a rigorous procurement exercise for the management of the council’s leisure contract. From 1st April 2024, Everyone Active took over the management of North Herts Leisure Centre, Hitchin Swimming and Fitness Centre (formerly Hitchin Swim Centre and Archer Fitness), Royston Leisure Centre, Letchworth Lido (formerly Letchworth Outdoor Pool) and Fearnhill Sports Centre.

Peers commented on how well-led the procurement phase had been and how the new contract will deliver not just financial benefits to the council but a raft of social value benefits, including jobs for those not in education or employment (NEETs), presence at job fairs and volunteering opportunities. Early performance data shows that the visitor numbers are exceeding previous years with membership numbers increasing. The only issue peers heard was with the complaints process, which is managed by the council rather than the operator. Reviewing this to remove the council from the process will speed up response times, improve customer satisfaction and create efficiency for both organisations.

After a five-year public examination, NHC adopted its [local plan](#) in November 2022 with the aim of delivering 11,600 new homes by 2031. Many homes will be delivered through strategic sites including, land north of Letchworth (900 homes), land north of Stevenage (900 home), land east of Luton (2,100 homes) land to the north-east of Great Ashby (600 homes) and land north of Baldock (2,800). The council was also successful in designating a significant new area of green belt within the district.

Currently, housing delivery is not keeping up with [local plan targets](#). The council partially attributes this to the delay in larger allocated sites coming forward which

would provide 40 per cent affordable housing. However, as strategic sites come forward, affordable housing scheme expectations should continue to be met over the rest of the plan period.

NHC has an [equality, diversity and inclusion strategy 2022 – 2027](#) (EDI), with four objectives and an action plan. The progress so far includes:

- Use of an online tool to check that the language of job descriptions is as neutral as possible and not likely to dissuade certain groups of people from applying.
- Equalities questions asked of prospective suppliers of goods/services above a certain threshold during the procurement process, via the selection questionnaire.
- Creation of a councillor parental leave policy to support those members who need to take time off for maternity, paternity, shared parental leave, or adoption leave.

An inclusion group, set up in 2021 involving staff from across the council meets quarterly to drive the EDI agenda forward within the council. They have worked through the LGA's "[Diverse by Design – 15 key elements](#)" and this has resulted in the introduction of some staff networks including, the menopause kitchen and neurodiversity at work.

Committee reports include an equalities implications section, with full equality impact assessments produced where there are significant issues to consider, for example in the [museum storage options appraisal](#). The policy and strategy team also publish an [annual cumulative equalities impact report](#) based on the EDI sections from each cabinet and council report throughout the year.

On 21 May 2019, the council passed a climate emergency motion. The [climate change strategy 2022 – 27](#) was reviewed in 2022 to align the strategy with latest research and produce a revised [action plan up to 2026](#). NHC aims to be net-zero in council operations by 2030 and for the district to be net-zero by 2040. The council is committed to making consideration of climate change central to decision-making and actions with good processes in place, an executive portfolio for environment and

leisure and the appointment of a service director as strategic lead for climate change to ensure climate change and work around it is led and considered at the highest levels within the council. Increasing the officer capacity, by recruiting a climate change and sustainability project manager in this area is also a positive sign of the priority given to this area of work.

NHC was successful in securing £7.7m from the Department for Energy Security and Net Zero to decarbonise its three leisure facilities. The funding is being used to decommission end-of-life gas boilers at the leisure centres and replace them with air source heat pumps, install solar PV panels and fit cavity and external wall insulation. Scheduled over a two-year period, starting in April 2024, the project aims to achieve annual savings of up to 1,176 tonnes of carbon, resulting in a total energy usage reduction of up to 68 per cent – contributing significantly to the council's net-zero target, whilst reducing the operating costs through a reduction of energy consumption.

An organisational net-zero target of 2030 is ambitious, but a district-wide net-zero target of 2040 will be extremely challenging. Peers observed that the current climate goals are mostly internally focused. To achieve the district-wide target, consideration needs to be given to, but not restricted to, how NHC will work more directly with partners and communities to agree climate responsive policy and strategy, increase education, influence behaviour change and provide alternative transport solutions.

5.1.1 Performance

Peers only heard positive comments regarding the council's service delivery. This is validated by performance against Cifa near neighbours (similar councils) when compared against a number of national performance indicators. The [LG Inform report](#) shows that NHC performs in the upper quartiles of the majority of indicators. It is the most efficient council in the group for processing of new housing benefit claims and change of circumstances, taking just two days, half the average time. Planning, waste, health and education metrics also present a positive picture.

Within the near neighbour's comparator group, the council is above average for the number of people on the housing waiting list, which can be correlated with the below

average delivery of affordable housing resulting in a supply and demand issue. Interestingly the number of households in temporary accommodation is below the average at just 1.75 households, suggesting the council's partnership with its housing partners are working well.

There is comprehensive performance management of the leisure and grounds maintenance contracts with a renewed focus on governance which has improved the contract management. There are regular client/contractor meetings, a quarterly leisure partnership board and challenging key performance indicators which are closely monitored and managed.

In summary the council's performance management framework sees the annual delivery plan, made up of key projects, risks, performance indicators and progress against milestones reported to the cabinet on a quarterly basis (having been through pre-scrutiny). In addition, performance and risks are reported quarterly to the performance and risk management group and O and S committee. Reports provide a [high-level overview](#), with access to detail via officers or the online system 'Ideagen'.

Peers questioned the functionality of the system as it appeared that if no milestones were set, the system marked the project as green (on target). In the most recent report, key performance indicators were almost entirely met, and did not appear ambitious. Where either performance or projects were missing targets or milestones, peers felt the explanations (why the project had slipped and what was planned to correct the position) were not detailed enough to make informed decisions.

Good practice suggests more detailed corrective and preventive actions should be included in performance reports. Peers recommend the council improves the rigour and transparency of performance management by being clearer in explanations, setting challenging targets and using the data to drive improvement – comfortable target setting will stifle improvement and innovation. Members need to see the right information in order to provide oversight and challenge where required.

Performance improvement is led by the Leadership Team (LT) who review the service action plans and KPIs. Peers were unclear on the role of middle managers in the performance improvement space – if they were more involved in performance

management, this could free up LT capacity for more strategic work.

Strengthening the golden thread from the council plan through to the annual delivery plan, service action plans and regular performance reviews (RPRs) would help all staff to recognise where individually and as teams they are helping to contribute to the delivery of the council's priorities, aims and ambitions.

5.2 Organisational and place leadership

Organisational

The council is fortunate to have maintained stability in the officer leadership through challenging times, for example during the covid pandemic and political leadership fluctuations. Peers heard the current LT has a combined 120 years-worth of service at NHC and a combined 180 years-worth of local government service. By contrast, since 2018 the council has had three different political administrations, four different leaders and four different deputy leaders, with 19 new councillors in May 2024.

The LT meet fortnightly, and the MD meets each service director individually every four-six weeks, in addition to frequent meetings with the statutory officers. The MD has weekly briefings with the Leader and Deputy Leader of the council, as well as separate monthly briefings with the leaders of the two opposition parties. The Political Liaison Board (PLB) meets monthly and is made up of executive members of the Cabinet, MD and service directors, providing a safe space for discussion and the start of policy development, as well as receiving briefings on matters of interest/importance.

Since June 2018 a senior management structure has been in place, with six service directors responsible for resources, regulatory, place, customers, commercial (now called enterprise) and legal and community. In September 2023, recognising capacity issues in the LT, a temporary service director for housing and environmental health was appointed on an 18-month secondment from Hertfordshire County Council. Peers found it difficult to align the roles and responsibilities of Cabinet portfolio holders with the titles, roles and responsibilities of the service directors.

From discussions with LT, staff and members, peers concluded that whilst the

temporary arrangements to increase to seven directors have provided additional support to individual members of the LT, overall capacity remains stretched. The current arrangements are not allowing for strategic leadership. Service directors are regularly drawn into operational activities, business as usual and specific projects, sometimes due to capacity issues in the services they oversee, but also due to a shortage of time set aside for LT to focus on strategic organisational and place leadership. This includes time with the administration to work through specific issues, problems and strategy development.

Peers believe there is too much looking “down and in” and not enough looking “up and out” and recommend [1] building an energetic and visible officer leadership, with more strategic impact [2] creating opportunities for more in-person communications [3] supporting senior officers with the skills and time to look “up and out” to develop strategic partnerships and strategy and [4] developing new ideas to get people excited about working for North Herts

To support the LT with this recommendation, the council should review the regular performance review (RPR) process to incorporate wider feedback for senior officers, for example, introducing 360-degree feedback and other best practice from the [LGA/Solace leadership standards for excellence](#). Coaching and mentoring may also help support development for senior officers and elected members along with “deep think” away days to build time for the two leadership teams to work collaboratively on strategic issues.

Staff welcome the flexibility in working practices. Since the pandemic the council has resisted issuing a formal decision on the number of days staff need to be in the office, choosing to allow managers and teams to find solutions which work best for them, while maintaining service delivery standards. Whilst valued by staff, peers heard from members and officers that they also wanted to see more visibility of the LT and opportunities for active listening.

Peers were surprised at how quiet the council offices were during their visit, having been told it was busier than usual because of the CPC. It seemed to peers that although the flexible working policy is valued, that maybe it has gone too far, with officers and elected members commenting on the lack of visibility and availability of

staff in particular the LT. Flexible working makes it harder to get everyone involved and engaged in the council's vision and values.

Currently internal communications include a range of in-person and virtual methods including staff briefings, digital staff magazine, intranet, digital notice board and monthly staff consultative forum (SCF). Peers discussed with the MD and leader implementing more engagement opportunities such as, in-person meetings with new starters, the MD joining team meetings, in-person all staff conferences, compulsory attendance at senior manager meetings and video blogs. It is recommended that the leadership works at developing new ideas to get people excited about working for North Herts and engaged in delivering the council's priorities.

Place

NHC are a respected partner in the county, participating in countywide networks including:

- The Hertfordshire Growth Board – NHC MD is the Chief Executive lead for the Right Homes, Right Places workstream and the Leader is the co-Chair.
- Herts Leaders Group - Leaders of the 11 Hertfordshire authorities, plus the Police and Crime Commissioner.
- Chief Executive Co-ordinating Group (CECG) - Chief Executives of the 11 Hertfordshire authorities, plus the Chief Constable and health representatives.
- The north, east and central Hertfordshire authorities' group (five district/boroughs plus the county council) - chief executive and heads of planning grouping to develop a joint strategic plan/ spatial development strategy, of which NHC MD has just been nominated to take the lead chief executive role on the group.

It is recognised that the Leader is in the process of developing some of these relationships and deciding where best to allocate precious time. On the officer side, there seems to be a Hertfordshire expectation that the Chief Officer/MD will attend all strategic meetings when this is not always necessary. This creates an opportunity for the service directors to develop relationships across the strategic partnerships to

ensure the NHC voice is heard, influence is applied, and system leadership demonstrated. Peers heard this is beginning to happen with health, the voluntary sector, Business Improvement Districts (BIDs), police and housing.

The council has a good relationship with its main registered social landlord, settle, who manage approximately 80 per cent of the housing stock in North Herts. Together they used funding from the Homelessness Prevention Grant (HPG) and two rounds of the Local Authority Housing fund (LAHF) to house refugees under the Ukrainian and Afghan resettlement schemes. settle also has 140 properties allocated to temporary accommodation which the council relies heavily on.

Peers heard a good example of joined up partnership working on Anderson House. Working with OneYMCA, GPs, MHCLG and settle, the council is supporting the sale of an old care home to OneYMCA to provide homeless accommodation for people in North Herts.

The partnerships with leisure and grounds maintenance providers are also positive, with contractors welcoming the use of Partnership Boards to review performance, consider service development opportunities and provide a strategic oversight role for the contracts and the relationship between the contractor and council. It was a model one contractor wished every council followed.

Economic development (ED) is a priority for the council. The corporate plan states: *“We also want to support economic growth across our district. We will prepare Town Centre Strategies and an Economic Development and Tourism Strategy to outline our approach to enhancing our town centres, business engagement and support, tourism, and emerging economic growth opportunities. We will work closely with businesses and other partners to deliver on our key objectives”*. Peers question whether the council has the resources to achieve this. Currently only half a post is allocated to ED and although there are opportunities with neighbouring councils and Herts Futures, the current capacity is not sufficient to deliver the council’s ambitions and those your partners see as collaborative prospects. Peers acknowledge the plans to restructure this part of business and urge this is done at pace.

The Churchgate Centre is another council priority. Promoted at the UK's Real Estate

Investment and Infrastructure Forum (UKREiIF), the project to regenerate around five acres of land including the shopping centre in the centre of Hitchin is drawing national and international interest. Peers see this as an opportunity and a risk for the council. A small team of officers and a larger team of external consultants have led the project so far – the largest project since the housing stock transfer. It is vital the council continues to review the capacity and resources required for the next stage, whatever that may be, to minimise the many associated risks. Peers recommend the council maximises collaborative opportunities to get the best outcomes for North Herts. There are willing partners ready to support delivery of shared ambitions.

In discussion with NHC and partners, it became clear there are future opportunities to explore accommodating local partners within the NHC building. This would improve relationships, enable joined-up service delivery and support the council's commercial ambitions.

A new [marketing and communications strategy](#) was published for the period 2024 - 28 which is focused on reaching communities, providing opportunities for engagement and promoting North Herts – although this needs to be clearly linked to the Place identity. Peers were impressed by the Citizens Panel and the role it plays in informing council decisions. Likewise, there are opportunities for residents and communities to meet in person at monthly councillor surgeries in the four market towns. These opportunities are in addition to broadcast communications such as the council's website, press releases, social media channels and the council magazine "Outlook". Peers heard that the community forums somewhat duplicated the already comprehensive engagement opportunities, and that they replicated the opportunities presented at surgeries while placing additional burdens on officers.

Following the last district-wide phone survey in 2022 (previously carried out every two years) the council moved to a digital Community Survey in 2023 enabling instant snapshot views from residents to be gathered on a more frequent basis. So far [results from the digital survey](#) have been noticeably lower but are improving.

The council spent some time, following the last CPC in 2020, developing a [place narrative](#). Despite the considerable effort put into this, peers did not hear from staff or partners a clear sense of what North Herts is about and what makes it special.

Development of the town centre strategies and economic development and tourism strategy feed into the narrative but it needs to be brought to life and communicated through all the channels available, so that everyone knows what the vision is. Peers recommend the council promotes the place narrative for North Herts encapsulating its character and attributes. This narrative will serve to define and promote North Herts, giving a voice to its rural roots, and fostering a distinct identity for the area.

NHC is a Partner of Hertfordshire Climate Change and Sustainability Partnership (HCCSP), a strategic group which acts as the lead partnership organisation for local authorities and Hertfordshire Futures to collaborate and identify joint work programmes on environmental, climate change and wider sustainability issues. HCCSP works to coordinate action across the county across six themes: Adaptation, Behaviour change, Biodiversity, Carbon reduction, Transport and Water.

5.3 Governance and culture

NHC moved to all-out elections in May 2024 following a Local Government Boundary Commission for England review of ward arrangements. A new Labour and Co-operative Party-led minority administration and a new council leader have been in place since May 2024 (succeeding the Labour and Co-operative/Liberal Democrat joint administration of 2019-2024). Peers found the new political administration to be ambitious and open to change. They are open about their experience, frustrations and ambitions. The honesty of all elected members involved in the CPC was positive and welcomed.

A councillors' learning and development protocol has been developed and endorsed by the learning and development member champions, who are currently the three group leaders. The induction week for new members in May 2024 was followed by a targeted programme of learning and development which included planning, scrutiny and finance (mandatory for all committee members). Member development days are programmed bi-monthly with the majority having been planning focused so far (S.106, climate, master planning and climate change).

Peers received mixed responses regarding the satisfaction of members regarding their learning and development. It is difficult to please everybody all the time and with

lots of working members, daytime training is difficult. Peers suggest the Learning and Development Member Champions survey all elected members to gather preferred views on issues including timing, content and delivery methods. This information could then be used to develop future opportunities along with expectations around attendance.

Staff were very positive about working for NHC but there was a lack of understanding in some areas of the reasons behind the changes being made. With regard to the improvement, transformation and savings programmes, some staff were feeling “done to” rather than “done with”. This was not a wholesale view, but it highlights the need for leadership to be clear on the messaging and opportunities for engagement with all staff, to ensure these changes are owned by all levels of the organisation. Staff need to be clear on the outcomes the council is looking to achieve if they have a chance of being on board. No matter how great a strategy is, the plan will fail without a culture that encourages people to implement it - “culture eats strategy for breakfast”.

The [previous CPC in 2020](#) raised concerns around O and S In particular pages 17 – 19 of that report detail the issues and recommendations. Peers were pleased to see that some of the recommendations had been acted upon and a new part-time scrutiny officer has been appointed to support the committee. A task and finish group looking at section 106 contributions is also being established. The committee is well chaired and there is order and structure to the workplan. However, peers heard “*we are working on making scrutiny a safer space.*”

This comment reflects an issue voiced in 2020, that “*executive members should lead at O and S and be visibly accountable for decisions and performance. Current O and 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.*”

Peers observed that not all reports to committee are owned by executive members, and they should be - this has led to officers being caught in political crossfire. There

is undue concern amongst some officers that they will be intimidated by elected members when presenting at committee. Some elected members also said there had been times they felt oppressed by other members. The council's [standards committee](#) also references examples of this. Finally, peers also heard from some officers that they felt uncomfortable at the way other officers had treated them within the more general working environment.

There was a recognition that conduct is improving but needs to go further. Peers recommend the council resets expectations of behaviour regarding internal council relationships and ways of working. This includes the behaviour and roles and responsibilities of elected members to elected members, elected members to officers, officers to elected members and officers to officers. They also agree with the previous CPC recommendation that executive members should lead at O and S and be visibly accountable for recommendations, decisions and performance. Information and data are likely to be more rigorous and comprehensive if officers are not unduly concerned of being challenged.

Allowing more time between O and S and the Cabinet meetings would increase the impact members can have with pre-scrutiny. Looking at decisions before they are made provides an important means to influence those decisions, and to improve them. Currently there is just one week between the meetings which does not allow much time for officers to take O and S comments and suggestions and revise Cabinet reports. [Best practice](#) would suggest two to three weeks would be a more acceptable timeframe.

Committee end times is an issue that was also previously raised. Peers feel the current end times are not conducive to good decision-making and should be reviewed. Decisions made late into the night could be challenged, and late end times impact on the welfare of all those in attendance. Democratic Services staff are particularly impacted by this as they are often attending regular evening meetings and unable to take time back due to the pressure of minute writing, agenda formatting and member briefings.

The internal audit function is delivered via a shared service (shared internal audit service), with Hertfordshire County Council as hosts and six other district and

borough councils. The shared service helps to provide resilience, access to greater expertise and shared learning. Internal audit is used to support improvement and the audit plan targets areas of opportunity and risk.

The council had an unqualified audit opinion and value for money position for 2021/22. For 2022/23 the external auditors considered the council had proper arrangements for value for money (VFM) in their [interim VFM report](#). The [head of internal audit opinion](#) was one of reasonable assurance for 2023/24.

A thorough process is in place to draft the council's annual governance statement (AGS) and it provides a robust and honest assessment of the effectiveness of the council's governance arrangements. The finance audit and risk committee (FAR) reviews progress on the AGS action plan during the year. In terms of the current action plan, progress has been made on various actions including, HR and the Leadership Team reviewing and evaluating officer uptake of essential e-learning modules. All essential modules, except for Fraud Prevention, now have completion rates above 75 per cent.

The council's FAR Committee, as the name indicates, considers financial matters. Its terms of reference includes consideration of the medium-term financial strategy (with recommendations to cabinet) and budget monitoring. This is extremely unusual, and peers are concerned about a potential conflict of interest with audit and governance matters. They question how the committee can be objective regarding the systems and processes supporting the council's financial arrangements, when it is also part of those arrangements. The committee in its effectiveness review considered moving budget monitoring to the O and S Committee but decided against doing so, planning to review the position in 2024/25. Peers strongly suggest the terms of reference are reviewed and financial decision making is separated from any committee tasked with reviewing the council's financial performance.

5.4 Financial planning and management

NHC has strong financial management including good reserves and low borrowing. As of 31st March 2024, the council had £26.7m in reserves, made up of £14m general reserves and £12.7m earmarked reserves. The recommended minimum level of

general reserves is £3m for 2024/5, for which the council has a healthy buffer. The council's overall cost of borrowing as a percentage of its revenue budget is projected to be 7 per cent at its maximum in 2028/29, based on the proposed capital programme. For 2024/25 it is estimated to be a modest 2.8 per cent.

The council consistently delivers within budget. Council approved the revenue budget for 2023/24 of £18.496m in February 2023. At the end of the financial year, the working budget had reduced to £16.688m. An underspend of £2.4m was also recorded in 2022/23. Whilst spending below budgets is generally positive for the council, significant underspending on the revenue budget and approving large levels of carry forwards, creates the strong impression there is significant slack in the budgets and or issues with delivery of objectives.

The council has an unconventional way of reviewing the budget during the year by formally revising that budget through the monitoring process. As an example, in 2022/23 the budget was formally revised four times (Q1, Q2, Month 8 and Q3). The outturn variations are compared to the last approved version of the budget. There is a summary of the reasons for the changes during the year in the outturn report using budget at start of 2022/23. Each time there is a budget monitoring report to Cabinet there is formal approval to the budget recognising variations between the budget and the projected outturn. Carry forward requests and impacts on the next year's budget are also noted.

This means the projected position at any quarter's monitoring becomes the approved budget and there is an incremental approach to budget setting. Peers are concerned this may create a lack of incentive for managers to keep within budget when budgets are overspending, or income levels are below projection.

Despite the alternative approach to budget monitoring, members have confidence in financial management and peers were assured by the level of experience, skills and resources in the finance team.

NHC has a low-risk legacy, which has put them on a sound financial footing, although this was something the previous CPC referred to in one of the recommendations - "be brave". Seeing an opportunity, the council acquired the leasehold of the

Churchgate Shopping Centre in August 2022 for circa. £4 million which means they are now the sole owner of both the leasehold and freehold of the shopping centre, market, and surrounding car parks. This has unlocked a large five-acre town centre regeneration opportunity that could dramatically enhance Hitchin. Currently at consultation stage, there are no firm plans around what the project will look like and who will take on the financial risk.

Whilst it is acknowledged that plans for the Churchgate shopping centre are to be crystallised, there will come a point very soon when the MTFs needs to show a capital investment allocation or indeed a reduction in income from the current use. If Churchgate is a priority for the council, then the financial strategy needs to align with the council's ambitions and include a clear investment strategy for reserves. Peers support the council in taking professional advice on the project given its complexity and the potential financial risks. Given the level of turnover within the council staff base, the council could consider stretching the vacancy margin to enable investment in additional capacity.

The 2024/25 budget is balanced by using £1.7m of business rates reserve and no council-wide savings target. In future years the MTFs projects a savings requirement of £1.8m in 2025/26 rising to £2.5m in 2026/27, in addition to needing circa £0.7m from general reserves in both 2026/27 and 2027/28. There is no indication of the strategy the council is planning to use to identify the areas for savings and financial forecasting needs to be refined to ensure realistic savings targets are developed. This will free up reserves to invest in things which will have a tangible benefit to residents and the council.

The council is of the view that its level of general reserves allows it time to identify and deliver savings. Budget consultation was due to take place with residents over the summer of 2024 before implementing any savings proposals but was postponed due to the general election. The plan is to consult in summer 2025 and use business rates and general reserves to help balance the budget in the interim period. Peers thought it would be more sensible to smooth the level of savings required in future years by including some in 2025/26 – why wait until 2026/27?

The Chief Finance Officer (CFO) has suggested that future savings are likely to

require service change and reduction. This will require a step change in the council's approach to modernisation and transformation and everyone will need to be on board. Peers suggest the savings plans are generated together, urgently, to balance the budget over the life of the MTFS, fund council ambitions, or ideally both.

The capital programme outturn for 2023/24 was £2.4m, this compared to budget of £8.5m that was set at the start of the year and was £4.1m lower than the projected outturn position at Q3. This is a significant level of slippage. Such slippage does not help the council in planning how the programme is funded, for example when and how much to borrow, the generation and utilisation of capital receipts. The council will require a massive step change in its capital activity if it is to spend the £22m in the 2024/25 programme and may wish to consider rebasing this or applying a technical adjustment to reflect likely delivery. Peers question whether the council has the capacity, systems and processes in place to be manage a programme of this size. In addition, there is no current commercial strategy, and any new version needs to be aligned to the council's priorities.

5.5 Capacity for improvement

Employees like working for NHC, peers heard from a generally happy workforce who feel supported to do their jobs and have access to learning and development opportunities if identified through their RPRs. The recent staff survey showed that 90 per cent of staff would recommend the council as an employer and this is reflected in turnover rates, which were 9.4 per cent for 2023/4 compared to a national district council average of 15 per cent ([LGInform 2022/23](#)). For the 2024 calendar year so far, 4.61 days per full time equivalent (FTE) short term absence, and 4.46 day per FTE long term absence were lost. This compares to a national district council average of 3.6 days short term and 4.9 days long term ([LGInform 2022/23](#)).

The council is committed to staff development and actively encourages opportunities for learning and development. Each service area has its own training budget and peers heard from a range of staff taking part in different programmes, including the MD. There are currently eight apprentices working across the council. The scheme has been running since 2013 and in that time 81 apprentices have been recruited, 35

stayed with the council at the end of their apprenticeship and 19 of the 35 remain working for the council now. In 2024 the NHC joined the LGA's national graduate scheme "Impact" with two graduates starting at the council in October 2024 for four six-month rotations in different service areas.

Recognising digital transformation as a priority, the council has created capacity in this area by utilising underspends in other staffing budgets. The team has since developed a digital and data academy alongside a specialist training provider to equip staff with skills to develop their careers, increase confidence and create efficiencies in new technology and data. So far 19 employees have asked to take part.

NHC is not alone in finding it hard to fill vacancies in areas such as environmental health, planning, legal and IT. Vacancy rates are approximately 19 per cent over the year 2023/24 and not far out of line with the national average of 22 per cent ([LGinform 2022/23](#)). The council raised concerns that its pay may not be competitive so in 2022 a benefits survey was carried out to review and further develop the reward package for employees. As part of this the council increased annual leave entitlement, introduced further salary sacrifice options and improved the service recognition scheme. Following a successful trial in 2019, the council also offers Christmas closedown.

By joining forces and supporting the LGA's [national recruitment campaign](#) starting in November 2024, the council is also part of a national recruitment drive elevating the perception of local government and improving recruitment right across the country - improving the landscape for all councils as well as individual regions. This supports the work the council has already done to improve recruitment.

Peers felt more attention was needed in aligning the council's staff resources to the council's priorities and risks. The new council plan references ambitions regarding economic development, transformation and climate. The council needs to consider if it has the right skills and capacity in these areas to deliver the project goals. And whether the current cabinet portfolios are aligned with the council plan to ensure the right amount of political sponsorship and oversight.

Where are the council's biggest risks? Peers suggest these are in the transformation/modernisation programme, regeneration projects and the number of discreet contracts that need management. Again, there is a concern that some of these areas are currently under-resourced, and the council's current project management framework could be reviewed to ensure tighter controls around scoping, design, delivery, benefits and oversight. Peers recommend corporate project and programme management is strengthened to ensure clarity on the skills and resources required and guarantee a consistent delivery framework which includes lessons learnt and benefits realisation.

To support the council in its capacity to deliver, a greater focus is needed on anticipating future capability and capacity to meet the council's needs in delivering the council plan. It needs to consider:

- What a more digitally enabled workforce looks like.
- What skills and agility are needed for the future.
- Succession and scenario plans.
- Options to recruit hard to fill roles.
- The views and opinions of staff and members.

Peers recommend NHC develops an organisational development/workforce plan that horizon scans for future challenges and sets out clear processes for learning and development, skills audits, appraisals, succession planning, recruitment and retention.

NHC is fortunate that it has funding available in reserve for investment, whether this be for staffing, external professional expertise or spend to save possibilities; the peers feel that both the officer and member leadership is increasingly recognising the potential opportunities in all these areas.

It is also noted that the council values, "listening, inclusive, learning, adaptable and together", are not widely understood or communicated and the links between the council's values and actions are not visible. For example, they are not referenced in the new council plan. There are posters up around the offices depicting the values

but given the flexibility in working practices, the council needs to do more to embed the values with staff and members.

5.6 Digital Transformation

A [digital strategy 2024 – 2027](#) has been developed which clearly outlines the council's vision, guiding principles and approach to delivering digital transformation accompanied by a road map charting the milestones to success. Alongside the strategy, NHC has invested in a well-resourced digital team to support services in the transition to more efficient ways of working.

The team is working on rationalising over 300 old legacy applications and has invested in Netcall to allow in-house development of new applications and streamlined workflows. Over 100 other councils are also using Netcall which allows collaboration and knowledge sharing with others who may be developing similar products.

Peers heard about the implementation of the new finance and cashier system and were impressed with the way the project has been managed. Aligning with the principles of the digital strategy, an old system was replaced with a new more modern system that can interface with many other systems. By building the system in-house the council is saving on license fees and contracts. There are also savings on software and banking by bringing payments in-house. The reduction in data entry requirements has enabled the redeployment of one member of staff and enables other staff to focus on more important tasks. It is a great example of the approach that can be taken by the digital team and service areas on the wider digital transformation project to support new ways of working, service efficiencies and in some cases financial benefits.

On the flip side, a project of this size draws large resources and peers heard that the lead officer had to almost give up their day job to project manage from start to finish, pausing some of their own work, handing tasks to other team members and working excessive hours to ensure a smooth transition. The level of IT support required was also underestimated, leaving lots of the core technical work being implemented as a matter of goodwill. In the end of project review, these issues will be reflected on and

hopefully lessons can be learned for future projects.

Project capacity was an area peers had concerns with too. The council lacks dedicated project management resources, expecting services to find the capacity within existing resources. This may be appropriate for small projects but in this case, peers heard it would have been helpful to have a corporate project manager to work alongside the service, digital team and IT team. Having funded a new digital team, the council should consider the capacity within the IT team to support its ambitions and be looking to increase the team's resilience and succession plan.

Artificial intelligence (AI) opportunities are being explored. Live chat and chat bots are already being pursued and a number of Microsoft Copilot licences have been purchased to allow a group of staff to begin experimenting with voice-activated services and generative AI. Peers advised of the importance in developing an AI policy to support the effective governance and controls necessary to really embrace the opportunities that AI will bring. The council's membership of the co-operative council's innovation network will enable it to draw from the values-driven AI framework that has just been produced.

A digital champions group has been established to proactively champion new ways of working and ensure the successful delivery of the digital programme. Staff from across all service areas are involved and peers recognised this as a good approach to engaging the wider workforce in the benefits of the programme. They act as a conduit passing concerns up to the oversight group as well as supporting the development of digital capabilities across service areas.

The council has also committed to training and development to upskill staff across the council in digital advancements. A number of staff including the MD are taking part in apprenticeships with Multiverse to help them navigate the ever-evolving digital and data landscape.

A digital-first approach is one of the digital strategy's priorities. This is not unusual as all councils want to make their services more accessible and user driven. However, in pursuit of this, it is important to remember the demographic and geography of North Herts. Whilst it is acknowledged the council operates many face to face

services such as surgeries and forums, due consideration needs to be given to digital exclusion. This is not restricted to ensuring traditional methods of communication remain available, but also considers the impact on people living in poverty, the elderly, people with disabilities, non-native English speakers and those living in remote or rural areas with poor broadband connections.

Whilst the digital strategy is clear on what it wants to deliver, peers could not see how it fits with the overall transformation/modernisation of the council. The golden thread linking through from the council plan, priorities, and into service plans was not visible. Despite various forms of communication and engagement around the digital strategy, staff were still confused about what it means and what the corporate message is around why the council is doing this. Some services feel “done to”, some are fearful of what might become of their jobs, and some are excited about what it might mean. Peers caution against underestimating the difficulty in winning hearts and minds and delivering cultural change.

Peers recommend NHC capitalises on the digitalisation skills and capacity to deliver a modernisation programme across the council. Using the council plan and priorities as a starting point and the digital strategy and resources as enablers, there is an opportunity to develop a council-wide modernisation programme with engagement of all staff and members which sets out what type of council it wants to be and the tools it will use to achieve this. Digital is one workstream, organisational development, enterprising assets and income generation may be others. The lack of a burning financial platform has to date delayed the need for this, but in the future, given the savings requirements that need to be made, the council needs to think differently.

6. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings. The LGA will continue to provide on-going support to the council. Following publication of CPC report the council needs to produce and publish an action plan within five months of the time on-site. As part of the CPC, the council is also required to have a progress review and publish the findings from this within twelve months of the CPC. The LGA will also publish the progress review report on their website.

The progress review will provide space for a council's senior leadership to report to peers on the progress made against each of the CPC's recommendations, discuss early impact or learning and receive feedback on the implementation of the CPC action plan. The progress review will usually be delivered on-site over one day.

The date for the progress review at North Herts Council is likely to be around September 2025 and will be scoped in due course.

In the meantime, Rachel Litherland, Principal Adviser for East of England, is the main contact between your authority and the Local Government Association. As outlined above, Rachel is available to discuss any further support the council requires.

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