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Dear Sheila

North Norfolk District Council - Corporate Peer Challenge

On behalf of the peer team, thank you for your invitation into North Norfolk District Council to deliver the recent corporate peer challenge. The team felt privileged to be allowed to conduct its work with the support of you and your colleagues who were open and engaged with the process.

You asked the peer team to provide an external view of the council and give recognition of progress made; and supportive challenge and feedback on how you are prepared to meet future issues and opportunities for North Norfolk.

You also asked the team to provide specific feedback on testing the council's thinking on:

1. The opportunities for economic growth for North Norfolk, including:
 - Inward investment
 - Use of assets
 - Consideration of the future principal partners to work with the Council on economic growth
 - Working with the LEP and the Local Growth funding agreement
 - House building for the future needs of the economy and for residents
 - The challenges of supporting and housing an ageing population
 - Opportunities for joint venture and other forms of commercial partnership.
2. How effective the Council's arrangements are for transformation to meet the financial challenges ahead and how innovative are these to provide top quality services in future to residents and businesses.

As these two areas were of particular importance to the Council they have been given closer attention in this letter.

In addition the peer team considered the ability, resilience and capacity of the council to deliver its future ambitions by looking at the core questions covered in every corporate peer challenge:

- Understanding of local context and priority setting: does the council understand its local context and has it established a clear set of priorities?
- Financial planning and viability: does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- Political and managerial leadership: does the council have effective political and managerial leadership and is it a constructive partnership?
- Governance and decision-making: are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
- Organisational capacity: are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

It is important to stress that this was not an inspection. Peer challenges are improvement-focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement plans. The peers 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.

This letter provides a summary of the feedback that was presented at the end of our recent on-site visit. Recommendations are made in the body of the letter and are collated as a set at the letter end.

In presenting this letter the peer challenge team has done so as fellow local government officers and members, not professional consultants or inspectors. Our intention is to provide recognition of the progress North Norfolk District Council has made in recent years while also stimulating debate and thinking within the Council on future challenges.

Overview

The Council enjoys strong and visible political and managerial leadership with a clear strategic direction and alignment of resources. It is financially strong, debt free and funding pressures are some way off. However, the Council will need to address a funding gap of £337k from 2016-17. The Council is well placed to do this as it has adopted a Local Investment Strategy that the team regard as good practice. A practical outcome of this is a council loan of £3.5m to a RSL to build a number of affordable homes, which is one of its priorities, while also providing an income stream.

Housing is a major issue in North Norfolk. Ten per cent of housing across the district is second homes and in some parts this is closer to 30-40 per cent. This affects property prices which can be generally described as a west-east split, with the higher cost housing often in the western side. This has affected the affordability gap of house costs in relation to average income which has risen to nearly 13:1 and has heightened the need for affordable housing.

This explains why economic growth and housing is the focus for this peer challenge. The economy is narrowly based on agriculture, manufacturing, tourism, food processing and social care sectors and is characterised by a high proportion of small and medium size enterprises (SMEs). A high proportion of the population are ageing and retired; educational attainment levels are lagging behind other parts of England; average salary levels are lower and house prices have increased greatly.

There has been a big and successful push on empty homes. This is providing additional housing for residents and increasing New Homes Bonus (NHB). At the same time good delivery has been achieved on affordable housing with the Council working closely with five housing associations to deliver 153 homes in 2013/14; the highest number in Norfolk.

The Council demonstrated a strong response to the storm surge last December and the later flooding which greatly enhanced the council's reputation.

The Council does face a number of challenges, which include relations across Norfolk county public services but there is an opportunity to work more closely with the newly appointed Managing Director of the county council.

The Council would also benefit from longer-term financial planning, particularly as it prepares to be Revenue Support Grant (RSG) free and the revenue budget is supported by 80 per cent of NHB. There are a number of financial uncertainties, which could lead to changes in outlook, and the team recommend the Council consider scenario planning to help prepare for this.

With regards to the specific focus areas of economic growth and business transformation the team felt that the Council's approach to business transformation was in reality a programme of Information Technology (IT) investment to support more efficient delivery of services and not about wider service transformation. However, business transformation will provide a platform for service transformation at a later stage when financial pressures more directly impinge.

It was acknowledged that economic growth planning was at an early stage. There is no growth strategy and this is on hold until after the all-out council elections in May 2015. The new administration will follow-up a refresh of the Local Plan and the development of an economic growth strategy. The peer team recommend that planned supporting work is conducted in the period between now and then.

Local context and priority setting

The Council has undergone a period of change since 2012 with a management restructuring, a staff pay and grading review and changes in political leadership. This has been successfully managed and since 2011 the current administration has developed a clear set of strategic priorities and service delivery mechanisms.

North Norfolk benefits from real and valuable assets. The land has a high proportion – 47 per cent - being in an Area of Outstanding Natural Beauty (AONB), and is complemented by a beautiful coastline. Both are assets for residents and businesses but are also important for visitors and the contribution they make to the local economy.

There is an ageing population with over 30 per cent aged 65 years or over, which is nearly double the national average of 17.27 per cent. This is one of the highest proportions in England and presents future challenges for health care and housing. However, it also presents opportunities where many who have moved into the area have both time and resources that offer, as yet, an untapped potential.

The Council's Local Plan was adopted in 2008. This provided an early spatial vision to plan for sustainable economic and housing growth. The Council is about to refresh its Local Plan and acknowledges that there are areas to learn from the previous iteration, for example the needs of an ageing population will be a key area of focus.

Partners told the peer team that they found the Council to be sound, with a stability that facilitated engagement. The style of working benefits from some strong interpersonal relationships. This has contributed to good partnership activity on strategic issues of importance, for example working with housing associations and developers to respond to housing needs and the Egmore Local Development Order, on a 30 hectare site, to facilitate infrastructure needs for the Sheringham Shoal off-shore wind energy farm.

The Council's exemplary response and leading role in the 2013 storms demonstrated strong community leadership and resilience. This has had a powerful impact upon local communities and has been very positive for the Council's reputation.

The peer team picked up the Council's commitment to working well with Town and Parish Councils, for example the close liaison in response to the Fakenham fire in May 2014, flood relief and the storms of 2013 where the Council "moved heaven and earth". A challenge for the Council is working with the large number (122) of Town and Parish Councils, which sometimes find the Council difficult to access on routine issues.

Related to this are the Council's Localism programme and its 'Big Society Fund', funded from second homes Council Tax monies returned from Norfolk County Council. This has awarded funding of more than £600k on 80 projects over 2012-13 and 2013-14.

It is acknowledged that geographical remoteness, size, population distribution, age demographics and skills, educational attainment levels provide challenges for economic growth. Infrastructure exacerbates this with the district having no trunk roads or motorways. The only rail service is the 'Bittern' line linking Sheringham with Norwich. Similarly broadband is recognised as an important infrastructure element for the future economy but, like many rural areas, it is battling for coverage to hard-to-reach areas.

The quality of the environment and high proportion of AONB means that there can often be tensions between those who want to "keep it lovely", which can conflict with the Council's growth ambitions. The balance of environmental stewardship and economic growth can be difficult but it is essential if the ambition of economic growth is not to be compromised.

The economy is founded upon SMEs. The New Anglia Local Enterprise Partnership (LEP), covering Norfolk and Suffolk, estimates that these account for 95 per cent of the economy. The determination of the LEP's growth funding – nearly £300m from 2016-21 – provides growth opportunities for the district, although it is understood that much of the focus to date has been around the growth of Norwich and its surrounding area. Refreshing the Local

Plan will provide an important opportunity for the Council to reflect on economic growth to date and what the focus for its future economic growth strategy should be.

The Norfolk public service working arrangements and relationships have experienced a difficult few years. Discussions on unitary local government, a controversial proposal for an incinerator, establishing the LEP have all proved divisive and contributed towards mistrust and misunderstanding. It will be necessary to rebuild some of these arrangements and, at the same time, assess which relationships will be most beneficial for North Norfolk District Council (NNDC) so that energy is invested where most valuable and productive.

The recently appointed Managing Director at Norfolk County Council (NCC) is interested in working in localities and this provides NNDC with an opportunity for more localist provision. To make the most of this will require working up offers of service co-design and co-delivery that can be offered to the county council as being mutually beneficial.

Despite the positive regard for the Council from external partners it is viewed by some as 'risk averse'. Examples given to the peer team included the longstanding Tesco planning application in Sheringham; offshore cabling from the Sheringham wind farm to the mainland; the slow development of partnering opportunities with Great Yarmouth Borough Council on joint offshore energy working. In the future such opportunities may be developed that can also serve to assure potential partners that the Council is prepared to work in association for mutual benefit and that, in so doing, the Council is 'risk aware' with risk being understood and evaluated.

Finally, the peer team did not see evidence of the Council having a distinctive brand that 'sells' the area and provides a narrative of place, understood by the outside world, that would resonate with potential 'customers'. This will be important and should be capable of being adapted for inward investment, staff recruitment and tourism.

Management and political leadership

The peer team were impressed by the strong and visible political and managerial leadership that provides real stability through, what have been, some challenging times. This is underpinned by an innovative model of leadership with the Chief Executive and two Strategic Directors, with the latter assuming a ranging brief without line management responsibility. The relationships between Officers and Members are respectful and honest.

This is strengthened by close working arrangements between Corporate Leadership Team (CLT), Cabinet, the use of Management Boards and a clear direction of travel and priorities set out in the Corporate Plan – 'Small Government, Big Society'. This is underpinned by good service performance and financial planning arrangements.

The Council is ambitious and has a strong record of achievement and working in new ways. This will be important for the future: when financial uncertainties will constrain ambition; where organisational capacity will need to be focused; and where the requirement for service transformation will, from necessity, take a more radical turn.

However, there are areas where the Council will need to collectively focus on its ambition. For example, economic growth is a corporate priority, with a strong commitment at CLT and

Cabinet however, it is acknowledged that the “keep it lovely” view can prevail at Planning Committee.

Members showed that they care about the district and are prepared to be pragmatic for the greater good. Formal inter group relationships are appropriate and productively challenging and this is supported by Council weekly communications via a Members information bulletin. Political battles were less of an issue than delivering for local communities.

Shared services are not well developed. There was a recent attempt at shared revenues and benefits service with Kings Lynn Borough Council but this foundered at implementation due to incompatible IT. The Council attributes slow progress to partners not wanting to work with it.

The Council is aware that it is in a pre-election phase, with all-out elections in May 2015. It will be important to be clear on what needs to be done in this period so as to maintain progress on important issues and to ensure that identified key pieces of work are in train/completed in readiness for the new administration. A good example of this is the refresh of the Local Plan after the elections but with the opportunity to be commissioning the evidence base for this in the intervening period.

Although many partners are extremely positive about working with the Council - “We like working here” - some find NNDC harder to navigate and access. The Council wants to be ‘open for business’ but this can be difficult if this depends on personal relationships.

Financial planning and viability

The Council has worked hard and is in a strong financial position, being debt free and with healthy levels of reserves. This has been supported by housing stock transfer in 2006 which provided a capital receipt of £36.8m, part of which was used to clear the debt portfolio.

This position has been supplemented by savings achieved of £3m over the period 2011-12 to 2014-15 (this includes achieved and planned savings). Difficult decisions have been made when needed, for example to discontinue funding for CCTV, saving the Council £191k, where the risks were evaluated before a decision made. Savings proposals are projected from the Business Transformation programme and will be important to prepare and off-set the imminent funding gap of £372k in 2016-17. The Council has recently entered into shared office accommodation, with NCC’s Children’s Services, which provides an income stream of £70k per annum and, longer-term, offers the potential for closer partnership synergies.

The Council has established a new model of Local Investment Strategy. This recognises that councils have seen a marked reduction in investment income due to low interest rates and sets out an approach to support housing development while also generating an income stream. The practical effect of this is a shift from awarding grants to housing associations to awarding loans that generate income greater than could be achieved from traditional investment, with this income then recycled. This delivers on a corporate priority to provide affordable housing as well as an income stream. This is a highly innovative arrangement that should be modelled for future use.

Similarly the Council has devised an innovative programme to successfully address empty homes. This was a well thought through initiative where a business case was considered, objectives set and a lead officer recruited. Success has seen the number of empty homes reduced from 886 in 2012-13 to 561 in 2013-14; it has added to New Homes Bonus (NHB) receipts, is providing housing for residents and is improving the appearance of properties.

The Council clearly understands the links between economic growth and the growth of the Council Tax base and NHB/business rates and the importance of this in preparing for local government without Government Revenue Support Grant (RSG) funding.

Consideration is now turning to asset commercialisation and this will be a potentially important area; not only to deliver on the corporate priorities of economic growth and housing but also to derive asset-based income streams for the Council.

The broad understanding is that using council/other assets (especially land) can drive growth and revenue streams. The Council has an asset management plan and is preparing an asset and property management investment strategy in the current year. This will be an important piece of work to link with the Economic Growth Strategy that is to be developed. In addition to using existing assets this should enable the consideration of investment business case(s) to add to the property portfolio to support the delivery of corporate priorities and/or deliver a return on investment.

The uncertainties of future funding for local government are keenly understood by the Council – financial risk is the joint highest risk in the Risk Register. For example, the Council is planning to be RSG free but it is not clear by what date. It also currently loads 80 per cent of NHB into its revenue budget, which is recognised in the Medium Term Financial Strategy (MTFS) as a risk if an incoming Government decides to end or modify NHB. The second homes funding, received from NCC, is to be reduced. This currently supports the Big Society programme. With these financial uncertainties it would be worth the Council considering scenario planning to consider what might happen in different sets of circumstances. This would help the Council to develop mitigation strategies.

Similarly, although the financial gap is some way off (2016-17) it would be beneficial to devise a longer-term four year plan, linked to the renewed four year Corporate Plan, that sets out how financial pressures will be addressed and resources allocated. This longer-term perspective would allow the Council to anticipate the funding gap and the provisions it will need to make to meet this. It would also allow the Council's ambition, as contained in revenue and capital programmes, to be set out over a longer period and the duration of a political administration. It could also align with a longer-term funding agreement for local government that may come from a new Government and a subsequent Comprehensive Spending Review (CSR).

Governance and decision making

The formal democratic decision-making process of Cabinet and committees works with each understanding their respective role. The Cabinet and CLT interface is strong and there is good use of Management Boards (with Member involvement) that can be a powerful way to develop cross-cutting themes and agendas and to work across Council services to promote integrated working.

Overview and Scrutiny is acknowledged to be “more effective recently”. The peer team observed a meeting and witnessed good questioning and full future programme of activity. The use of the Councillor Call for Action showed good practice and constructive challenge of NCC who have responsibility for on-street parking management. There was also evidence of call-in powers being used and the value of this mechanism to hold Cabinet to account. Giving consideration to more involvement of Members in task and finish type activities could be beneficial. This could support the scrutiny and policy development functions of Overview and Scrutiny and strengthen the involvement of backbenchers.

The peer team did encounter a mind-set of backbenchers that “things only happen in the Town Hall”. It may be that further supporting the Members’ role in community leadership, for example supporting the relationship with Town and Parish Councils and other community groups and working on difficult community issues of growth and housing, could beneficially add to the democratic working arrangements of the Council.

It has been agreed to review constitutional arrangements following a request from Members. This will need to be progressed so that recommendations can be made post-May 2015 elections and enable decisions on implementation to be made quickly by the incoming administration.

It was evident to the peer team that devolution is “not on the Member horizon”. Some of this may be due to a commendable wish of many Members to focus on community issues of concern in the district. However, it is clear that this is a fast-moving national debate that is moving beyond City Deals and city regions to consider what devolution might mean for rural areas. This could present significant opportunities for NNDC and neighbouring public service partners and it would be advantageous to be involved in this.

The Member development offer is well regarded. However, it is focused primarily on Member induction post-election. It could be beneficially linked more to ‘big issues’ or themes, for example economic growth, housing, business transformation, devolution etc. This would not only develop collective understanding on big issues but help to develop consensus on where the Council stands on these.

Capacity

The Council has a clear sense of direction and purpose. The organisational restructure has been streamlined and has realigned key resources to strategic priorities.

The Council has a well-managed sickness/absence rate which has received management attention over recent years. This has seen a reduction from circa 12 per cent to just over 6 per cent and notable reductions in levels of long-term and stress related sickness.

There is strong cross-team working and good, supportive internal relationships, which was confirmed by a number of meetings the peer team held with staff. This is certainly aided by a comparatively small number of staff (277 in number), located in a single building. Staff know each other and who to talk to get things done.

There are good examples of flexible working with the use of flexi-time, mobile and home-working. Staff feel trusted and empowered to get on with the job. Communication is

strong and there is good use of 'One Team' practices, for example cross-team briefs. This can be built on to consolidate integrated team working. There is some targeted organisational development (OD) interventions introduced following the restructuring to support capacity, for example the management development training for the Extended Managers.

The Council is "good at rising to the challenge". The response to the storm surge demonstrated not only Council, but also service, resilience to respond and also continue with the day job. This has provided an affirmation for staff that they can react as required while also demonstrating considerable adaptability.

There is a challenge on staff recruitment in some areas. There will also be a future challenge to match skills to delivery of priorities, particularly when Business Transformation requires new skills and competencies. The Workforce Strategy will need to address these matters and the Council will need to think laterally for some new ways to recruit and retain staff. The peer team were told that Norfolk has one of the highest rates in England of graduates remaining to live and work in the area following graduation. It may be useful to develop closer links with further and higher (FE and HE) establishments to meet future recruitment needs. Similarly it might be beneficial to consider new forms of engagement with and development of community resources where, for example, the ageing population may have skills to support volunteering, mentoring and business support.

Business transformation

There is a spirit of innovation at NNDC evidenced by: the Eastlaw legal service – set up by the legal team to provide services in-house and to external clients with this service described by partners as "excellent"; the joint Waste programme – working with seven council partners and selected partner NORSE with an investment of £8m and savings to the Council of £120k per annum; and the Local Investment Strategy.

This is supported by Council ambition and a positive appetite for change. This is reinforced by strong staff engagement and communication on the need for change and how this is to be achieved.

Underpinning the Business Transformation programme is a skilled IT service. The Council has an agreed £1.4m investment in IT, telephony, mobile working; with part of the rationale being to catch up on technology after falling behind and, particularly, to provide firm foundations with a number of technology enabling projects currently underway.

However, there are challenges for this programme. The projected savings from business transformation are £375k per annum. Although significant these are not as high as those being aimed for or achieved by similar size councils. Furthermore the scope and vision is not, at this stage, radically transformative. Rather it is the use of IT to improve the efficiency of service provision. This may be because the financial imperative is not so urgent as it is for other councils where the immediacy of financial pressures means service transformation is essential and, just as 'necessity is the mother of invention', there is a greater urgency to explore innovative ways of delivering services.

What it does mean is that the Council has a period of grace to complete a programme of service reviews and upgrade its IT to improve services and gain efficiencies. Business transformation will be a prerequisite step for service transformation.

Service reviews are planned to deliver business transformation and are scheduled to begin with the planning service in the New Year and then be rolled out to all services. The focus of the reviews is service efficiency with the process described as: business process re-engineering to reconfigure the service; aligning IT requirements to deliver the new model, leading to new service implementation and increased 'channel shift'.

As the business transformation has not yet begun there is not yet a timetable for service reviews. In developing this it will be important to consider the following:

- Work will be required to firm up the benefits to be realised from the process so that this might guide the review process and be incorporated in the MTFS
- How will CLT and Cabinet imprint corporate requirements onto service reviews?
- Whether the service reviews should be undertaken service by service or otherwise, which might help to stimulate whole organisation culture change
- The overall process will need to be supported by programme management and project management principles
- Programme risk will need to be picked up by the Business Transformation Management Board
- The process will require some clarity on decision-making and a clear allocation of roles and responsibilities and where authority is vested
- How will the lessons from reviews be captured and transferred? For example as a transactional service the handling of planning applications will have similarities to dealing with licensing applications.

The peer team heard nothing on service transformation that might be informed by shared services, demand management or new forms of income generation. These would generally be acknowledged as some of the elements of service transformation that other councils would be considering. There are opportunities to develop these areas further and maximise the opportunities and efficiencies they can deliver.

The final challenge will be on the resources required to support service reviews. This should consider:

- Identify capacity constraints in conducting service reviews at the same time as 'doing the day job'
- Evaluate the resources and skills required to undertake the reviews
- Maximise and encourage internal talent to be involved
- External input - necessary to provide challenge and rigour and avoid complacency.

Economic growth

The economy of North Norfolk is comparatively strong. From reviewing the local economic indicators it does not appear to have been as badly affected by the recession as some parts of England.

There is a nascent Growth Plan that starts to pull together key issues and suggests a future direction. This is supported by a good understanding of the importance and impact of Council on the local economy - in commissioning goods and services, as a provider of services, as a major employer and the contribution of employees to the economy.

The LEP is recognised as an increasingly important 'player' in promoting the Norfolk economy, particularly with the confirmation of its growth funding allocation and moving towards implementation. The Council's Head of Economic Development is attached to the LEP for 1 day a week, offering a strategic advantage to understand LEP priorities and programmes and be involved in shaping these.

The relationship with the LEP is strengthening. Part of the improving relationship is a new chairman and attendance at a Leaders Board. However, could NNDC do more to present propositions to the LEP and/or other investment funders? Crucial to this would be whether the council works in isolation or is prepared to partner Norfolk-wide regeneration. For example, it appeared to the peer team that there were potential links with Great Yarmouth and offshore wind energy that might offer opportunity and synergy for investment funding.

The Council recognises the importance of housing to support economic growth and the need for this to extend beyond market housing to affordable housing. The housing service was described by a partner as "very solution based", substantiated by the recent decision to provide a £3.5m loan fund to deliver affordable housing and an income stream. However, the peer team were not convinced that housing was entirely understood as a significant part of the growth agenda, for example there did not always appear to be a strategic connection of housing development to employment so that one could sustain the other.

There is also clear evidence of a pragmatic approach on adjustments to the percentage of affordable housing in new build developments. For example, the Council has introduced a 'housing incentive delivery scheme' that works with developers to promote development, where consent has been provided, by relaxing, where appropriate, affordable housing requirements. This has stimulated the house building sector, increased the number of houses built and added to the level of NHB. This scheme has recently been extended.

The Council has shown how it has positively intervened when required to retain local businesses and their expansion requirements. Various examples include Kinnertons, Egmere, Heinz, Cromer Crab Company, Oyster Yachts etc. The example of Kinnertons is informative. The largest manufacturer of character chocolate products in the UK was seeking expansion of their factory operations at Fakenham with the risk of losing this presence. With Council support expansion was achieved, 600 permanent and 400 seasonal jobs safeguarded, an additional 90 new positions created and new investment of £25m into the local economy.

The Council has shown a commercial 'speculate to accumulate' philosophy in how it works with public and private sector partners to redesignate land assets to drive growth and also to generate revenue streams. One example is the former RAF Coltishall base which will be redeveloped as a solar farm. The 300 acre site was bought by NCC and originally earmarked as a site for a prison. NNDC has been working with NCC to rent the site to a solar power developer to generate a £10m revenue stream over a 25 year period. The revenue will be reinvested to provide business units and create jobs on-site. Planning

approval has now been given for a £50m investment by the developer. NNDC said that it would be “up for other” similar ventures and this highlights the need for progress on asset commercialisation so that such opportunities could be developed.

The challenges are to overcome contextual and infrastructure deficits, including:

- Remoteness, poor transport and electronic infrastructure
- Comparatively low land values which can make development viability difficult
- Demographic and population distribution with population sparsity and an high proportion over 65 years
- Skills and low levels of educational attainment and aspiration
- The Norwich/UEA “growth centre” which, so far, is not providing the ‘trickle up’ to the North Norfolk economy.

The Council does not have in place an adopted economic growth strategy. The strategic focus for economic growth appears to be the Local Plan and the allocated sites for commercial development/inward investment. The record on inward investment is mixed, not helped by the recent recession.

It has probably not been helped by the absence of a strategy that would show, based on research, an understanding of the current economic profile and projects what the key sectors of the future economy might be. The latter could contain elements of the current economy: tourism, agriculture, manufacturing, food processing, social care and SMEs. To this could be added ultra-fast broadband, place branding, the future profile of SMEs, an enhanced tourism offer, a cultural offer etc. A strategy, with this understanding, would enable the targeting of inward investment opportunities that could be attractive to investor markets and that would fit with the place brand/narrative developed.

Finally, it may be worth the Council considering developing a case for devolving the economic development strategy, intelligence and delivery capacity from NCC. This would need to set out the benefits for both NNDC and NCC and how this would work with the LEP.

Economic growth – making waves

Success by the Council in delivering on economic growth will depend on preparation and ambition. This will be linked to the refresh of the Local Plan planned after May 2015 but would benefit greatly from significant preparatory work between now and then, particularly on commissioning the evidence base. There is data and intelligence held by the Council (and LEP) on the different sectors and structures of the economy, skills and educational attainment and the support needs of current businesses. However, this will need to be enhanced to support a deep and thorough understanding of the district’s economic profile.

The current approach has been to use the Local Plan as a focus. Having allocated sites for commercial development the aspiration is that this is then noticed by the developer market for subsequent investment. From what the peer team saw this has worked well for residential development but less so for commercial development. Ideally the two markets – homes and employment - should be operating more closely in tandem. This raises the

question of whether the offer is what the market wants and/or whether it is being marketed well enough?

There appear to be two options available to the Council. They are not necessarily mutually exclusive. The first is to continue with the above approach but with stronger branding and marketing. The second would be to build on indigenous growth and to assess which might lend themselves to be scaled up and supported by the Council. The second option is the one the peer team favoured as it builds on the current economy strengths of SMEs that will inevitably form a significant part of the future economy. Within this option there are five separate strands. These are:

1. Know your sectors and the structure within the sectors

Growth will come from existing SMEs and microbusinesses. Work will need to be conducted to identify which have growth aspirations/potential and might be supported by the council and/or pointed to other partners for growth support. Identify the horses you want to back.

2. A vision for place and economy

Branding is important to establish an economic, social and cultural identity. The peer team considered high speed (and possibly ultra-fast) broadband to be vital to support existing SMEs but also to attract niche businesses that would depend on high speed digital transactions.

3. Investment/market intervention to drive the strategy

The future brand and growth strategy needs to be unambiguous and 'open for growth'. The 'double signals' that have occurred in the past will need to be avoided.

Infrastructure has been identified as crucial. The recent determination of the LEP's growth funding has confirmed work on the Norwich Northern Distributor Road (NDR) a proposed 20km dual carriageway road that will run from the A47 at Postwick, east of Norwich, to the A1067 north of Taverham and an investment of £300m and will result in capital and industry using this to move goods and services differently. The Council will need to anticipate what this may look like, the opportunities offered and how these can be maximised. For the Local Plan review it will be important to consider the type and location of employment land required to support related growth needs.

Broadband is a key infrastructure investment with the prospect of 25 mb rollout by BDUK, with Council support to extend this to rural areas by the allocation of £1m "flex funding". Although faster than current provision this is expected to be overtaken in a short time by next generation ultra-fast broadband. If broadband is to be a key component of the future economic infrastructure then it will be important for the Council to consider how this remains competitively fast and attractive for future inward investment.

Skills, educational attainment and aspirations of young people were issues raised frequently throughout the peer challenge. There is an opportunity to build on the work of the Learning for Everyone programme but to also develop capacity by working with

partners. This could include working alongside the LEP on the latter's Skills Manifesto. It could also consider working with NCC, further and higher education establishments and local business partners to establish an employment partnership to give this dedicated attention.

Alternative energy is a strongly emerging sector of the economy, with this recognised by the Council in seeking to explore further off-shore wind energy schemes off the North Norfolk coast. Could the Council do more to gain capacity and momentum by joint work and funding with Great Yarmouth? This might be usefully explored via the LEP.

A feature of many recent emergent economies has been the cultural offer, for example the Tate gallery at St Ives or the Turner Contemporary gallery in Margate. The peer team were impressed with the Thursford Christmas spectacular which attracts visitors from across the UK. Such elements could form part of the council's branding, cultural offer (over a full 12 month cycle).

The visitor economy has been and will continue to be important. Further work with the North Norfolk DMO will be important alongside the branding already discussed.

4. Put your backing into it

The contribution of the council to shape and support economic growth will be crucial to success. Development land will be identified by the Local Plan and may be provided, in some instances, through the use of Council assets or that of other public service partners. The innovation shown on housing might be repeated in other forms of land use, for example local asset based vehicle (LABV), tax incremental funding (TIFs) or other creative models being used by councils across England.

Data and intelligence will be vital to understand the current economy and to plan that of the future. This might be supported by an economic observatory, possibly in discussion with NCC. The voice of business needs to be heard and used to supplement the data and intelligence referred to above. Business feedback will be informative on current business issues and support/expansion needs.

Investing in economic development activity will be important and provision will need to be made within the MTFs. There may be some opportunities to recycle funds, for example new business rates from the RAF solar farm and/or a proportion of NHB to support this activity. There is also the housing right to buy (RTB) receipts with an estimated value of £300k per annum that could be recycled.

5. Do less, do it better and let the world know you're 'open for business'

The council has already strong examples of achievements from intervention, including Kinnertons and Egmere. These should be promoted as examples of how the Council prioritises economic growth, is 'open for growth' and is intervening in the interests of the local economy.

Managing this will require a clear focus on growth priorities so that it is clear where effort, energy and resources are spent and, conversely, where they should not.

Moving forward - recommendations for consideration

Based on what we saw, heard and read we suggest you consider the following actions to build on the Council's undoubted successes. These are things we think will help you improve and develop the effectiveness and capacity to deliver your future ambitions and plans.

Economic growth

1. Commission work to develop a distinctive place and brand narrative that markets the area and is capable of being adapted for inward investment, staff recruitment and tourism
2. Ensure that if broadband is to be a key component of the future economic infrastructure that this remains competitively fast and attractive for future inward investment
3. Continue work to develop an Asset and Property Management Strategy that can work alongside the Local Investment Strategy, the Local Plan and the – to be developed – economic growth strategy. This should be able to consider business cases for investment in land and assets.
4. Conduct work to identify which SMEs have growth aspirations/potential and might be supported by the council and/or pointed to other partners for growth support
5. Ensure that the balance of environmental stewardship and economic growth has greater certainty and commitment to ensure that economic growth is not unreasonably stifled
6. Build on the work of the Learning for Everyone programme to develop capacity by working with partners, including the LEP on its Skills Manifesto. This should also include working with NCC, further and higher education establishments and local business partners to establish an employment hub to give this dedicated attention.

Business transformation

7. Continue the existing programme of IT- based business transformation on the understanding that this is a prerequisite step towards service transformation that will be required later
8. Firm up the benefits to be realised from the process so that this might guide the review process and be incorporated into the MTFs
9. Evaluate the resources and skills required to undertake the reviews and ensure that these are in place
10. Produce a service review programme, underpinned by programme management and project management principles

General

11. Devise a longer-term four year MTFs, linked to a four year Corporate Plan. This will provide a longer-term perspective to anticipate the imminent funding gap and allow the Council's ambition to be set out over a longer period and the duration of a political administration.
12. Use scenario planning to prepare for this future uncertainties and assist financial planning

13. Develop proposals for locality working with NCC which can provide mutual benefits
14. Extend the Local Investment Strategy model, developed in response to reductions in investment income. Similar opportunities should be encouraged and business cases evaluated, underpinned by outcomes that achieve a return on investment and/or deliver on corporate priorities.
15. Increase involvement of Members in task and finish type activities. This could support the scrutiny and policy development functions of Overview and Scrutiny and strengthen the involvement of backbenchers.

We have attached a set of slides that summarise the above feedback. The slides are the ones used by the peer team to present its feedback at the end of the onsite visit.

Next steps

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership before determining how the Council wishes to take things forward.

As part of the peer challenge process, there is an offer of continued activity to support this. The peer team believe that the Council could be beneficially pointed towards good practice in other councils that it might learn from. The LGA has a strong understanding of good practice elsewhere and would be pleased to assist on this.

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. Gary Hughes, Principal Adviser (East of England) is the main contact between your authority and the Local Government Association. Gary can be contacted via email at gary.hughes@local.gov.uk (or tel. 07771 941337) and can provide access to our resources and any further support.

In the meantime, all of us connected with the peer challenge would like to wish you every success going forward. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

Yours sincerely

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- Jon McGinty, Deputy Chief Executive , Aylesbury Vale District Council
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