


LGA Corporate Peer Challenge

South Tyneside Council

23rd-27th January 2022

Feedback report





1. Executive summary	3
2. Key recommendations	6
3. Summary of the peer challenge approach	8
4. Feedback	9
5. Next steps	27

1. Executive summary

South Tyneside Council's (STC) services are performing well, Children's Services are currently rated as "good" by Ofsted, and STC has achieved a range of physical regeneration projects over the last decade. There is clear and recognisable pride in the borough and its many physical assets, its strong industrial history, and in its communities. The proud local identity is shared by councillors, staff, and partners, and collectively there is a shared ambition to make a difference for residents, businesses, and stakeholders. External stakeholders suggest that the council could be more confident in recognising and promoting its achievements and successes.

Stakeholders feel the council has responded well to the pandemic, and there are many examples of employees going above and beyond what would usually be expected in order to support residents, and this was also evident in the response to Storm Arwen in November 2021.

The past two years have been challenging for the council, following whistleblowing by senior officers and the departure of the former Chief Executive, and former Leader. There is a police investigation underway relating to concerns of a very specific financial nature which at the time of the peer challenge was not concluded. This is in addition to, alongside all other councils, the council managing the local response to the Covid-19 pandemic.

Governance arrangements have been in the spotlight during the last 12 months, and good progress has been made. There is a clear and open understanding, driven by senior councillors and officers, including the Monitoring Officer, that there is much more to do to transform practices into a modern and open council, and there is a real sense that the council is on a journey of governance improvement. More attention is needed on the role, function, and impact of scrutiny; on calling out and tackling undesirable behaviours; revisiting the council's decision-making structures and processes to ensure all aspects are cohesive and necessary; and widespread and comprehensive training and support for all councillors so they can add maximum value.

The new Leader of the Council stepped into the role in November 2020, and this appointment was formally endorsed by Full Council in January 2021. The new Chief

Executive joined the council in August 2021. Their positive working relationship and open approaches are widely recognised, both internally and externally, and welcomed in bringing a new tone and style to the council which is more collegiate and more open and engaging.

Overall stakeholders told us that the council is beginning to feel quite different, led from the top and there is growing optimism about working with and in the organisation, although this is tempered with a degree of caution from some people who have had negative experiences with previous relationships. The council has worked successfully with its partners, including championing the “Love South Tyneside” brand with the South Tyneside Partnership and the South Tyneside Pledge initiative across the borough on employment, skills and social value. Social care has improved through a co-production approach in both Adult social care through the ‘Living Better Lives’ strategy and the South Tyneside Alliance model was an NHS Pathfinder in 2017. Work with young people who are care leavers has also been independently identified as a strength.

Staff widely recognise that some of the organisation’s existing policies, processes and procedures are out of step with their ambitions to always do a good job effectively. Some of this is the culture of the organisation and some of this is how the council has arranged itself. The corporate centre of the council has been much depleted over the last decade and capacity is limited, despite the willingness of individuals to drive and deliver improvement. Some back-office functions are outdated and in some instances are paper-based which is expensive and inefficient. These processes would significantly benefit from a new approach and investment to support better ways of working, which ultimately will serve the needs of residents more efficiently, more effectively and quicker. For both councillors and officers shaking off established ways of working and taking a hard look at custom and practice, will be crucial if further improvement is to be achieved. This means that both cohorts will need to embrace more efficient and effective ways of working, commit to training and development, and be prepared to do things differently. For some individuals, this may be challenging.

A widespread baselining exercise is underway across the organisation to better understand the challenges the council faces, and to support the development of a new three-year vision. Surveys of residents, staff and businesses are underway, in

some instances for the first time in over a decade, to better understand the needs and aspirations of the borough. The baselining exercise includes this LGA Corporate Peer Challenge as well as internal departmental reviews and the council has sought external support from CIPFA to review internal mechanisms and structures in finance, risk and accountability. As these reviews are concluded it will be important to consolidate the findings quickly and establish clear actionable plans and communicate both so that everyone can see what happens next.

The council's financial position appears to be stable, despite the challenges of austerity over the past 10 years. This means that the council is able to use its finances as a springboard, as it seeks to modernise, including supporting the development and delivery of the new vision for the council, and outcomes for residents and the borough.

South Tyneside Homes is the council's wholly owned company and arms-length management organisation (ALMO), delivering a wider range of services in addition to housing, including street cleaning, estate management and residents' involvement. The current governance arrangements, its finances, performance, role, and function should be revisited considering the changing direction of the council and what it wants to achieve.

The new leadership of the council stepped into an organisation facing significant governance challenges, and has brought stability, visibility, and a new, more open approach to STC. This has created an expectation of change for the better. As it consolidates the council needs to address a series of fundamental questions about its future role and how it will operate, what it will do differently, and what it will and will not do to deliver its ambition. This will require strategic, big picture thinking which focuses on what is best for the long term of the whole borough and its residents. Many areas of improvement have already been identified by the council, and many of these need to be started soon. They are achievable, if underpinned by clear plans, more capacity and skills in the right places, rigorous programme and performance management, pace, disciplined behaviour, determination, and a focus on people which is more inclusive than it has been in the past.

2. Key recommendations

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

2.1. Recommendation 1

Revisit the borough-wide vision in light of the decade of change since it was agreed, Covid pandemic recovery and to reflect new and emerging political, partnership and residents' priorities.

2.2. Recommendation 2

As the emphasis is moving from physical regeneration to wider people-based regeneration, there is a need to develop a new overarching economic inclusion strategy. Key elements could include promoting economy and growth, and also to tackle poverty and homelessness, developing skills, promoting housing, measuring social impact, driving social value, and tackling digital inclusion.

2.3. Recommendation 3

Continue to develop the positive work of the Leader, Deputy Leader and the Chief Executive in engaging externally with regional partners and in their visibility with communities and within the organization.

2.4. Recommendation 4

Once agreed, the new vision will need to be underpinned by a new corporate plan, setting out how the council will deliver the vision, with key milestones, performance indicators, milestones and with clarity over accountability. This plan needs to be developed and agreed at pace.

2.5. Recommendation 5

The vision and corporate plan will need to be underpinned by a new strategic financial plan, incorporating the priorities for investment for the council and the community. It should consider how long-term revenue income is sourced, away from government funding.

2.6 Recommendation 6

Develop a corporate transformation programme properly resourced and prioritised to deliver improvement and modernisation across services and enabling corporate functions, to ensure the future sustainability of the council

2.7. Recommendation 7

Develop a set of values to underpin ‘the way we do things here’. A comprehensive Organisational Development Strategy and HR policies should be developed to embed these values, including approaches to learning and development, appraisals, leadership development, workforce planning, employee recognition, engagement, and wellbeing. There is scope to positively engage the workforce in shaping the values and behaviours that are required to create a thriving organization.

2.8. Recommendation 8

Continue to raise the profile of governance throughout the organisation focusing on conduct and behaviour, and ensure adequate resourcing for governance capacity. Councillors need show an overt commitment to modelling exemplary behaviours and be able to demonstrate that commitment through their day-to-day interactions with employees and with each other. An ongoing focus is needed on member-officer working relationships, values, roles and responsibilities.

2.9. Recommendation 9

Review the structure of the council’s committees to ensure they are fit for purpose.

2.10. Recommendation 10

Implement a comprehensive councillor Development & Training programme and review officer capacity to provide councillor support.

2.11. Recommendation 11

Clarify the role, function and interface of South Tyneside Homes and its relationship with the council.

2.12. Recommendation 12

Establish an equality, diversity and inclusion strategy that encompasses community outcomes, service delivery arrangements and workforce development. Consider how

effective community engagement can underpin the development of this plan.

3. Summary of the peer challenge approach

3.1. The peer team

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

- Chief Executive Peer – Jim Taylor
- Councillor Peer – Cllr Shaun Davies, Leader, Telford and Wrekin Council
- Officer Peer – Nick Graham, Director of Legal and Democratic Services, Buckinghamshire Council
- Officer Peer - Jane Carr, Director of Transformation, West Northamptonshire Council
- Officer Peer - Claire Taylor, Corporate Director – Customers, Organisational Development and Resources, Oxfordshire County Council
- Naomi Cooke, Head of Workforce, LGA
- Judith Hurcombe, Peer Challenge Manager, LGA

3.2. 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?
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?
 5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

In addition to these questions, the council asked the peer team to provide more detailed feedback on governance and culture.

3.3. 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 in order to ensure they were familiar with the council and the challenges it is facing. The team then spent four days in a combination of virtual and onsite meetings at South Tyneside, during which they:

- Gathered information and views from more than 40 meetings, in addition to further research and reading.
- Spoke to more than 100 people including a range of council staff together with councillors 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 councillors.

4. Feedback

4.1. Local priorities and outcomes

A climate emergency was declared in July 2019 and a new strategy to address the

emergency, called Sustainable South Tyneside 2020-2025, is in place. This includes a range of innovative projects being delivered, for example widely available electric vehicle charging points across the borough, refurbishing South Shields Town Hall, introducing four combined heat and power units including installing Photovoltaic Panels to 21 council buildings. Projects planned by the council include the Viking Energy Network in Jarrow which will use a river source heat source pump to utilising the River Tyne to heat 11 council buildings.

Storm Arwen in November 2021 caused widespread flooding, damage to properties and the loss of power to over 100 homes. The collective response with partners and councillors was good and included dealing with over 1,000 out of hours calls, property repairs, supporting people with emergency shelter accommodation and providing shopping for vulnerable residents.

Confidence in the organisation's ability has begun to grow and partners and businesses recognise more visibility and an increasing openness from the council at the most senior levels. Staff too recognise the beginnings of change for the better, and they have an ambition for the council to become more inclusive and more transparent in how it works, although some are cautious about potential changes ahead and how they will be managed.

The existing borough-wide vision 2011-2031 agreed by the South Tyneside Partnership in 2011 has ten high level outcomes, and the delivery of these was underpinned by a series of three-year plans, the last of which ended in 2020. The new Leader has set out five community priorities to help the council focus on short term recovery from Brexit and Covid. The council is aware that more work is needed to articulate how these fit into a new vision for the borough and the council, reflecting an ambition to develop more people-focused regeneration, as well as tailoring plans to the post-Brexit and Covid environment. Once agreed the new vision needs to be underpinned by a new corporate plan, which is clearly funded and supported by a renewed Medium-Term Financial Strategy.

Surveys of residents and the employee wellbeing survey were launched in November 2021. Customer surveys and other engagement within services has taken place more frequently, for example in Adult Social Care in September 2021 and by South Tyneside Homes in January 2022, but the residents and employee surveys were the

first to be undertaken at corporate level for a long time, in over a decade for the latter. In the same month the results of a survey with local businesses also concluded. These are important steps in STC moving towards a more data and evidence-based understanding of its communities and stakeholders, complementing the knowledge held by councillors and officers.

There is a new emphasis on using data, intelligence, and analysis to inform service delivery, improvement, and decision making, and there are some good examples where this has happened, for example on mental health issues and economic analysis. Health inequalities are clearly understood and led by the Director of Public Health and his team and there is good analysis of the impact of Covid-19 on the borough's communities. Good practice was demonstrated on the commissioned economic impact of Covid and Brexit and the emerging trends, opportunities, and challenges. This type of data and intelligence-led policy making needs to be more widespread and used to inform decisions of officers and Cabinet members. The council has recently commissioned an analysis of the current industrial and commercial sectors and categories of emerging economic growth in the borough. This is an excellent piece of work which will help to inform future planning. This analysis will also focus expectations of councillors on what is achievable economically in the borough for the future.

There are good examples of positive relationships, for example Friends Groups, although some communities were described as having had a strained relationship with the council. Relationships with some partners such as GPs and the community and voluntary sector are also described as largely good. Co-production is evident in some services, for example in mental health and in SEND on autism, where it is felt that engagement has been good. Adults Services also has a co-production framework. Overall, the view from staff is that despite pockets of good practice, the council lacks consistent skills spread across the council's workforce to engage well with communities, and where there is engagement, it is largely isolated to what happens within specific services. There is further potential to learn and share good practice and knowledge of communities, as well as processes of engagement across the council to make the best use of the intelligence available. There is also a desire from some employees to facilitate and support communities doing more for themselves and reducing reliance on the council. To achieve this aspiration detailed

engagement, research, insight, and analysis will be required.

Equality, diversity and inclusion (EDI) lacks widespread understanding within the council and requires concerted attention to move away from its current traditional approach. South Tyneside has lower than average numbers of residents from Black, Asian and Minority Ethnic (BAME) backgrounds at around 4 per cent of the overall population. Within the council the concept of equality, diversity and inclusion has a very low profile, to the extent that the Organisational Development Strategy (2018-2020) makes no reference to BAME, LGBTQ+ or disabled employees, nor to diversity and inclusion. In day-to-day conversations with the council, except with those from a very small number of officers, equality and diversity seems to be absent and does not appear to be currently reflected in communications with staff. This is despite evidence of historic reports from over three years ago which made recommendations on EDI, yet where it is hard to see what action had been undertaken.

There are no established employee fora which might be typically found for various groups across the council, such as women, LGBTQ+ or disabled employees. A renewed focus which seeks to enable a better understanding of the diversity of the workforce should be part of the council's transformation programme, to improve the council's support and wellbeing for its own employees, as well as to improve understanding of need for all of its communities. While there was no obvious resistance to EDI issues, there is a very evident lack of awareness in many parts of the organisation. EDI should be reflected more actively in communications with staff as part of a broader approach to developing an improved and more customer focused culture of the council.

Some staff have concerns that EDI approaches are tokenistic and that the workforce is not sufficiently representative of all of South Tyneside's communities, despite 86 per cent of the council's workforce living and working within the borough. Equality Impact Assessments are completed as required for written reports, but these appear to be undertaken by some as a tick box exercise arising from a procedural requirement, rather than a reflection on whether the impact of decisions and policies has a positive or negative effect on service delivery and residents. Some staff reflect that EDI is not a problem area for the council, but this seems to reflect a low awareness of what equality and diversity is, rather than an evaluation of how well the

council collectively understands EDI matters and the progress it could be making. There is however, optimism that the new leadership will bring more emphasis and support for more co-production with communities. A next step should be to establish an equalities, diversity and inclusion strategy that encompasses community outcomes, service delivery arrangements and workforce development. Consideration needs to be given to how effective community engagement can underpin the development of this plan.

The most recent Ofsted Children's Services inspection took place in 2017. It gave the council an overall rating of good, with outstanding performance for adoption services, and good for all other categories. The council is anticipating an unannounced inspection over the next few months. The DfE's Care Leaver Ambassador in October 2021 highlighted a strong offer to care leavers with the potential to move from "good to great" support. In 2019 the Care Quality Commission (CDQC) and Ofsted undertook a joint inspection of Special Educational Needs and Disability services of South Tyneside Council and South Tyneside Clinical Commissioning Group. This reported several areas in need of improvement in the way that children's needs were identified, assessed and met, and this has been an ongoing focus for the partnership.

4.2. Organisational and place leadership

Brexit and Covid-19 have presented significant challenges for all councils, including South Tyneside. In addition, STC has had serious governance issues to address following whistleblowing by the Monitoring Officer and Section 151 Officer. The former Chief Executive left the council in October 2020 and the former Leader of the Council resigned in November 2020. There is a police investigation underway relating to concerns of a very specific financial nature which at the time of the peer challenge was not concluded.

The new Leader of the Council stepped into her role at a very difficult time. She should be commended for her approach and for the way in which she has brought stability and leadership to both the council's membership, as well as its staff, and for the way the organisation delivered during the period without a permanent Chief Executive.

The new Leader, Deputy Leader and Chief Executive are visible and approachable, and this is universally welcomed, both internally and externally. They are having a

positive impact on working culture of the organisation, and there is an air of optimism for the future. They are also realistic about the scale of what needs to change.

Local and regional partners are supportive of the new leadership and are keen to work with the council to improve outcomes for the borough. There is potential for closer working with regionally elected representatives, for example the Police and Crime Commissioner and with local communities.

There is a clear passion for the place and to deliver good outcomes for residents, and there are some good examples of better than average delivery when compared to other metropolitan councils. These examples include faster than average processing of benefit claims, and high performance in approving minor planning applications. This is reflected in the data shown in the LGA's LGINform report https://lginform.local.gov.uk/reports/view/lga-research/lga-research-report-headline-report-bar-charts?mod-area=E08000023&mod-group=AllMetropolitanBoroughLaInCountry_England&mod-type=namedComparisonGroup

The council has a strong track record of physical environment regeneration and attracting inward investment to deliver it. There are several visible projects across the borough, including the International Advanced Manufacturing Park sited between Sunderland and South Tyneside, and the ongoing Dogger Bank Wind Farm development which has included £4.4m investment spent within the council's boundary on a new operations and maintenance facility at the Port of Tyne.

The new leadership of the council is bringing a different perspective and a stronger interest in the people and skills aspects of regeneration, and how to make the most of the physical regeneration projects for residents. A Skills Plan is in place, work is ongoing to change the remit of the Economic Regeneration Board to become an Inclusive Economy Board, and efforts are being made to engage with businesses on skills planning. Despite this the overall approach feels dispersed and needs a rethink so that the function can become more strategic. Responsibilities for skills are currently split between Children's Services, Regeneration and Environment directorates, and also partners. A rethink should be undertaken to increase collaboration between the two departments, and to support greater alignment between the council and stakeholders including schools, businesses and the college.

There has been diminishing capacity at the corporate centre and in some services for several years, for example some members of staff reflected that on paper they were referred to as a “team” whilst this referred to a single person. There are widespread concerns from managers and staff about the overall lack of capacity both corporately and within services. Financial cuts to services were necessary to manage austerity and the budget issues facing the council over the last decade which resulted in central services being cut as the council sought to protect and maintain good quality services. Some services took steps to address some of the gaps and have developed their own approaches and programmes, and in some instances, their own visions. However, outcomes for residents as a whole would improve further if an overarching corporate framework was introduced, which would provide a degree of consistency and buy-in across the council. The overall lack of capacity means that future planning needs to be careful to rationalise resources to achieve priorities. This will mean that decisions will need to be made about what to stop providing, or what can be delivered in different ways.

4.3. Governance and culture

The Leader and Chief Executive are clearly modelling the behaviours they expect of the organisation, of trust, transparency, and accountability, and this is widely noticed and having an impact on staff and partners.

Over the past year there has been a sharp and tenacious focus on improving governance, led by the Monitoring Officer and with the full support of the new Leader and new Chief Executive. The Constitution Committee has been working closely with the Monitoring Officer and has been steering changes made to the constitution, and over the past 12 months this has included reviewing, analysis and re-writing of the constitution, designing and implementation of a number of new protocols for councillor training and development. These protocols include updated guidance for councillors representing the council on outside committees, and for the protocol of gifts and hospitality for members and officers. The members’ allowances scheme has been revised and a new system has been introduced to monitor, report and regulate members’ allowances and expenses, and a new Independent Remuneration Panel has been appointed. The leadership of the council recognises there is more to do, for example on further reviewing the Schemes of Delegation, and processes relating to

the Full Council meeting, although in common with other aspects of corporate working, capacity remains an issue. The scale, importance and resources required to bring about further governance changes are not as well understood as they could be across the council, both politically and managerially.

The existing committee structure feels cluttered, and some stakeholders observe that decision making can be slow. The relationship between scrutiny, performance and Cabinet is unclear. There are three scrutiny panels and four performance panels, with the latter not being regarded as part of the scrutiny function, but at least outwardly, appearing to have much the same function as overview and scrutiny, although the performance panels do include a Cabinet member.

Building on the initial good work over the past 12 months, the broader governance of the council needs a fundamental review with a clear focus on roles, responsibilities and the purpose of each committee and how they add value to the governance of the council. This should include Performance Panels, General Purposes Committee, Scrutiny and Overview and other existing committees.

The council's scrutiny function was being reviewed in the autumn of 2021, with a report including recommendations being sent to the Overview & Scrutiny Coordinating and Call-in Committee in February 2022. Having closer alignment and a clearer focus to scrutiny would help to ensure that councillors' and officers' time – both of which are scarce resources within the council – are targeted towards having the most impact for residents. The work programme for scrutiny appeared to be shallow in breadth and depth and future areas of focus could also include issues relating to the culture of the council, for example equality and diversity, service performance, finance, human resources and ICT.

There is a lack of clarity about the role, function, and governance of South Tyneside Homes (STH) and its relationship with the council. STH provides social housing, street cleansing, estate management and aspects of residents' engagement on behalf of the council. Although described as an arms-length management organisation (ALMO), STH is wholly owned by the council, and it appears to be neither arms-length nor a contractor with more freedom to deliver under a typical contract. There are different interpretations of STH's role, how its performance should be managed and its role in delivering wider services than housing, and its

contribution to delivering efficiency savings and effectiveness for the council. These issues need exploring and resolving, so that the right operating model is in place for the benefit of residents.

Given the council's recent history, there is, as might be expected, a great deal of emphasis on improving behaviours and a clear aspiration for higher standards of behaviour across the council. The appointment of an Independent Chair and a Lay Member of the Standards Committee is widely regarded as a positive move which has helped the Committee to operate effectively. During 2020-2021 there were significant volumes of complaints against councillors for breaches of the Members' Code of Conduct. Standards of behaviour amongst councillors have improved, although there are still areas for further improvement.

There is a cohort of councillors who do not seem to recognise that their behaviour and attitudes are detrimental to good governance and are failing to meet the expectations set out in the council's codes of conduct. Examples of this poor behaviour include inappropriate use of social media to attack officers and other councillors, aggressive behaviour in Full Council meetings, and poor attitudes towards officers and other councillors generally. This may be due to a lack of training and awareness, a lack of clarity about which behaviours and expectations are or are not reasonable, or due to established patterns of negative behaviour which are easy to slip into and difficult to stop doing. Irrespective of the cause of poor behaviour, it is unlikely to engender trusting working relationships between councillors and officers.

If a more open culture for the organisation is to be achieved, then a key element is how support to councillors from officers is considered and received. Active steps need to be taken to challenge poor behaviours, and staff need to be confident that the professional advice they give will not be subjected to political game playing or blaming of officers if councillors do not like the advice they are being given.

Councillors do not have to follow the advice provided by officers, but they do have an obligation to follow the agreed codes of conduct as set out in the constitution, and adhere to the seven principles of public life, commonly known as the Nolan principles: <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

This is particularly important in South Tyneside where relationships and trust have been tested.

Raising awareness and a review of the effectiveness of the council's whistleblowing policy Speak Out would also be timely, to encourage confidential sharing of concerns from officers through both formal and informal routes. A review of this policy by the Standards Committee is scheduled for February 2022.

More broadly, improvements have been noted on the quality of formal officer reports to councillors with the articulation of the options to be considered, and a greater openness of the publication of information to aid transparency in decision-making. The Annual Governance Statement had been effectively used as a mechanism for taking action to improve service areas and highlight risks and mitigations.

Councillor induction and training deserves a high profile if councillors are to be supported to fulfil their roles as ambassadors for the council. This needs to include:

- an ongoing focus on tackling poor behaviours
- providing support to understand and keep pace with changing policy agendas
- to ensure there is wider knowledge of how the council's performance and achievements rank alongside similar, CIPFA "family group" councils
- to understand and learn from best practice

Officers too will need a renewed focus on development to ensure they are working at their best to support councillors and residents. Both officers and councillors would benefit from working together to clarify roles and responsibilities, including statutory responsibilities, and to ensure that everyone is supported through ongoing development.

To ensure there is a clear, evidence-led approach to decision making, that decision making needs to be led by the Cabinet as a whole to ensure budget allocations support the stated priorities of the council. Bids for growth, invest to save and capacity funding should have clear and pre-agreed criteria to ensure that the SMT and political leadership understand how decisions are assessed. When demand for such funding outstrips supply senior officers should work with the political leadership to make choices and determine allocations. Some officers were not practiced or not aware of the way in which budgets were allocated. They have been unused to making a business case for extra funding for service improvement or development.

Despite the significant achievements made in governance over the past year there is

more to be done. The scope of the functions in the Directorate of Governance and Corporate Affairs is wide ranging, and there are several staff capacity challenges in that area. The Directorate may benefit from a review of scope of the functions for which it is responsible, with a re-focus on the governance agenda.

The absence of a coherent corporate framework has also impacted on the viability of projects. Some members of staff feel that projects are allowed to fade away, rather than be delivered in line with agreed objectives, for which people are held accountable.

4.4. Financial planning and management

The Council works well with its Audit Committee and its external auditors to ensure that financial controls are in place. The most recently available external auditor's letter is for the year ending March 2020 and this did not report any major material concerns.

Strategic risk management, and the process of how Internal Audit is undertaken across the council is being reviewed and is on track to deliver better outcomes for the council, supported by extra capacity. However, this process has only recently started.

The Section 151 officer can clearly articulate an understanding of the council's financial position and he works well with the Cabinet Member for Resources. There is willingness to understand best practice from others and to seek external challenge and support, for example at the time of writing this report CIPFA had been invited to undertake a review of the council's financial situation.

There have been recent additional financial allocations to departments to enhance and develop services. These growth areas have helped to increase capacity and have been welcomed by services. Further work is needed to understand the process of budget allocations for revenue, capital, and growth money as these are not however widely understood, and greater transparency would enable services to develop their pitches for further allocations. There are mixed views about whether business cases are actively used to consider the allocation of growth areas, and there is a lack of understanding about the criteria involved in order to meet them.

The process for reviewing and setting the budget is becoming more inclusive with councillors and this will need to be formalised and embedded in council practice. It

was reported that in the past the budget process had been invested in a few senior councillors, but the new Leader has widened budget participation with meaningful consultation with the Cabinet and within the Labour Group. This more transparent process now needs to become more formalised.

The council has a Medium-Term Financial Plan (MTFP) but in the absence of a corporate plan there is not yet a strategic allocation of the budget to council priorities. To that extent it feels as if it stands alone from the overall future direction of the council. There is an immediate need to design and approve a strategic and corporate financial plan. This should be co-designed by Cabinet and the Senior Leadership team and should be integrated and supportive of the aims and objectives of the newly created corporate plan. This financial plan should be clear about the inclusive governance process, prioritisation and system of determining investment and saving decisions.

There are opportunities for further investment to modernise and transform to ensure that the council is well equipped to maximise opportunities and embrace future challenges, particularly considering long-term central government projections. For example, capital funds could be used in different ways to support councillors' aspirations for new housing in the borough, building further on the success of the Centaurea project which has been building new homes on brownfield sites. Councillors and officers could explore what other councils have been doing to improve income generation.

There is a growing unmet demand for some large-scale capital investment internally to support the improvement of services. For example, the approach to ICT hardware needs to consider whether everyone has the right equipment for their roles, including computer equipment and mobile phones. Staff have concerns about the age and maintenance of lorries and vans, some of which are over 13 years old, and despite efforts to keep them maintained, the fleet is subject to wear and tear and subsequent downtime associated with older vehicles, posing a risk to service delivery in some instances. A new approach is required to determine the priorities for investment for the council itself and the community. These priorities should be determined by the administration. The scale of need and demand for large scale investment will require a policy decision as to how new revenue income is sourced, away from government funding. The new corporate financial plan must compliment and enable the ambitions

of the corporate plan. The financial planning process requires more work to ensure the wider engagement of both councillors and senior officers, including clarifying their roles and responsibilities in engaging with their respective teams on financial matters.

As the council and the borough emerges from the pandemic with a new political leadership with its community priorities, a fresh approach is needed to determine the areas of immediate, short term and medium to longer term investments. The scale of need and demand for large scale capital investment supported by revenue spending will need the political and council management to be clear on what its priorities are. A policy decision is required to determine the council's ability and appetite to realise new income sources, separate from government funding is required, with this income being used to support front line services and council priorities.

4.5. Capacity for improvement

There is much to do to support the council's future improvement and to deliver on the new leadership's aspirations. The many suggestions reflected in the peer feedback onsite and in this report are all achievable, and the council's leadership and staff recognise the need for change. Delivery of improvements will require determination and grip.

There is a legacy of a culture where staff were not always empowered to use their initiative and try new ways of improving services for the benefit of residents. This does not mean that initiative has not taken place, but where it has taken place, it is low profile, confined to within services, and is sometimes described as being below the radar.

There is also a reticence from some officers about being able to share bad news with councillors and there are concerns about whether managers can meet councillors' expectations of what can be delivered within the council's available resources. As a result, some difficult conversations with councillors have been avoided, for fear of the outcome of those conversations. This is not helpful for the overall direction of the organisation, nor is it healthy, because if officers feel they will be blamed for bad news, then this is a barrier to improved trust between councillors and officers, and decisions could be made which do not really address improvement. Officers are keen for closer working relationships with councillors, particularly on intelligence sharing, but also have concerns that there are elements of "them and us" between councillors

and officers. There are signs that this is beginning to change, but how some people have behaved in the past will have an impact on future improvement, and it will take time for employees to believe that the organisation is improving and that positive changes can and will be brought about. Councillors have a crucial role to play in engendering trust, through modelling exemplary behaviours between themselves and with officers, and being mindful of their roles and responsibilities, and actively promoting and reflecting the council's values.

Covid has been a challenge, in common with other councils, and staff reflect a degree of fatigue in continuing to deliver services in this environment. However there have been advantages, including enhanced remote working contributing to an overall more agile and flexible workforce, staff getting to know each other and their roles better through the gold, silver and bronze command structures which were established to deliver early in the pandemic. Some heads of service have been described by their staff as inspirational throughout Covid for the way they have communicated to them through weekly emails, and managers' blogs and newsletters have been appreciated by staff.

Despite this, engagement between managers and their staff is variable and in some instances some councillors or staff never or rarely receive feedback about their performance, with some describing discussions which focus on tasks rather than achievements and wellbeing. The very mixed views of the consistency of staff appraisals, their purpose and frequency, suggests that there is not an agreed corporate approach and standard which services adhere to. Whether staff appraisals are undertaken or not and the impact of the process seems to depend heavily on whether an individual manager has bought into the process. Some staff feel there is an absence of focus on performance improvement, and there is mixed understanding of what is expected of staff, dependent on which team they work in.

Managers were keen to point out that individual HR colleagues were helpful and tried their best to support services, however there were some reports that managers did not feel supported by councillors when managing some staffing issues. Some HR approaches are described as bureaucratic and lengthy, with slow and antiquated recruitment processes and delays in appointing. This can result in good candidates not joining the council and going elsewhere, and there are instances taking 6 months to recruit junior staff to existing posts, which causes frustration for those involved,

and is clearly inefficient. Overall, however this function could not be regarded as agile.

The employee wellbeing survey received a 30 per cent response rate, and 70 per cent of respondents said they thought the council is a great place to work and 86 per cent felt trusted to get on with their job. Although employees without council email access received letters to their home addresses inviting participation, there seemed to be ongoing concerns from some employees about whether they or colleagues had been able to participate. When the peer team discussed this with employees there was a broad acknowledgement that the results were accurate, and that there are still issues about some employees wanting greater levels of trust in the council and some employees feeling a degree of apathy towards the overall council as an employer.

Despite the widespread baselining exercises underway, some observers have concerns that the whole organisation does not yet appreciate the value of challenge and improvement. There are also few opportunities to share good practice between services in order that widespread learning about successes and failures can take place. There is a general reluctance from staff to make suggestions for improvements in case such suggestions are seen to cause problems, even if suggestions have come from residents. The absence of a central mechanism to receive, consider and share new ideas is a barrier to increased innovation and creativity.

The council can point to a range of positive outcomes for residents using ICT, including digital booking systems for leisure and waste, improved online access for revenues and benefits resulting in an uptake of over 90 per cent for benefits applications; and digitising the Disclosure Barring Service which enables managers to access information remotely.

It was clear during discussions with the peer team that there are pockets of excellent change delivery skills within several the enabler teams, in particular ICT showed a good understanding of complex transformation programme approaches and how to implement them. There is also however frustration at the lack of corporate approaches to transformation, reporting and tracking of progress. These resources distributed across the council could be better utilised to build organisation-wide transformation programmes to develop a sustainable operating model.

An aspect of future improvement will need to be the introduction of more critical analysis and reflection at individual and collective levels, in a supportive environment which encourages learning. This process should cover a wide range of questions which could include:

- are these the right services?
- are they delivered to the right level?
- is the council best placed to deliver or could another organisation or other individuals do it better?
- is there a better way of doing things?
- what opportunities are there that we could utilise to maximum benefit for residents?
- and what did we learn from previous projects or programmes?

Overall, the renewed focus on performance management from the senior leadership team is clear and very welcomed and needs to be embedded with councillors to support transparency and service delivery to ensure performance improvement can be achieved.

A next step should be to articulate a revised and compelling corporate plan for the council, reflecting the new priorities articulated by the Leader, and which shows how the council will deliver those priorities. This should be accompanied by a set of values to underpin 'the way we do things here'. A comprehensive Organisational Development (OD) Strategy and HR policies should be developed to embed these values, including approaches to learning and development, leadership development, workforce planning, performance management, employee recognition, engagement, and wellbeing. There is scope to positively engage the workforce in shaping the values and behaviours that are required to create a thriving organisation. However, it is important to note that this type of OD development is not about a focus on policy and procedure, it is a focus on people, their behaviour, and their values.

Some deliverables can be realised in the relatively short term and others, such as turning around the council's culture and organisational development, will require long term planning with many stages, clear targets, and well-managed milestones. The development of a new Corporate Plan is needed to provide a framework to what the

council needs to do next, with clear aims and objectives. This should include projects and programmes which will deliver tangible improvements to how and what the council provides, with transparency and accountability for delivery. The Corporate Plan will need to be clearly underpinned by a refreshed Medium Term Financial Plan which sets out how improvements will be resourced. Councillors and officers will need to sign up to its delivery and monitor its performance closely and be prepared to flex when new obstacles and challenges are presented.

Relative to other metropolitan councils, STC has a small resource base and capacity is limited both at the corporate centre and within services. Capacity needs to be developed through a comprehensive renewal of learning and development, including workforce planning.

Some central services are regarded as onerous and bureaucratic, with multiple form filling which is not ICT enabled. There is a widespread view is that many teams work in silos and don't see themselves as part of the council, to the extent that service specific logos have been created.

The intranet is not well regarded by members of staff, with many referring to it as not being user-friendly. Also, it is not accessible by all employees, which presents a challenge in terms of using it as the main means of engagement internally.

A widespread concern is the availability of the right tools to do the job, and there is low awareness of the Modern Workplace Programme (MWP) which is intended to roll out new digital tools to support flexible working. Despite the high volume of communication on the MWP there is an awareness that there is more to do for the programme to be fully understood and achieve full traction with services and teams. Staff express considerable negativity about the provision of ICT, which they describe as slow and outdated. They are frustrated with the length of time it can take for new appointees to receive a new mobile phone, examples being cited of 5 months and 9 months. Furthermore, when the kit is supplied there are limitations on what it can do, including not having Smart phones, not being able to use council supplied phones for basic connectivity whilst away from their office bases, resulting in staff using their own private equipment or reverting to paper-based systems. There are examples of new laptops being bought which are incompatible with existing software in some departments, which then results in more delay and expenditure. At face value these

seem to be small complaints, but there is a risk that they become symptomatic of the council's relationship with its staff, and do not reflect how agile working should take place. They also represent risks to the council's information security because of not having uniformly managed ICT approaches and systems.

Council strategic communications needs a rethink, not least because services and the strategic function do not appear to take a shared proactive approach. This is another area which would benefit from further capacity, linked more overtly to agreed priorities.

There is widespread agreement from staff that the centralised business support function does not add sufficient value to services, despite the good efforts of individuals working within it. Officers describe spending too much time doing their own business support, which in turn has added to workloads, and this includes senior officers, which in turn is not a good use of resources.

Limitations on corporate capacity mean that the skills and capacity to undertake engagement with residents and stakeholders has been reduced, and although some of those responsibilities have been added on to individuals' roles, they don't necessarily have the skills or experience to do engagement well.

How the council manages change and transformation to ensure outcome delivery and benefits realisation also requires consideration. To move to a sustainable future model, capacity and skills will need to be aligned to develop and building future ways of working. There do not appear to be any senior officers with responsibility for transformation or managing change corporately, which means that the current approach risks a siloed approach and potentially conflicting operating models. Bringing in extra capacity to orchestrate and support improvement at a senior level on an organisation-wide basis will be a fundamental step for the future.

The new approach and visibility of the Leader and Chief Executive is widely welcomed, and there is a general anticipation of change for the better, and of a more open and transparent council with the potential to achieve more. The council has started to play a visibly different and more collegiate role beyond its geographical boundaries. However, there is also caution and wariness both internally and externally that the organisation may slip back into previous, unwelcomed behaviours: continuing a strong governance ethos where positive, open and constructive working

is the norm needs to remain at the forefront for everyone.

Whilst there is much to do, it is all achievable based on the enthusiasm, skills and commitment of councillors and officers. There is a clear willingness and motivation for improvement across the organisation. The many reviews underway now need to be consolidated, a new vision needs to be developed, corporate working needs to be better resourced, and everything needs to be brought together under an overarching and realistic Corporate Plan which will clearly show how the new Cabinet's priorities will be delivered, and how the council will transform. This needs to be developed and delivered at pace.

5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month check-in session, which provides space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps.

In the meantime, Mark Edgell, Principal Adviser for the North East, is the main contact between your authority and the Local Government Association. Mark is available to discuss any further support the council requires.

Mark.edgell@local.gov.uk, 07747 636910.