

LGA Corporate Peer Challenge

Harborough District Council

November 2024

Feedback report



Corporate Peer Challenge

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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 three days at Harborough District Council (HDC) 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

Since the Corporate Peer Challenge in 2018 and in the context of relatively recent multiple changes and instability in the management team and changes in political administration Harborough District Council has successfully maintained, and recently strengthened, 'business as usual' service delivery with some significant achievements (e.g. investment in its leisure provision and waste collection fleet and extension to the waste contract) and roll out of community grant schemes. The council has also invested in some IT-led transformation and is developing further transformation projects. The financial situation is currently stable with opportunity to invest to save and reduce future financial risk.

The council has worked with other councils in the area including the conclusion of duty to co-operate discussions and negotiations across Leicester, Leicestershire and Rutland, to achieve an agreed approach to accommodating the government's housing requirements. There has also been investment in a districtwide approach towards community engagement; there have been strenuous efforts made to produce the Local Plan and many of HDC's corporate and core services are performing above the average mark when compared to district councils in the East Midlands.

The council from the outset has used the corporate peer challenge process as an opportunity to learn, self-reflect, obtain an external perspective and basis for ongoing future improvement.

The leader and chief executive (CEO) are well-liked, trusted and respected and work well together. The political view from all sides is that the managerial leadership team has grown stronger and that officers are dedicated and helpful.

The coalition, since forming, has had to resolve several significant issues, including a new CEO appointment, agreeing a new senior management structure, progression of the Local Plan, maintaining relationships with Parish/Town Councils and progressing leisure and waste services contract issues.

The cabinet has yet to establish and galvanise a clear distinct vision for what it wants to achieve. Without this, effective deployment of resources is challenging. This lack of clarity leaves officers delivering work without the vital strategic direction. Peers observed that this lack of strategic direction left some staff feeling unfocused and demotivated. A refreshed strategic corporate plan and objectives, owned by councillors and officers, is recommended to provide direction and structure to the council's work and to ensure that the resources and funding provided for in the budget are focused.

On this front, the council has made a high-level commitment to put "communities" at the heart of HDC's work. The peer team recommend that the coalition translates this into formal strategic objectives, being clear and confident about what it wants to achieve.

Housing is prominent in terms of future delivery of supply at the right scale and in the right places facilitated by the Local Plan. Councillors are sighted to some degree on the pressures emerging both in terms of the housing requirement and the need for affordable housing as well as the need to decide on its affordable housing strategy and whether to intervene in the market to bridge the gap. HDC currently has a wholly owned company, created to deliver regeneration, and should consider if this is a suitable vehicle to use to implement the strategy once agreed.

Political leadership needs to be more outward looking and embrace the total place approach. The cabinet is currently overly focused on operational matters and delivery and needs to become more strategic in its approach. The cabinet shows a clear commitment to delivering for the community, but this needs to be clarified further in their vision and plans. Some of the council's aspirations will need to be delivered by others. This calls for closer working with partners to identify and achieve outcomes together. Partnership working was recognised as one of the strengths by peers, and work with parishes and community groups is continually getting stronger.

Governance and assurance foundations are in place but need to be further strengthened, and actions to secure improvement need to be clearly identified and set out transparently, for example through the annual governance statement. This should be done alongside an increased emphasis on the robustness of decision-making. The scrutiny function needs a further review to ensure it continues support the council's decision-making environment. Peers recommend engaging the Centre for Governance and Scrutiny (CfGS) to undertake a further review detailing areas for improvement.

In addition, HDC would benefit from support to clarify roles and responsibilities, particularly the separation between political and managerial leadership, and the roles of the administration and opposition.

3. 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:

3.1 Recommendation 1: Determine and communicate the strategic priorities of the council and develop a corporate plan owned by the cabinet. Align the Medium-Term Financial Strategy (MTFS) and the council's transformational strategy to these corporate priorities

Over the last 18 months the new cabinet and the corporate management team (CMT) has focused on sorting out immediate needs (such as the extension to the waste contract) after the change of administration. However, there is an urgent need to identify strategic priorities for the council, and to revise the corporate plan so that resources can be allocated appropriately, and both staff and the public have clarity about what the council is committed to delivering – which in turn will assist in demonstrating accountability and assurance. The peers suggest a development programme for cabinet and CMT, working together with external facilitation to enable production of a corporate strategy and action plan.

3.2 Recommendation 2: Resolve Finance system problems

Problems identified include being unable to invoice customers, along with several gaps connected to internal monitoring and management of data. At the time of the peer challenge, this was a matter of urgency as the council was at risk of losing income and the good will of partners and tenants. The council has informed the LGA that this has now been resolved.

3.3 Recommendation 3: Continue to develop the scrutiny function of the council

Scrutiny structures were streamlined after working with the Centre for Governance and Scrutiny; however, this was before the change of administration. Councillors would benefit from support to recognise the value and importance of the scrutiny function and the positive role of the opposition. There is an opportunity to maximise councillor engagement through different scrutiny mechanisms such as deep dives into specific key issues, task and finish groups to deliver time-limited investigations into priority issues, e.g. affordable housing. The peer team suggest working again

with CfGS or the LGA to improve the effectiveness of the scrutiny function.

3.4 Recommendation 4: Ensure statutory roles are clearly understood by all councillors, officers and staff

It was apparent that not all councillors and staff fully understand the responsibilities, roles and importance of the three statutory officers (head of paid service, chief finance (S151) officer and monitoring officer). To support the statutory officers in the proper discharge of their duties, the peer team recommend councillor briefings or workshops on the updated roles outlined in the code of practice on good governance. As it was published in July 2024, it is important that councillors from all parties are part of any development work around this ([Code of Practice on Good Governance for Local Authority Statutory Officers - Solace](#)). It would be useful to remind staff as well, perhaps through the regular briefings. In terms of managerial practice, the CMT should consider adding the monitoring officer to the leadership team and the regular meetings of the three statutory officers to ensure close working, and triangulation of view across the activities and operation of the authority.

3.5 Recommendation 5: Consider how to change structures and processes to accommodate councillors, particularly those in the cabinet, who have considerable time constraints.

Many councillors have full time occupations, as well as caring and family responsibilities. This is very welcome in terms of diversifying local representation. However, this means that some councillors may find the current organisational arrangements and structures difficult to fit around their already busy lives. This does mean that changes may be necessary in, e.g., timing, length and format (in person/hybrid) of meetings, as well as increased use of deputising roles for some key posts. Support should be given to councillors to fulfil their role as strategic leaders, not operational managers. The peers suggest considering cabinet support members to assist cabinet members in their role and including delegation to individual councillors and officers. The peer team recommend that cabinet and CMT work together to identify ways to enable councillors to fulfil their roles to the best of their ability.

3.6 Recommendation 6: Seize investment opportunities and consider market interventions.

HDC has identified sites that need development to bring about regeneration. The peer team recommend exploring options with developers as soon as possible. Alongside this it is essential that HDC invests time to ensure that they assess options for delivery models and complementary governance arrangements sourcing relevant technical and legal advice to inform this analysis. This is to ensure that the council is clear about what role it will play, the level of investment and whether this fits with council's risk appetite. Before deciding which path to take the council needs to recognise the expertise, long term financial commitments and risks associated with this significant new area of activity for the organisation.

The team heard from many people about the difficulties of delivering enough affordable housing in the district including for social rent. HDC should consider whether to intervene to enable increased supply of affordable housing including engaging with Homes England as a grant funding partner. As HDC is not currently a housing stock holding authority careful consideration would also need to be given to the business model, scale of housing delivery contemplated (including the potential need to introduce a housing revenue account) and securing the expertise needed to both deliver and subsequently manage this housing stock. This will require expertise to complement that in the current housing team if HDC is to consider being a provider rather than an enabler for affordable housing.

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:

- Howard Sykes, Liberal Democrat Group Leader, Oldham Council
- Cliff Waterman, Leader (Labour), West Suffolk Council
- Alison Broom, Chief Executive, Maidstone Borough Council

- Jaclyn Gibson, (Section 151 Officer), City of Lincoln Council
- James Doble, (Monitoring Officer), Stoke-on-Trent City Council
- Faye Booker, One Public Estate, LGA
- Becca Singh, Peer Challenge Manager, LGA

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 housing provision to feed into the Local Plan. This has been included throughout the report.

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 in order 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 Harborough District Council (HDC) 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. Two reports were generated at the request of HDC: comparison with the CIPFA near neighbours and comparison with other East Midlands district councils. These were produced using the LGA's local area benchmarking tool called LG Inform.

The peer team then spent four days onsite at HDC, during which they:

- Gathered evidence, information, and views from more than 35 meetings, in addition to further research and reading.
- Spoke to more than 120 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

There has been a positive and concerted effort to focus on the needs of the whole district beyond Market Harborough. There is strong evidence of good and meaningful work, to demonstrate this, for example:

- The significant (£6m) investment in both Market Harborough and Lutterworth leisure centre assets alongside a health and well-being programme; and in the case of Lutterworth co-location with the Family Hub.
- Successful conclusion of duty to co-operate discussion and negotiation across Leicester and Leicestershire to achieve a constructive approach to accommodating the government's housing requirements.
- Investment in a district wide approach towards community engagement, including officer posts and the community grants scheme.
- Preparations and mitigations in the waste collection service in advance of procurement options assessment, to ensure the council can deliver the best possible outcome.

There is a high-level commitment to put “communities” at the heart of HDC’s work. However, there is not sufficient definition of what this means, what success looks like, and the role of others in delivering against this (such as parish councils, local businesses, voluntary sector and community groups). Defining the objectives, methodology and outcomes for major initiative and financial investment is key for building the corporate strategy and ensuring value for money on the use of its resources. The peer team recommend that the coalition translates its conversations about ‘common purpose’ formally into strategic corporate objectives, being clear and confident about what it wants to achieve. This includes addressing, and adapting to, climate change.

There has been a strenuous effort made to produce the Local Plan which has been re-doubled given the anticipated changes to processes and timing arising from the proposed amendments to the National Planning Policy Framework. HDC’s approach

demonstrates the council's focus on building sustainable communities. Strategic spatial planning for housing (including a five-year land supply) and employment land supply is progressing. The Local Plan is now close to regulation 19-stage consultation. However, political risks remain; consideration and tactical planning are now needed to address community reactions. The communications team could help to anticipate and prepare the council for the impact of these reactions. The council's focus needs to move away from reactive responses to anticipating, understanding and addressing causes with targeted proactive communications.

Affordable housing delivery appears to be at risk because of both viability issues and local opposition to housing growth. There is an appreciation of the fall off in delivery through traditional routes including S106 elements delivered historically by housing associations. HDC currently has no strong analysis or agreed approach of how it could enable or intervene proactively to change the situation, including consideration of using their property/regeneration company to intervene where the market has failed e.g. on stalled sites. HDC does have recent experience of acquiring a small number of residential properties for temporary accommodation but apart from this, it is not a stock holding authority. The peer team suggest that HDC invests in the skills and knowledge needed to be proactive in this area once the approach has been agreed.

Peers recommend that HDC works with others to consider where it wants to focus in terms of improving social value through its procurement and service delivery activities, such as use of local workforce, apprenticeships and addressing equalities, diversity and inclusion (EDI) issues through procurement. The use of social value could be raised in profile and used more prevalently.

HDC has improved its approach to collecting, analysing and using data relating to service delivery making good use of the Pentana system functionality including collating and reporting data clearly. Officers recognise that the next step is to use the intelligence generated more extensively to inform strategic corporate planning and forecasting. HDC has also invested in the CACI ACORN performance management system including spatial socio-demographic data at ward level and more locally, to assist understanding of the characteristics of communities across the district. All this


creates the opportunity for an evidence-led approach to decision making, such as the community grants scheme criteria and allocations, focussed on improving outcomes and targeted locations/communities where inequalities are widest, need is greatest, and resilience and service delivery can be improved.

Performance

There is good organisational performance architecture using Pentana software, which can demonstrate a golden thread. However, the performance management framework doesn't appear to be at the forefront of decision-making. Benchmarking and a focus on productivity needs to be better embedded throughout the organisation and fully utilised to support good decision making based on evidence by both officers and councillors.

Performance in Development Management (DM) has been a particular concern; a reduction in staffing arising from a historical budget reduction decision was followed by a significant fall off in performance evident in the LGInform data for determination of planning applications within statutory timescales. HDC has more recently increased resources in the DM service and plans to do so again in the 2025/26 budget, and performance is now on an upward trajectory but needs continued focus and resources for sustained improvement. HDC should consider further work with the Planning Advisory Service and other support mechanisms, such as through East Midlands Councils and may also want to consider an application to the Digital Planning Improvement Fund which has been set up to support Local Planning Authorities to adopt modern planning practices by improving planning data, digital capabilities and development management software.

The timescale for progressing HDC's Local Plan to the next stage (regulation 19 consultation) is short and truncated because of the changes anticipated in the revised national planning performance framework (NPPF). At the time of the review there was significant risk to the council. However, the timescales have since been revised and lengthened. Getting agreement from full council for the consultation document could be a challenge and, given that the content may be controversial for some communities, design of the consultation process and material requires very



careful preparation. It has taken considerable time and effort to get to the current stage, but it is not the end of the process. The peer team heard that preparations were in hand, through the spatial planning and communications teams working together, to plainly position the requirements from government for the local planning authority to identify how its housing requirements can be met, recognise the impacts and the risks of not complying with government requirements.

Nationally available benchmarking data shows that, in the main, many of HDC's corporate and core services are performing above the average mark when compared to all district councils in the East Midlands. For example:

- In 2023/24, 98.01 per cent of council tax was collected that was due in Harborough. This is above both 95.94 per cent in England and an average of 97.00 per cent amongst local authority districts in East Midlands.
- In 2023/24, 98.69 per cent of business rates were collected that were due in Harborough. This is above both the 97.23 per cent in England and an average of 97.43 per cent amongst local authority districts in East Midlands.
- In 2023/24 the time taken to process housing benefit new claims and change of circumstances - annual in Harborough was four days. This compares to five in England and four on average amongst local authority districts in East Midlands.
- As of 1 April 2023/24, there were 17.8 households per 1,000 households on the housing waiting list in Harborough. This compares to 82.09 households per 1,000 in England and an average of 38.8 households per 1,000 on average amongst all local authority districts in East Midlands.
- In 2022/23 there were 191 affordable homes built in the Harborough area. This compares to 106 built on average amongst local authority districts in East Midlands.
- In 2022/23, the percentage of household waste sent for reuse, recycling and composting for Harborough was 43.60%, which was above the local authority districts in East Midlands median percentage of 39.70%.

- In 2022/23, the proportion of household waste contaminated/rejected for Harborough was 6.42%, which was below the local authority districts in East Midlands median proportion of 6.93%.

Some areas for improvement include:

- In 2024 Q2 (24 months ending), Harborough processed 68.2 per cent of planning applications for major developments (district matters) on time (within 13 weeks or agreed time). This compares to 89.0 per cent in England and an average of 90.4 per cent amongst local authority districts in East Midlands.
- In 2024 Q2 (24 months ending) Harborough processed 73.4 per cent of planning applications for non-major developments (district matters) on time (within eight weeks or agreed time). This compares to 88.1 per cent in England and an average of 88.7 per cent amongst local authority districts in East Midlands. This has been recognised by the council and extra resources have been put in place to address this. In addition, the IDOX system now in place makes processes more efficient.

5.2 Organisational and place leadership

The leader has confidence in the chief executive and is clear that he has established credibility with a series of quick wins since joining the council in December 2023.

The officer leadership team is well regarded and respected across the political spectrum. This team will need to support the cabinet move into a more strategic space; consideration should be given on how to work through this together, with both officers and councillors reviewing the current culture and working practices and agreeing together how to make improvements and move forwards.

HDC is largely focussed internally, and on the Local Plan, with a series of initiatives to strengthen internal processes including project management and IT systems. All of these are valuable and necessary, but the council needs to move into its place leadership and place shaping role to deliver strategic ambitions for the district. The preparation of the Local Plan is a key tool in the council's place-shaping role, as is working with relevant partners to deliver the needs of the district.

Feedback from housing associations and site developers suggests that both councillors and officers need to have greater awareness of how delays to assessing and processing planning applications and decision-making impact on the ongoing viability and subsequent delivery of housing development. Notwithstanding this the DM planning team and senior leaders are perceived as accessible and responsive when issues are escalated. This suggests that with some adjustments positive progress can be made in this respect. The council is encouraged to continue to look for and take a creative and pragmatic approach to finding solutions to making development proposals acceptable both in terms of policy but also more flexibly on delivering outcomes.

HDC officers participate in several Leicester and Leicestershire strategic partner forums (Lightbulb, revenues and benefits) and the chief executive is well regarded by his peers at district councils across the county. There are also localised pragmatic solutions to achieve development opportunities. However, there is limited evidence of district-level comprehensive structured partner engagement and systematically horizon scanning, identifying future community needs and challenges. Since the peer challenge, the Local Government White Paper has changed these discussions. New structures for partner engagement will be identified in due course.

HDC may want to strengthen its place shaping role by considering the opportunity to establish a partnership forum for the HDC geography perhaps along the lines of an anchor institutions network which could bring the work of key local institutions together around common issues and enhance its community leadership impact. The intention to establish a health and wellbeing partnership for the district is positive and this should hopefully start before the end of the year.

Councillors have ward profiles to assist their understanding of different communities. However, it is not clear how they use this data, other evidence and professional advice in decision making, for example working with specific communities or when awarding community grants. The use of this data needs to be further embedded into the organisation.

The communications team, though small, is effectively using data and analytics to identify appropriate channels of communication for different purposes and audiences.

There has been a recent shift back to information-giving communications (such as newsletters), rather than engagement mechanisms. The peer team concluded that the professional expertise of the communications team needs to be better valued and understood, and communications decisions to be taken at the appropriate level. Communications professionals could be better deployed in supporting HDC understand the impact of different communication methods, delivering professional and tailored communications material, and improving two-way engagement with residents and businesses. The current culture of urgent and reactive communications and messaging needs to be clarified and discussed as part of the cabinet's corporate strategy debate so that officers can plan and use resources effectively.

Social media can be excellent tools for resident, business and community engagement when used and managed well and could provide HDC with useful data and insight. These are fast-moving media, and officer delegation should be clarified so that communications officers can act swiftly on behalf of the council. The council could use its considerable data to good effect to address potential digital exclusion in some parts of the district. Councillors would benefit from training on the appropriate use of social media as representatives of the council (whether in the administration or opposition).

HDC is keen for better community engagement and has identified very significant financial resources for staff to conduct community engagement and to be distributed as community grants, but there is limited clarity on the purpose of this initiative or what success will look like. The peer team heard that the intention of the investment was to recognise that communities had been impacted by significant housing growth, that grants would enable sustainable communities and through taking a district-wide approach, the initiative would help to demonstrate that the council is interested in all communities and is not Market Harborough centric.

This contextual explanation provides a helpful starting point. The objectives, methodology and outcomes need to be further developed so that it is clear what needs are being addressed, what is expected of the community development team in its community engagement role (is it to monitor how grants are being spent or to build on community assets and strengthen resilience) and what the council wants to see in

terms of the difference its grants will make. The peer team suggest this is addressed with consideration given to options including an asset-based community development approach as has been pursued for example by the London Boroughs of Barking and Dagenham, and Croydon. The context and challenges are different, but the sentiment of creating a place where no one is left behind, everyone belongs, and communities are facilitated to do things for themselves are the same. This approach resonates with what the peer team heard about the HDC philosophy.

It is notable that neither devolution nor local government reorganisation (LGR) featured in conversations with councillors, whereas a collaborative approach has been developed amongst officers. The peer team urges councillors, in responding to government's proposals in respect of LGR, to engage with both mechanisms at a strategic level for example, hosting discussions and workshops for councillors from other district councils to come to a collective view about the future shape of local government in Leicestershire. Governance and culture

The change in administration in 2023 had an unusual level of turnover and resulted in many new councillors with little experience of being a councillor and a new cabinet with little experience of political leadership in a position of power. The induction programme was extensive, and reported as 'intense', but it needed to focus more on the role of a ward councillor and being a community leader, and the different roles and responsibilities on a council. The peer team recommend that in future, the council provides greater information on the role of councillors to candidates so that there is greater understanding of the role, responsibility and accountability of being a councillor before being elected.

Councillors would now benefit from more ongoing support in their roles through a mixed provision of development, briefings on local and national issues, mentoring, development and assistance with their roles in both the administration and opposition. These should be available both in person and online, including recordings where possible to maximise attendance and access. Councillors could be encouraged to use the LGA Councillor Hub which includes e-learning, workbooks and advice for new councillors; members of the cabinet and chairs of committees should be encouraged to enrol on the Leadership Academy or Leadership Essentials

courses and benefit from the support councillors in other councils are getting, networking opportunities and learning from councillors grappling with common issues across the country.

Many cabinet members work full time and have limited daytime capacity. The peer team recommend HDC explores cabinet members' preferred communication style (email, telephone, WhatsApp) and communication times (lunch times, morning, evenings). To meet the needs of current councillors, officers could support them considering options of communication, meeting formats, and timing to ensure that the work of the council continues, and councillors can fulfil their role. The Leader could consider appointing councillors to provide cabinet support posts and cross-party champions from the non-executive councillors to support cabinet members. There are opportunities for the council to maximise overview and scrutiny functions by exploring specific policy areas at the request of cabinet.

The peer team recognises that both the political administration and the chief executive are relatively new in their roles. However, progress needs to be made on the corporate strategy and a corporate plan as a matter of urgency. The deputy chief executive has supported the cabinet in doing this and there has been some progress.

Senior officers and the cabinet need to work together on the strategic direction for the council. The peers recommend that they carve out the time and space to create the conditions where they can work together and decide their own strategic priorities and invest sufficient time to provide political leadership for the council.

The peer team recommend a series of workshops with an external facilitator to bring together the cabinet's collective role, the council's strategic priorities and a corporate plan that the officers can deliver. The peers recommend a series of workshops covering:

- Roles and responsibilities of councillors, including expected behaviours (for all councillors, including opposition)
- Roles and responsibilities of the three statutory officers
- Role of a portfolio holder (for example, bringing reports to cabinet, delegated decisions)

- Developing strategic objectives and a corporate plan that the cabinet can own
- Ways of working – including preferred and agreed communication mechanisms
- Clarify the council's risk appetite
- Opportunities and benefits of a good scrutiny function and different scrutiny methodologies

These workshops could start with an away day for cabinet and the corporate management team, perhaps using the Team Management System (TMS) to better understand each other's preferred working styles and how to best work as leaders of the council.

There is a tendency for councillors currently to focus on operational issues (for example, a recent car parking strategy review generated more interest in the machine choice than the details of the strategy). Councillors need to focus on the big picture across the district and illustrate and supplement this with local detail, and senior officers need to be seen to more clearly enforce the boundaries between officer and members roles and responsibilities.

The chief executive and leader work well together, but it's important they can challenge each other both ways, this should be a constructive process and be clear on the boundaries between the roles to ensure that the leader and cabinet focus on strategic aims of the council, not operational matters. The chief executive and the senior management team are well respected internally and externally.

There are several important strategies in place, however it is not always clear how they align with each other. For example, the Medium-Term Financial Strategy (MTFS) aligns with the revenue budget, capital strategy, borrowing and investment plans. But the corporate property strategy 2019-2024 does not currently align with the MTFS. The workforce strategy is currently being updated but there is a lack of clarity on the future workforce challenges it needs to address. It is important to ensure that all strategies align with each other along with associated action plans.

The Annual Governance Statement (AGS) can be a useful reflective tool for the

council. It is not primarily a financial document but a document that reflects the council at a snapshot in time. The council's AGS needs to demonstrate a comprehensive self-assessment and enumerate specific areas for improvement with subsequent reporting on progress against the actions identified. It would also benefit from greater consideration of the risks and challenges facing the council, increased focus on how control is exercised by statutory officers, and emerging risks in terms of litigation, expenditure, standards issues and the overall functioning of the council and constitution. The recently published LGA assurance framework¹ provides a helpful tool for self-assessment and identifying areas of strength and improvement.

A strong relationship of trust and challenge between the three statutory officers is important in any council. It is clear that the Section 151 officer has taken robust and effective steps to address the council's legacy financial position. The head of paid service is highly visible, respected and approachable, and has taken steps to unite and strengthen the workforce. However, some of the council's key delivery staff on the flagship communities programme are fixed term, which sends mixed messages about the commitment to the whole initiative. The lack of a permanent monitoring officer affected the council assuring itself of effective governance, introducing and training new councillors, ensuring robust decision making and dealing with some councillor behaviours. This has been addressed with the appointment of a new monitoring officer and the peer team were satisfied that she has quickly got to grips with the key issues needing to be addressed and provided clarity of actions identified to achieve this. It is good practice ([Code of Practice on Good Governance for Local Authority Statutory Officers - Solace](#)) for the chief finance officer and the monitoring officer to be full members of the senior management team of the council.

The new monitoring officer has quickly identified issues and has a roadmap of what needs to be addressed, and it is important that she has councillor and officer support in doing this. The peer team suggest that councillor and officer development should include a clear understanding of the role and benefit of the monitoring officer.

Section 27 of the Localism Act 2011 requires local authorities to "promote and maintain high standards of conduct by members and co-opted members of the

¹ <https://www.local.gov.uk/publications/improvement-and-assurance-framework-local-government>

authority". This is a collective responsibility of officers, councillors, and group leaders as well as the monitoring officer. Issues of inappropriate behaviour and conduct are best prevented through establishing an acceptable culture and early intervention as opposed to formal standards complaints. The peer team recommends that the monitoring officer meets regularly with group leaders to ensure that each political group is meeting this requirement.

There is little understanding of the power and benefit of good scrutiny. The structure of the scrutiny function was reviewed by the Centre for Governance and Scrutiny in 2022. The function now needs to focus on doing the right things. Scrutiny needs to be strategic in its approach, focussing on outcomes for communities. It is a useful way to involve all councillors (administration and opposition) in influencing decision-making and ensuring engagement and transparency on important issues. Scrutiny can be a great asset to policy development, at the request of the cabinet. The function does need appropriate resource and support to ensure development of councillor skills. The peer team understand that further recruitment to democratic services is underway to provide capacity to do this.

5.3 Financial planning and management

The council has strong financial management arrangements in place. This is supported by external audit conclusions. The Section 151 officer is well-regarded and respected by senior officers, councillors and both internal and external audit.

The council has undertaken the CIPFA Financial Management Assessment, but this was last completed in 2022. Best practice is for an assessment to take place annually. The peer team recommend introducing an annual assessment, with regular reports to the audit committee on progress.

The council's financial position is clearly articulated within the MTFS and its statement of accounts and reflects the reality of its financial health. This is supported by the external auditor's commentary on the council's value for money (VfM) arrangements in its annual auditor's report, and audit completion report for 2022/23. In relation to the 2023/24 audit, this is currently in progress, but no significant weaknesses have been identified to date.

The council appears to be in a strong financial position, including underspends against the general fund revenue budget in recent years. Additional investment income more than offset service overspends. There is a forecast underspend in 2024/25, and a relatively high (and increasing) level of general fund reserves.

The council has a clear understanding of its current financial position and the financial risks/challenges that it faces. The MTFS includes a comprehensive assessment by the Section 151 officer of the robustness of estimates and reserves, with comprehensive scenario planning. The estimates on which the MTFS is based are consistent with key risks faced by HDC and other district councils. As part of this work, HDC should consider the CIPFA Financial Resilience Index, considering the metrics and providing relevant commentary.

The council has considered a range of key assumptions in the development of its MTFS including economic factors, impact of national policies, and potential reforms to local government finance. This does need to be reviewed as part of the current MTFS refresh to reflect the latest national budget announcements, particularly the impact of employers' national insurance contribution (NIC) increases and announcement on funding reforms. There is difficulty however in accurately estimating business rates income from large scale sites such as Magna Park, which can lead to significant, unplanned, additional resources. This can undermine the message given to staff, some of whom are on fixed-term contracts delivering the council's high priority work (community) who may find there is 'additional' money to spend on lots of small projects, which means staff aren't always clear about the council's strategic commitment.

While the process for reviewing and setting the budget appears robust, and is clearly transparent, over time it would be hoped that there would be a clearer link to agreed priorities and corporate vision, so enabling assurance that resources are being targeted effectively.

The public engagement response to budget consultation is limited (eight responses); consideration should be given to alternative methods of engagement for example, establishing a citizens panel (which could then be used for future community engagement), use of existing volunteers, targeted budget workshops (for example

with the voluntary and community sectors), and a social media push.

The council has an excellent track record to date of delivering budget reductions to achieve financial sustainability. However, the current MTFS does not include any savings targets, with the budgets balanced by using the financial sustainability reserve. While the council has sufficient earmarked reserves to enable this, the reserves could be used in an alternative way. For example, exploring invest to save opportunities to deliver longer-term savings or new income streams; investigating more opportunities for economic development to generate future returns; linking housing targets to opportunities for council intervention to directly deliver. There is evidence that some opportunities are being taken (for example, acquisition of a depot, fleet, and investment in temporary accommodation) but more could be possible. Given the council's current, solid financial position, there are opportunities to be bolder, and more ambitious and take some informed 'leaps of faith' to reap a return (social or financial) in the future. This would allow the council to use resources to best advantage now while it has the time.

HDC could become complacent in its financial position. A clear strategic direction would help avoid this. Without continuous action and targets to strive towards, then it may need to deliver another 'cost cutting' savings programme impacting on organisational capacity again. The council does not have a savings plan including growing its own sources of income to mitigate future risks (for example, arising from potential impact from the fair funding review and business rates reform); instead, it is relying on building reserves to address this.

The council currently has wholly owned subsidiary company Harborough District Commercial Services Ltd; since its initial establishment it has not been maximised. The peer team suggest that HDC instead explores whether this company could be more proactive with place-shaping projects, including addressing the need for affordable housing. The peers heard that the council may dissolve the company so it recommends that HDC clarifies whether projects will be delivered in another way without the need for the company and what other options and impacts might be.

There were some historic issues around property investments and unacceptable levels of governance, this may be causing some reticence amongst councillors.

Setting a clear risk appetite approach and embracing opportunities, while ensuring solid governance, should create the right conditions to be bolder and make the best use of the resources they currently have available.

The recent productivity plan sets out several areas of focus for transformation, but there is no clear transformation strategy with effectiveness, efficiency or savings targets aligned to it. The capital strategy/budget does include investment in service transformation, but without pre-determined targets. Staff were concerned about the apparent increase in fixed-term contracts (FTC) and understood removal of these posts to be a mechanism for making savings if and when the council needs to. The approach to FTCs should be clearly explained to staff to minimise the sense of instability. However, the council does have a significant level of other earmarked reserves that it could rely on as a short-term response.

The council's MTFS and capital strategy covers up to the period 2028/29 and considers the medium-term challenges it faces (funding reforms, national policies). Capital investment is primarily focussed on the short term; best practice is that capital strategies cover a longer planning period.

The capital programme is clear and affordable, due to the current low level of borrowing and high investment balances. This presents the opportunity to make capital investments without the need to take external borrowing. The use of capital receipts flexibility is clearly set out in the MTFS.

The capital programme is significantly larger in 2024/25 as a result of new schemes but also due to slippage from previous years (c£17m). The issue of capacity to deliver a significant programme was explored, leading to discussions around the expenditure not relating to large scale direct project delivery by the council (for example, acquisition of the depot).

The council currently has a low level of prudential borrowing and is using internal borrowing to finance its capital programme, which is currently a prudent and effective approach, but requires constant monitoring in light of interest and gilt rates.

The council does have a large balance of investments, which are primarily held in building society investments and money market funds, with a small investment in

property funds. The council uses specialist treasury advisors and recently conducted a review of investments, which identified the potential for some longer-term investments for greater returns. This was not progressed due to economic uncertainty.

Budget monitoring arrangements appear robust with quarterly reporting to CMT and cabinet. The finance reports have recently been combined with performance reports, although the interlinkages between the two aspects have not yet been developed. This would provide further insight and act as a guide for deeper dives into VfM aspects.

There is, however, a slight time delay in financial reporting; the annual treasury management report for 2023/24 was not reported until October 2024 (at the same time as the 2024/25 Mid-Year Report), quarter 1 financial performance was not reported until September 2024. This does limit the potential to respond in a timely manner to any variances as information can be out of date.

In addition, revised CIPFA Treasury Management and Prudential Codes, published in 2021, requires from 2023/24 reporting to councillors on all forward-facing Prudential Indicators quarterly. The peer team recommend that this method is adopted by HDC.

There are several shared arrangements in place which are operated through delegated functions or joint committee arrangements. Assurance of these arrangements could be improved for example, seeking internal audit assurances from host organisations and annual reports to HDC's scrutiny function.

Some issues have arisen following implementation of the new financial management system (FMS). This is causing issues with payment of invoices and the raising of debtors, which impacts on businesses, partners and also services as they are left picking up and resolving issues. There is potential for this to have reputational impacts for the council and HDC should focus on addressing these issues promptly.

There is currently some instability and reduced capacity in the finance team, due to previous efficiency savings as well as staff turnover. Additional resources have been invested in the team but recruitment of senior, technical finance roles is a challenge across the sector.

The council has an embedded risk management process, but further work could be undertaken to develop the risk appetite and set the 'tone from the top', this would act as a guide to decision making and set some parameters for officers to operate within: is the overall approach cautious or perhaps opportunistic?

The audit committee is still relatively new, but functions well within the current relatively comfortable financial position of the council. It is uncertain how it would be able to manage difficult issues if they should arise. It could further use its role to better support the governance, risk and internal control arrangements and provide appropriate levels of challenge, for example, exploring the reason for the number of outstanding audit recommendations. The committee has completed a self-assessment of effectiveness review, and a training plan has been developed in response. The chair is still new in post and officers have provided support to shape the role but would benefit from further guidance and coaching. The peer team recommend attending the LGA Audit Committee: Leadership Essentials.

Having an independent member on the committee should be re-considered, as this could bring additional insight/expertise to the and would also provide a further level of challenge.

Contract management arrangements appear robust with regular monitoring of key contracts and effective contractor relationships e.g. Everyone Active delivers on both contractual elements as well as working in partnership on healthy lifestyle initiatives. However, the council could maximise community benefit through greater use of social value in its procurement exercises.

5.4 Capacity for improvement

All staff highlighted the positive, welcoming, friendly atmosphere working for the council. The office was a positive atmosphere to work in, and the peer team felt welcomed by those people they met in the offices. There is an eagerness for teams to work more collaboratively, and to improve communication within the organisation, and evidence of how this has improved staff culture.

Councillors recognise that staff are the council's greatest asset, and that they contribute significantly to the positive reputation enjoyed by the council. Partners

consistently referred to the professionalism and positive mindset of all staff they encountered and worked with, particularly customer facing staff. A continued investment in staff is key to protecting this reputation, and trust in the professionalism of officer expertise. The peer team feels that the workforce strategy needs refreshing as a priority recognising the ageing profile of the workforce (43% of all staff are aged over 50).

Additional resources have been invested in programme and project management in the council (although some of this is of a fixed term nature), as a central resource to support delivery across the service areas. This investment has also included a refresh of the project management methodology. Further work is planned on linking into transformation and change management, but a clear strategic direction is essential so that this investment can deliver tangible and sustainable benefits.

There has been a welcomed investment in both a transformation team and in new technology. However, there is no single transformation strategy. The transformation team has used LGA's transformation assessment tool, identifying a focus on change management activities, but it needs clear strategic priorities to form a transformation roadmap. The peer team recommends that the next transformation phase involves the widespread introduction of continuous improvement tools and methodologies to increase the efficiency and effectiveness of the council.

Although recent investment has improved the IT infrastructure (e.g. taking a cloud first approach, introducing Microsoft Office 365, Teams and SharePoint, replacing Citrix), IT systems are affecting HDC's ability to deliver both 'business as usual' and transformation. Limitations of the current finance system is damaging the reputation of the council.

Councillors and staff asked for further support in using HDC technology and how they can adopt and adapt to new ways of working the technology can offer. The peer team recommend providing regular learning opportunities and IT surgeries to increase IT confidence and competence for councillors and staff. The peer team recommend that before any new technology is introduced, end users are involved in its development and testing before a full roll out of new hardware or software.

It would appear that the transformation to date has been technology-led (through the delivery of the IT strategy) rather than user-led. This position can be improved if there is an explicit focus on user adoption and adaptation by for example, creating some change champions across the council, to drive adoption and adaptation.

To retain and motivate frontline staff, there should be a consistent approach towards supporting and developing young talent and embracing flexible ways of working. Staff reported inconsistencies in the delivery of supervision, appraisals, and development opportunities, as well as manager attitudes towards flexible and hybrid working. Flexible working arrangements are currently good, allowing the council to appoint staff from a wide, diverse pool of talent. Many people are more productive working from home (for example, some people who are neurodiverse, or who suffer from anxiety) so it can help to encourage a diverse staff community,

The peer team heard plans for the future workforce strategy will include investment in middle managers, bringing in more apprentices and making use of LGA's Impact (graduate development) programme. There was a positive focus on neurodiversity, mental health and wellbeing. There are opportunities to deepen support in these areas to create a diverse workforce.

The 2024 staff survey closed a week before the peer team were on site, and so at the time of the peer challenge, little analysis had taken place. There has been a decrease in staff survey response rates (51% in 2023 and 47% in 2024). The attrition rate for 2024/25 is 10% so far, but there are a significant number of planned departures in the coming month. The peer team recommend conducting exit interviews to determine if there are any actions that HDC can take to keep the rate of attrition low. Turnover is higher among front line staff than at team leader level. The increased use of fixed term contracts may be a risk to the stability and commitment of the workforce.

Although there is a highly motivated workforce, morale has dipped recently. There are some possible reasons for this, which include the additional work and pressure a change in administration, particularly one in no overall control, puts on staff. Many councillors have not fully recognised their role, in administration and in opposition, and this adds to the workload of staff. The staff survey results will be important in

identifying how to improve morale, particularly at a time of change. For example, although councillors did not discuss LGR or devolution, officers have been involved in relevant discussions for some time. Since the peer challenge, the Local Government White Paper has added to long-term uncertainty for staff. At times like this, it is important to ensure that staff are involved at appropriate levels in devolution and LGR discussions and are kept informed of developments as they happen. As councillors recognised during the peer challenge, staff are the council's best assets and whatever happens in the future, it is important that staff are fully supported to continue to deliver their roles, and continue to work in a positive, welcoming atmosphere. The workforce has demonstrated that it has the capacity to deliver whatever improvements are necessary but may need to resilience and understanding from councillors going through these times of change.

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 are 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 24 hours.

The date for the progress review at Harborough District Council will be by the end of September 2025. In the meantime, Mark Edgell, Principal Adviser for East Midlands, is the main contact between your authority and the Local Government Association. As outlined above, Mark is available to discuss any further support the council requires. mark.edgell@local.gov.uk.