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SOUTH KESTEVEN DISTRICT COUNCIL CHIEF EXECUTIVE'S REVIEW - DELIVERING GOOD GOVERNANCE – REPORT

Introduction

“Local Government organisations are big business and are vitally important to tax payers and service users. They need to ensure that they meet the highest standards and that governance arrangements are not only sound but are seen to be sound” (CIPFA/Solace Delivering Good Governance in Local Government Framework 2016)

There are many definitions of good governance. The international framework for good governance in the public sector defines it as:

“the arrangements put in place to ensure that the intended outcomes for stakeholders are achieved”.

My preferred definition is:

*The right people
Doing the right things
For the right reasons
In the right way
At the right time
And able to objectively demonstrate that is so*

This leaves it open for local places to determine what is right for them but when doing so regard should be had to any statutory requirements, the principles of good governance and established best practice.

This report focuses on whether SKDC arrangements are compliant and working in a way that supports the fully effective functioning of the Council. It is not a thorough exploration of all aspects of governance and it is, therefore, impossible to draw conclusions about all aspects.

The Council's Constitution mirrors much of what you would expect and broadly reflects accepted models. It sets out how the Council should operate and the role of its policy and budget framework appropriate for a Cabinet system. There is a valid scheme of delegation, codes of conduct for both officers and councillors and a protocol for the relationship(s) between them. However, the Constitution also contains some anomalies and inconsistencies and is not easy to navigate. The Monitoring Officer and a committee of members are undertaking a review. I recommend that review should be concluded alongside the recommended actions in this report.

National best practice recommends that SKDC's Local Code of Governance and its annual governance statement(s) should mirror a set of principles which if applied fully will ensure a Council is able to demonstrate good governance. These principles should be reflected in what is written (the words) and what is done (the custom and practice) in SKDC. SKDC has a Local Code of Governance and produces an annual governance statement; both of which are structured to reflect these principles, which are referred to in more detail later in this report.

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It appears on the basis of the documentary evidence I have seen that all the building blocks of good governance are all in place in SKDC. However, my brief investigations indicate that is not universally so. I have found some areas for improvement and believe that some aspects of the Local Code of Governance are not working as intended. Furthermore, the most recent annual governance statement does not fully reflect SKDC's current governance practice in all respects.

The methodology I have used in preparing this report is set out in Appendix A. In Appendix B I have provided a narrative taking each of the Framework principles in turn based on an analysis of the information I examined in this review. I have made a number of recommendations dealing with some fundamental aspects of how SKDC currently operates and some more detailed governance issues based on my conclusion that further work is needed to ensure that SKDC's governance arrangements are working to full effect.

Leadership, culture and good governance

Good governance is dependent on effective systems and processes but more importantly on effective leadership that exemplifies a constructive culture within the organisation. If the impact of that leadership is effective the resulting good governance arrangements should enhance the positive impact of effective leadership on culture. In short, effective leadership, constructive culture and good governance are all co-dependent.

Therefore, it is quite possible (and indeed probable) that governance does not always work as intended. Culture and leadership are more powerful motivators that drive what people do, and how they do it, than written procedures, policies and protocols. As a consequence everyone in the Council has the potential to both shape and fall victim to poor governance, leadership and culture. For this reason this report covers all three.

There is little merit in exploring the history of why things work as they do in practice, other than to ascertain why stated governance practice is not being adhered to. Therefore, my aim has been to focus on what I believe needs to change to improve the current picture.

SKDC's Leader and interim CEO are both new to their roles and both have told me they want to reset the "tone" of the Council's governance and refocus the organisation on consolidating progress and delivering key objectives. This report aims to help them do so.

I am pleased to report that there was also widespread keenness to do this amongst SKDC colleagues (members and officers) that I met and I know that some work is already underway. This is encouraging and I hope this report makes a positive contribution to the Council achieving this change.

The case for good governance

Research has confirmed that where councils excel or indeed fail, the root cause is in the functionality of the corporate core and culture of the organisation. A weak corporate core will be reflected in a steady, if not swift decline in morale and delivery. The organisation becomes introspective and fragmented. The culture will become at best passive (and at worst defensive or aggressive) instead of constructive and supportive of high performance.

A highly functional corporate core will lead an up and out (as opposed to down and in) perspective with clear focus on a prioritisation of objectives which shift the wellbeing of the area. Every opportunity to seek out ideas, receive constructive challenge and embed learning will be welcomed. People within the organisation will be empowered and focused relentlessly on achieving goals effectively and efficiently. Leadership and management will

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be targeted towards purpose and creating the conditions for high performance, rather than on command and control.

In local government that core functionality is characterised (in no particular order) by:-

- Good political leadership (including effective opposition).
- Good professional leadership.
- Good relationships between the two.

It is in the “*good relationships between the two*” that good governance sits. Not only does it provide for role clarity but also role coherence and congruity. It also provides the conditions in which a constructive high performance culture can flourish.

The statutory requirements

The role of good governance in providing the conditions for effective political and managerial leadership is reflected in the various statutory and other requirements.

Statutory regulations require an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts and that statement should be in the form of an Annual Governance Statement.

CIPFA’s Code of Practice on local authority accounting reinforce this relationship between proper accounting for public expenditure and the role of governance. CIPFA advice is that preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (“the Governance Framework”) fulfils the statutory requirements for a local authority. CIPFA also recommends Councils adopt a Local Code of Governance.

SKDC’s has a Local Code of Governance and produces an Annual Governance Statement. These arrangements are overseen by an autonomous Governance and Audit Committee.

Periodic refresh

It is also good practice periodically, particularly following periods of change or upheaval, to expose an authority’s governance arrangements to closer inspection. This will test whether the principles and practices in the Local Code of Corporate Governance and the Governance Framework are being adhered to and whether the assertions and assurances in the Annual Governance Statement (AGS) accurately reflect governance in practice.

That can be done in a number of ways including through an LGA Peer review or as in this case, a targeted high level review of governance by an independent expert.

The particular context of South Kesteven amplifies the case for a governance refresh in several respects.

- Firstly, the external auditors delayed giving the unqualified opinion on value for money. An independent perspective will demonstrate the authority has taken this seriously and will demonstrate that the authority is seeking a wider endorsement of its value for money arrangements.
- Secondly, all three of the council’s statutory officers – the Chief Executive (Head of Paid Service), the Monitoring Officer (MO) and the Section 151 officer are all new to

post within this Council and have short term contracts. There has been a sustained period of churn at senior levels. Your acting CEO is your third in recent years and a new appointment will be made in coming months. Given the legal responsibilities these staff hold, both individually and collectively, it is wise to ensure they have an unfettered opportunity to consider the framework and culture they operate in.

- In the last few years, the Council has set up and commissioned a number of Delivery Organisations to carry out its functions and/or deliver services and the governance and performance arrangements for these are felt to be in need of review and refresh.
- Finally, the Council has a new Leader (it's third in 4 years) who has indicated he is keen to understand how governance can be improved to more effectively support the achievement of the Council's aims and ambitions.

Executive summary of findings

The Constitution, the Local Code of Governance and the Annual Governance Statement

The Council's constitution is currently under review and it will undergo some change. I am confident that the members and the Monitoring Officer (MO) conducting this review will ensure its compliance with all statutory and regulatory requirements. However, the objective seems to be to make it more accessible for councillors and staff which should be applauded but I recommend the MO and councillors really test that it supports good governance in every aspect of its operation.

Two questions should be paramount:

- If we adopt the systems processes and values promoted by our constitution will we be well governed?
- In turn, will that governance create effective leadership, constructive culture and high performance?

It has been impossible to study all SKDC's governance documents referred to in the Local Code and compare all stated local policies and procedures with what happens in practice. I am aware that some of the documents referred to are now out of date, some no longer exist and some are being updated. The picture is mixed but leads me to the conclusion that the assurance which these documents seek to provide may not be reliable in some respects. This should be tested and remedied.

The Delivering Good Governance Framework and Principles

The principles within the Governance Framework are aimed at achieving outcomes whilst acting in the public interest as follows:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

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- F. Managing risks and performance through robust internal control and strong financial management
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

I have set out my comments in relation to each of these principles in full in Appendix A and my findings are reflected in the recommendations that follow.

RECOMMENDATIONS:

I am making two sets of recommendations.

The first address some fundamentals which I believe need attention. These are not pure governance issues. Instead, they relate to the fundamental relationship between leadership, culture and good governance highlighted above.

- 1. That the Council review and refresh its vision and strategy and develop a strong shared narrative to create a new sense of purpose focused on achieving the goals of its political leadership using data, insight and intelligence about the local, regional and national context to inform the vision and strategy.**
- 2. That the senior officer leadership engage with councillors to translate that vision and strategy into a single coherent corporate delivery plan and programme to consolidate and focus on delivery of objectives.**
- 3. That the Council ensures that all officers and councillors understand their individual and shared roles and responsibilities and each fulfils their proper functions in relation to policy formulation and decision making**
- 4. The Council reviews and develops its capacity, capability and leadership to ensure that it has all the necessary skills, experience and mindset that supports high performance**
- 5. That the Council develops “the art of constructive challenge” as a key element of its OD strategy to ensure that its is the best it can be and is continuously learning, developing and improving.**
- 6. That work is undertaken to better understand the relationships between members and officers**
- 7. That a programme of leadership development that delivers the collective political and officer leadership that promotes good governance, effective shared leadership and a constructive culture.**

The following second set of recommendations are governance related. I am of the view that if these recommendations are taken forward without addressing the fundamentals outlined above, the Council’s governance arrangements will not fully support the Council in achieving its optimum performance.

- 1. That the Constitutional review be concluded promptly with a refreshed focus on good governance, leadership, culture and performance.**
- 2. That the Local Code of Governance and Annual Governance Statement be reviewed in detail to ensure that what is written (the words) and the evidence of what is done (custom and practice) are consistent.**
- 3. That the Monitoring officer, with the support of all councillors and senior management, put in place an end to end decision making process that reflects the proper roles and responsibilities of members and officers and ensures that decisions are planned early and concluded effectively and fully reflect SKDC’s refreshed vision and strategy and align with its new corporate delivery plan.**
- 4. The role, responsibilities and resources available to the Monitoring Officer should be reviewed and developed.**

- 5. A comprehensive good governance focused training and development programme for all councillors and senior officers should be designed and delivered by the Monitoring Officer. Some of this work is already in train.**
- 6. That the council review and refresh its arrangements for stakeholder, partner and community engagement and invite the county council to explore how their shared relationship and joint working can be improved.**
- 7. That the role and function of each of the Council's delivery organisations, the business case for each and the arrangements for holding them to account be reviewed and refreshed with a focus on commissioning them to deliver outcomes for SKDC and its communities.**
- 8. That the written member officer protocol is refreshed to reflect and support those relationships in practice.**
- 9. That the Council continues the work to review and refresh its performance, financial and risk management arrangements and**
- 10. That the Council keeps its processes for reporting on audit, local code of governance and annual governance review under review in order to ensure openness, transparency, accountability and accurate assessment of custom and practice across the Council.**

Implementing these recommendations

My recommendations are intended to prompt further discussion at SKDC to explore more fully how the current custom and practice supports good governance as set out in the Good Governance framework. This is a matter for the whole Council; all its councillors and officers will contribute to good governance. However, the changes I envisage will require effective and visible corporate leadership by senior political and managerial leaders working constructively together. This leadership will need to demonstrate a commitment to doing things differently in future so that the organisation mobilises and feels confident and safe in so doing.

I sense that colleagues in the organisation will be watching leaders very carefully to understand whether those who have been in leadership roles for some time are demonstrating the change they want to see. It is worth noting that as all organisations mobilise change, there is natural scepticism. Any behaviour that is inconsistent with the stated intent of leaders will be highlighted much more than that which is consistent with the new vision. This is particular so if there is any hint of a climate of fear or blame culture.

Recognising that there is a new leader working with an interim CEO, and both statutory officers hold their posts only temporarily or on a contracted basis, there is a real risk of slippage on change projects. The Leader and the CEO are alive to this risk. A new CEO may be appointed and he/she will undoubtedly take their own view on some of the matters covered in this report. The ability of the interim Chief Executive, Monitoring Officer and S151 officer to get traction quickly requires leadership clarity about what is going to be done in the short term.

Conclusion

As stated at the start of this report there are some positive aspects of SKDC's governance to build on. Conversely, there are some key elements that were brought to my attention that appear in need of review and refresh. My aim is that the narrative I provide in Appendix B provides an insight to what I found from my review work and helps you continue a discussion to explore how custom and practice really differs from what is intended in your local code of governance.

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I believe the recommendations in the body of this report will enable the Council to focus on the aspects of SKDC that I think need to change for the better. It is for the Council to further test these and develop an action plan in response to my findings. This in turn should ensure that the Council functions properly, can be the best it can be and optimises the positive impact it has on the district, its communities and its citizens.

Charlie Adan
Charlie Adan Executive Limited
15 December 2019

Appendix A

Methodology and focus

My work has been done in four parts:

1. Scoping and preparation - Initial scoping, agreement of terms of reference and areas of focus with the Chief Executive and statutory officers.
2. Research and information gathering - Interviews, document review, desktop research and a review of best practice using the CIPFA/SOLACE Delivering Good Governance in Local Government framework and guidance
3. Analysis and reporting – reviewing the information and research and benchmarking SKDC practice and performance against the Framework and Guidance. Preparing a draft report of conclusions (focusing on areas for improvement) and making recommendations
4. Providing informal feedback/draft recommendations, testing those with the Council, finalising and delivering a written report

Interviews have taken place with a sample of senior officers and councillors. Those interviews conducted on a Chatham House basis generated an openness and sharing of views which are reflected in this report. Consequently comments have not been included or attributed to any individual participant. I am very grateful for the support received from all those involved in this review.

This review has explored the extent to which the Council's governance arrangements in practice support the proper functioning of the Council; in particular,

- The achievement of economic, social and environmental benefits for SKDC communities and places
- Councillors and council officers to deliver the very best they can for those communities
- Effective local leadership of place and
- Strong, productive and constructive relationships of trust and confidence between the Council, its communities, its officers, its councillors and its partners
- The proper accountability, transparency and value for money of those functions and services delivered by the Delivery Organisations

Appendix B

The Principles of Good Governance

PRINCIPLE A

Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

Local government is accountable to the public for both what they spend and how they spend it. It is accountable for outputs, both positive and negative, and for the outcomes achieved. It has an overarching responsibility (that should be demonstrable in all that it does) to serve the public interest.

SKDC's stated values of accountability, flexibility, agility, equity, networking, always learning and encouraging talent are set out in its Corporate Strategy document. Those values do not include any specific reference to regulatory, legislative and ethical values. It was interesting that the SKDC's "values" were not referred to by any of those I interviewed. Consequently, I sense a lack of shared understanding of the SKDC's values and would question whether all stakeholders are therefore demonstrating them consistently in practice.

There may be a lack of clarity about whether decisions are universally and demonstrably taken in the public interest. A robust and well planned process for bringing matters forward for decision that properly reflects the roles and responsibilities of both councillors and officers should be in place. Some feedback indicated these systems were not working to full effect in all respects and that there is some confusion of roles and responsibilities.

The decision making processes should promote a "no surprises" open and inclusive culture, more effective planning for delivery and the preparation of timely and robust reports for decision making. This level of clarity will aid trusting and constructive relationships between councillors and officers. I heard about some decisions being taken where those who should have been involved in shaping and developing proposals were taken somewhat by surprise.

There seems to be a reasonable understanding of the need to avoid any direct personal and/or pecuniary interests influencing decisions. However, I am aware that, as in most councils, there are family connections between individuals within the Council, and maybe with external partners. I am also aware that there are twin hatted (or even triple hatted) councillors who serve on town/parish, district and/or county council. There are also a range of positions in related companies held by both Councillors and officers. The picture is complex and as in most councils there a risk that conflicts of interest may arise and not dealt with appropriately in all instances.

This risk can be exacerbated by confusion about relevant and irrelevant considerations and/or members and officers not fully understanding the appropriate factors to have regard to when fulfilling their roles in the public interest. There is a danger that considerations that are wholly appropriate when exercising one function are taken into account when exercising another and where those considerations may be less appropriate.

Councillors are required to take account of the advice from their officers and officers are required to provide that advice impartially without fear or favour. This is the primary way in which Council's demonstrate acting in the public interest and with integrity. Usually that advice is presented in reports by officers.

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In SKDC reports are written by officers, pass through a clearance process and are signed off by the relevant Cabinet member. In SKDC (as in some other councils) cabinet members also present these reports.

The Chief Executive should be clearly accountable for the quality and robustness of the advice given to councillors and they in turn should be entitled to rely upon, and protected from personal liability for decisions and/or actions taken on the basis of that advice. The report writing arrangements include officer's advice on the impact of the proposed decision on corporate priorities, the legal and financial implications, an equality impact assessment and a risk assessment (and mitigations). However, I was told that in some meetings officers advice (and constructive challenge) is welcomed and in others less so. In some meetings, officers are not asked to contribute.

Both officers and members should have an opportunity to contribute to the decision making process in line with their different roles and feel able at all times to fulfil their functions fully. The arrangements at SKDC, and the way meetings are conducted, could blur the lines of accountability and allow officers to avoid their proper responsibilities, and/or leave councillors and the Council exposed to risk of challenge and/or liability. Care should be taken to ensure that is not the case.

The Monitoring Officer (MO) role is key and she discharges 3 important statutory functions. Firstly to report on matters that are or are likely to be illegal or amount to maladministration. Secondly, to be responsible for matters relating to the proper conduct of members and officers and finally, to be responsible for the proper operation of the Council's constitution.

These MO responsibilities require her to be satisfied that the Council acts lawfully and with propriety at all times, and that the provisions of the Constitution are being applied. If the MO is not so satisfied, he/she has a duty to make a public report to Council. Provided the MO and her team are proactive, have oversight of the Council's governance and are well connected, trusted and respected the Council, its officers and its members will stay safe. It is these arrangements in Councils that ensure formal public MO reports are rare.

The SKDC Monitoring Officer is on a temporary contract and is new in post. That said, she appears to have expertise, relevant experience in legal matters including as an MO elsewhere and the instinct and personal qualities to fulfil the function to great effect. She seems to be highly thought of. However, the MO fulfils the role on a part time basis alongside other responsibilities as a practising barrister. This is a perfectly workable arrangement and SKDC benefits from the expertise, networks and support available to its Monitoring Officer externally. However, MO should satisfy herself that she has the time personally, together with the right staff with the right qualifications and expertise, and is confident to provide support and intervene when appropriate to discharge all her duties at all times.

I learnt that in recent times the capacity of the MO function may have been reduced and the long standing former MO retired in 2018. I have recommended a review of the resources available to the MO to enable her to fully discharge these important functions.

I also heard that previously these duties may have been discharged in a way that was somewhat risk averse and that may not have aligned with the Council's ambitions and the desired change of culture and approach. The MO and her team should demonstrate they understand the corporate vision and strategy and facilitate delivery of its objectives and avoid being overly restrictive and risk averse in their work. This is counter-productive. However, all councillors and staff should respect the MO and her team and recognise that their job is to keep the Council and them safe.

PRINCIPLE B

Ensuring openness and comprehensive stakeholder engagement

Local government exists for the public good and the public, whether individually or represented by other organisations, should be able to engage with and be involved in Council activities. Councils should have in place clear trusted channels of communication and consultation and an engagement policy and strategy setting out the types of issues, the methods, roles and responsibilities for community engagement as how feedback will be encouraged, collected and evaluated. It should be clear that such feedback is used to inform decisions. A council should work hard to engage all stakeholder groups to ensure inclusivity.

A Council should also be open with its institutional stakeholders with whom it needs to work to improve services and outcomes (such as commercial partners, suppliers and other public and third sector organisations). The Council should engage them in the development of a common purpose, objectives and intended outcomes for each relationship so that intended outcomes are clear and achieved successfully and sustainably. This includes working in partnership to allow resources to be more effectively used.

The Council has conducted a range of consultations and has had reasonable feedback. Residents surveys have taken place with over 1500 responses to the most recent that focused on the Council's ambitions. Stakeholder groups, such as private landlords and local businesses have also been involved in consultation.

Building strategies and plans with communities, to unlock capacity and assets, to improve the social economic and environmental wellbeing of those communities is an area where some councils are pushing the boundaries. SKDC may want to focus more on these aspects in my recommended review of its stakeholder engagement.

The Council participates in the Lincolnshire local government leadership body. However, I was told that there was room for improvement in the relationship between the County Council and SKDC. I was told that SKDC is perhaps seen as a somewhat reluctant partner. On the other hand, there may be some reservations at SKDC about engaging more fully with the County Council because there is a fear of dominance and/or takeover. I was told that some aspects of the County Council were not held in high regard by some councillors and officers.

County and District Councils in a two tier setting serve the same population and meaningful engagement between both should ensure a consistency of policy and strategy, and a shared common understanding of the issues facing the district. It is difficult to ensure the best use of combined resources without strong and trusting relationships across the two tiers. There is much evidence that where Counties and districts work closely and share resources the ability to have a more positive impact on places and communities is enhanced. I have suggested that the Council explores with the County Council how both might work more effectively together to secure better outcomes for local people and communities.

The Council has created its own institutional stakeholders; its delivery companies. I heard a lot about these companies, some of which have yet to be established and I was asked particularly to focus on whether the arrangements with the companies are appropriate. The picture is mixed. Some of the delivery organisations are very closely connected with the Council, with the officers of the Council, exercising the control of the company. Others, most

notably Invest SK, are more independent from the Council. There are potential conflicts of interest between roles and responsibilities of officers of the company and those of councillors and officers. Duties exist separately to both and there are legal requirements which should ensure those can be exercised separately. I am not able to say that all those arrangements are properly in place but the MO has recently undertaken some training in this area and steps should be taken to ensure compliance with all council and company obligations.

Invest SK is funded by the Council, and as far as I could ascertain is not generating the level of income anticipated when it was established. Arrangements for setting objectives, agreeing a business plan and monitoring performance seem unclear and are not consistently monitored as part of a coherent corporate performance management system. As a result, the Council has recently established a new Companies Committee that should provide a more robust governance mechanism for all its companies performance to be monitored.

This work to improve the arrangements for holding the Council's delivery organisations to account should be continued at pace. The business case and deliverables of each should be reviewed and refreshed. Roles and responsibilities of officers and members, and employees of the companies, should be reviewed and clarified. Arrangements for the commissioning of services provided should be formalised, with outcome focused performance indicators, linked to funding. There should be regular scheduled reports from each company to the Companies committee, in open session, to ensure accountability and transparency.

PRINCIPLE C

Defining outcomes in terms of sustainable economic, social and environmental benefits

The long term nature and impact of local government means that Councils should define and plan sustainable outcomes for their places, communities and citizens. Council decisions should further this purpose and contribute positively to those intended outcomes making best use of the resources available to do so. The vision and outcomes should balance the combined economic, social and environmental impact of the Council's policies and plans and should be focused on the longer term, taking account of the local, regional and national context and risk.

It is clear from a variety of sources that SKDC's overarching vision is to grow the local economy and deliver investment across five broad areas; commercial, arts and heritage; leisure and the visitor economy, retail and markets; public realm and living; gateways and transport; and, skills. In order to deliver this investment a programme of transformation and modernisation was planned. I am not clear about progress with transformation and what has been achieved so far. There is also a Corporate Strategy focused on growth, agility and competitiveness and other corporate documents make reference to reducing costs, intelligent automation and financial autonomy as being key ambitions. I noted also that those I interviewed described their objectives in a variety of ways.

This presents a bit of a confused picture and it is difficult to understand what exactly the Council is aiming to achieve in terms of specific outcomes and also why it is focusing its efforts in the areas it has chosen to invest in. It could be that these things (as in most organisations) are the subject of much internal discussion and that there is a shared sense of purpose amongst some groupings within the Council. However, from the small number of review participants this was not a notable feature.

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I am told that work is underway to create a more easily accessible and comprehensive vision and strategy and a corporate plan for delivering it. Cabinet and CMT are intending to use the forthcoming budget setting and MTFS refresh to refocus on a corporate strategy and to communicate a clearer sense of purpose. This should be welcomed and progressed.

I heard some evidence that the Council functions in “bubbles” with lots of activity driven at portfolio or service level. This was an issue raised by both officers and members. This would indicate that the shared narrative about the corporate vision and strategy may be underdeveloped and a desirable and visible “golden thread” between the vision and service delivery, programmes and projects is missing.

It is clear that a range of programmes and projects are underway and I have not explored the business case for each. The deliverables in terms of outputs and outcomes may be clear in the individual business cases but I was less than clear about a coherent and consistent picture across projects and programmes to reflect a corporate shared purpose.

I concluded therefore that the shared sense of purpose that should drive the activities of all members and officers is less visible than it needs to be in SKDC. High performing teams tend to coalesce around a clear shared sense of purpose. It is that which builds trust and confidence across teams – a commitment to a shared common endeavour. It enables individuals to determine how best they can contribute to achieving that purpose and which, with guidance and support of their leaders, unlocks creativity and capacity to deliver. The link between evidence, purpose and priorities is essential to achieve best value for money and, therefore, this lack of a visible “golden thread” could result in the council not functioning to full effect.

As a result of these findings, I am recommending the Council should review its vision and strategy making explicit the links between the local context and its focus on the intended social, economic and environmental outcomes. The vision and strategy should be translated into a corporate delivery plan by officers with councillors and that plan should drive all activity.

PRINCIPLE D

Determining the interventions necessary to optimise the achievement of the intended outcomes

Principle D is closely linked with Principle C in that it encourages a Council to determine the interventions necessary to optimise the achievement of its intended outcomes. Determining the right mix of interventions is a critically important strategic choice. Robust decision making is needed to ensure intended outcomes can be achieved in away that provides the best trade-off between the various resourcing options while still enabling effective and efficient operations.

Scrutiny committees have a role to play in helping develop policies and interventions to deliver the Council’s corporate vision and strategy. Decisions taken need to be regularly reviewed to ensure that the achievement of outcomes is optimised.

On individual decisions, I have been told that some reports could appear to support a pre-determined course of action. Accepting that a preferred option will be in mind by the time a report is written, reports should nonetheless include clear officer professional and technical advice on the merits and a thorough analysis of the pros and cons of all policy and intervention options. That analysis should drive the choice of intervention.

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It is important to recognise the right of councillors to determine the appropriate interventions and policy choices but they should always be able to demonstrate they have acted in the public interest and in so doing that they have considered all relevant facts and ignored the irrelevant. This requires a comprehensive understanding of places and communities within South Kesteven and an common shared agreed set of facts and insight from engagement with stakeholders upon which proposals can be formulated and options assessed.

Councillors should be able to rely on officer advice to determine the facts, and be able to challenge constructively if they believe an officer's advice is factually incorrect. Similarly, an officer should intervene if he/she believes a councillor is mistaken as to the factual basis for any decision. Much of these discussions, particularly to resolve contentious issues will take place in private, but the conduct of meetings should allow for matters arising during meetings to be effectively resolved. This is a key element of transparency.

I was unable from the work undertaken to identify a mechanism for basing policy, decision and options appraisals for intended actions on a common shared understanding of the issues that the Council is seeking to address in its places and communities. This is an aspect of the "golden thread" issue highlighted under Principle C above.

PRINCIPLE E

Developing the entity's capacity, including capability of its leadership and the individuals within it

In order to be high performing local government needs appropriate structures, effective leadership and a constructive culture as well as people with the rights skills, qualifications and mindset to operate efficiently and effectively to achieve the intended outcomes. It is important to understand the division of responsibility of officers and members. The aim should be to ensure that all roles are defined correctly and that everyone is clear about the scope of their authority, even if in a well functioning authority personal directive authority should be rarely used.

The Council is required by law to appoint a Head of Paid Service (usually the Chief Executive) and by law the HOPS has responsibility for determining the number and nature of posts within the council. An effective Chief Executive will ensure that councillors understand his/her choices and are supportive of his actions as HOPS. Ultimately though choices about how to organise the workforce to ensure delivery of political objectives rest with the holder of the HOPS functions. There are also legal provisions that limit the extent to which councillors can be involved in decisions about the appointment of officers or other employment matters.

There are currently some anomalies in SKDC For example, the constitution provides that members carry out a number of strategic and corporate *management* functions, the role of the CEO as HOPS conflicts with some of the provisions relating to employment matters and some delegations are unclear and can be altered by the Leader.

I have heard accounts of some HR processes in SKDC which alert me to the risk that these arrangements may not be operating properly. For example, I have heard that some officers are asking councillors to intervene in employment matters and they are doing so. Any lack of clarity and/or fear, that the views of councillors may prevail on matters of employment without proper moderation by the Chief Executive who they are legally accountable to, could undermine the proper discharge of their duties. Comments made by both officers and members lead me to believe that is a risk in SKDC.

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All employment matters should be raised and dealt with through the officer management arrangements. Whistleblowing arrangements are in place if an officer feels unable to use the day to day management processes to raise any concerns.

The MO, HOPS, s.151 officer and the Leader should satisfy themselves that the division of responsibilities of officers and members is fully understood and custom and practice mirrors all legal requirements. Any inappropriate blurring of these roles could result in members ability to hold officers to account for delivery being undermined.

All that said, the rules relating to political impartiality of officers seem to be well understood and there is evidence that all members (including the opposition) feel that the officers serve the whole council in the way that should be expected.

The SKDC member officer protocol will set out aspirations for good relationships but it is in the day to day interactions where those relationships are really forged. Governance systems and processes can aid or hinder those interactions.

What sets high performing Council's apart is its leadership – of place, of community and organisationally. Leadership at its simplest is the art of motivating a group of individuals to deliver a common goal or purpose. In local government leadership is more complex and has many dimensions including political leadership, community leadership, place leadership, system leadership, collaborative leadership, organisational leadership and operational leadership. It is also more complex because all these are interrelated and are shared responsibilities between councillors and officers.

Organisational culture is determined by the style and impact of its leadership. Leaders, therefore, have to work hard to understand how to create a more constructive culture, with a focus on proactive interventions, effective relationships and outcomes for communities and places. As the famous quote goes “Culture eats strategy for breakfast”. This does not mean that strategy is unimportant but rather that a powerful and empowering culture is a surer route to success. Evidence also shows that it is this shaping of culture which councillors and officers in leadership roles should focus on to create well governed and high achieving councils. However, research also demonstrates that most local authorities, because the environment in which they operate, have a prevailing culture that tends towards the passive and reactive which are both characteristics that undermine performance.

There is a tendency to describe councils as either “member led” or “officer led”. Indeed, SKDC describes itself as now being member led; in contrast to earlier times when it is felt, particularly by members, that it was overly officer led. In SKDC there is much talk about and some processes and systems that reinforce the notion of separate member and officer “space”. It is worth noting that in well functioning Councils councillors and officers operate in part in a “shared” space in which both members and officers discharge their respective functions together.

The reality is that it is the shared relationship, the tensions that arise from the overlap between political and managerial spheres of action and their combined dynamic that creates good local government. In high performing councils, political and managerial leaders have variously described their working relationship as a bridge, an exchange, a source of tension, a blend of political and administrative contributions and/or a trading space divided by a line that should not be crossed, but from time to time is. Both councillors and officers will know that those tensions can easily turn to conflict and there is a responsibility on both to construct trusting relationships to avoid that. Operating effectively in this shared space is a key skill.

In SKDC, it appears that a right and proper ambition for the Council to be more “member led” than might have been the case in the past, the all important “shared space” where senior officers and members can demonstrate that they are discharging their combined responsibilities collectively has been lost. I am recommending a reappraisal of roles and responsibilities and work to refresh member officer relationships in order to create a clearer shared strong and effective political and managerial capacity across the Council.

PRINCIPLE F

Managing risks and performance through robust internal control and strong financial management

Local Government needs to ensure that the organisations and governance structures it oversees have in mind, and can sustain, effective performance, financial and risk management systems and processes that assure all managers as well political and managerial leaders that the council is delivering on its ambitions.

Performance, financial and risk assurance should be aligned to the “golden thread” linking corporate vision and strategy to delivery. A Council’s performance and risk systems should operate at all levels from corporate to operational and for both teams and individuals. The organisation will focus on those things which its leaders focus upon, highlight or are seen to prioritise. Leaders should, therefore, avoid highlighting those things that are or should be of less importance to them.

Scrutiny and the Governance and Audit Committees have key roles; bringing autonomy and constructive challenge to support the work of the Cabinet and officers. Their focus should be on the Council’s achievement of its stated ambition and work programmes and agendas should reflect that focus.

Effective performance management, internal control and strong financial management requires a culture of constructive challenge. The Governance Framework makes it clear that such a culture does not happen automatically but requires repeated public and visible commitment to receiving constructive challenge from those in authority. In SKDC I sensed that some officers and members felt more comfortable to provide constructive challenge and some welcomed it more than others.

I am told that the Council is already making changes to its risk and performance arrangements and I recommend this work is completed quickly and in so doing have regard to this Principle.

The Governance Framework includes requirements for the effective management of data. I have not looked at this aspect of the Council’s arrangements but would suggest that the MO and the Council’s data officers are asked to confirm, particularly in the light of the GDPR changes, that the Council’s arrangements are fully compliant.

PRINCIPLE G

Implementing good practices in transparency, reporting and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is not only concerned with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner.

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The Governance Framework highlights the quality of written and published reports, providing the right amount of information and regularly reporting on performance, value for money, and stewardship of resources in a timely and understandable way.

Regular reporting on the effectiveness of governance arrangements also forms an important part of good practice in this area. The regular engagement of internal and external audit and the proper functioning of a governance and audit committee are integral to good practice.

It is clear in SKDC that all the building blocks are in place. The annual reporting on financial performance and internal and external audit processes takes place in a timely way and actions recommended are acted upon.

The Council operates a very open constitutional arrangement for all members to explore the ongoing performance of the Council and intervene in its governance arrangements. Chairs have autonomy to set agendas for meetings, the committees can set their own work programmes and any member has the right to put an item on the agenda of any committee of which he/she is a member. All members have a right to attend (but not speak) at all committees and a right to refer matters to a Scrutiny committee. They also have a right to ask questions at meetings, and subject to some requirements demonstrating that they have support of other members, and restrictions of the times they can be used, have a right to call in and call for action.

None of these mechanisms appear to be overused and these arrangements support a very transparent system of governance but expectations of members (particularly the opposition) as to the availability of information may be high. In the main I heard that these arrangements work well, and members are selective in their use but I would question (1) whether this ensures that committee time and resources are focused on scrutinising and assuring that the Council has used its resources to best effect to deliver its strategic ambitions and (2) to what extent is officer resource engaged in dealing with these matters and deflected from core business.