

Malcolm Morley
Chief Executive
Harlow Council
Civic Centre
The Water Gardens
Harlow CM20 1WG

November 2014

Dear Malcolm

Harlow Council
Corporate Peer Challenge – 18-20 November 2014

On behalf of the peer team, I would like to say what a pleasure and privilege it was to be invited into Harlow Council to deliver the recent corporate peer challenge as part of the LGA offer to support sector led improvement.

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Harlow were:

- Lead Peer - Lee Harris, Chief Executive, Crawley Borough Council
- Member Peer - Cllr David Simmonds, Deputy Leader of the Council and Cabinet Member for Education and Children's Services, LB Hillingdon
- Officer Peer - Rachel North, Deputy Chief Executive, Tewkesbury Borough Council
- Officer Peer - Chris Traill, Strategic Director, Charnwood Borough Council
- National Graduate Development Programme Peer - Joseph Cormack, Public Affairs Assistant, LGA
- Peer Challenge Manager - Sue Avery, LGA

Scope and focus of the peer challenge

You asked the peer team to provide an external 'health-check' of the organisation by considering the core components looked at by all corporate peer challenges:

1. Understanding of the local context and priority setting: Does the Council understand its local context and has it established a clear set of priorities?
2. 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?
3. Political and managerial leadership: Does the Council have effective political and managerial leadership and is it a constructive partnership?
4. Governance and decision-making: Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
5. Organisational capacity: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

You asked us to consider an additional question:

- Community engagement: How can the Council improve its community engagement to inform its decision making?

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focussed and tailored to meet individual Councils' needs. They are designed to complement and add value to a Council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 3 days onsite at Harlow, during which they:

- Spoke to more than 160 people including a range of Council staff together with Councillors and external partners and stakeholders.
- Gathered information and views from more than 34 meetings, and additional research and reading.

This letter provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit on 20 November 2014. In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

Summary of feedback: overall observations and messages

Harlow was created as a new town in 1947, to house families from the east end of London after the war. Harlow retains many of the features, art, cultural and leisure facilities which made it so popular in the post-war years. It continues to evolve with new modern housing developments and state of the art sports and leisure facilities. It has also become a University Town and has been awarded Government Enterprise Zone status.

Harlow Council's vision is: "Improving Harlow for residents, businesses and visitors". The Council has delivered an extensive improvement programme over the last ten years including £100m on regeneration schemes; over £100m investment to upgrade housing; a £200m venture with Kier plc on housing maintenance and environmental services; and partnership with Westerleigh Group generating £3m in capital investment. The Council has generated savings to the General Fund of, on average, 14% per annum for each of the last eight years, through a combination of efficiency improvements, cost reductions and income generation.

The Council invited the Peer Challenge Team to focus on its community engagement strategy and activities to help it improve this area and better inform its decision making in future. The Council developed a comprehensive timetable for the challenge enabling the team to meet a good mix of appropriate stakeholders – all of whom actively engaged in discussions.

Harlow Council has a tangible passion for place and keen sense of its 'New Town' history and the ensuing local legacy. Elected members and staff have successfully created a welcoming and supportive customer focused environment for their local residents. The Civic Centre building in The Water Gardens – which the Council moved in to ten years ago – reflects this feeling of welcome in the Contact Centre reception with a large, well lit, open area and art gallery above.

Staff, managers and members have a positive attitude and the Council's culture is one of a 'can do' organisation with high aspirations for the town. Officers and members work well together and share an outward facing approach with partners and local communities.

The Council is clearly committed to placing community engagement at the heart of what it does. We found evidence of mostly good relationships and a community passionate about Harlow and willing to engage with the Council. The Council can now take this forward and build confidence with the community that it will act on feedback from engagement.

Harlow is a place where political administration has changed frequently and this creates challenges to long term planning and sustaining relationships with key players.

The Council has put in place ways to handle this by developing some key shared priorities and creating stability in its senior management.

The Council is ambitious for Harlow and has a track record of achievements over the last decade. There is, however, no transformation plan in place and going forward the Council needs to consider capacity issues around its senior management and how it develops its staff talent to ensure it can continue its success in the future.

The Council is keen to have more transparent governance and our key message is that it needs to consider how it simplifies its overly complex governance arrangements and puts in place ways in which key policy decisions are signed off jointly between cabinet and senior management.

The Council has done well to stabilise its financial position and has good plans in place to cope with the short term budget challenges. We would suggest that the Council considers whether the “discretionary budget fund” provides an appropriate financial tool for the long term.

Summary of feedback: current performance, ability and capacity to deliver future ambitions

Understanding of local context and priority setting

Priorities are widely shared and clearly articulated by members, senior officers, staff, community members and partners and reflected within the Council’s strategies and performance plans. The Council priorities are:

- More and better housing
- Regeneration and a thriving economy
- Wellbeing and social inclusion
- A clean and green environment
- Successful children and young people

These priorities are readily identified by members, managers, and staff throughout the organisation, all of whom are able to explain their significance to local people and how their own role contributes. The Council’s partners and community groups work with the Council to identify these priorities and play a role in the determination of the budget. There is a shared understanding of the ‘New Town’ history and the work that has been done to create a strong local identity founded in science, education and the arts.

The new appraisal system Personal Performance Plan (PPP) is widely recognised as a much improved two-way discussion between staff and their managers, clearly

identifying the individual's contribution to local priorities, their level of performance and any training and development needs.

The Council is working hard to achieve open and transparent communication and considering innovative ways to engage local people. There is a highly participative web-site and regular use of Facebook and Twitter, all offering signposting to services, consultation opportunities and welcoming fresh ideas. Regular consultation also takes place through meetings, partner and resident forums, on-line and by post, and through member's surgeries. Recently, wide ranging use of social media and local press enabled the Council to raise awareness on the issue of illegal encampments and create a more common understanding of what the Council can and cannot do to help resolve the on-going tensions.

There is clear evidence of shared priorities around regeneration and housing with the funding commitment to the Enterprise Zone and the Decent Homes Capital programme and new build programme. The Council works in partnership with many parts of the public sector, leads the delivery of an Enterprise Zone, and works with the private sector to create jobs by leveraging public-sector investment to obtain a multiple of private-sector investment.

Political control has changed frequently over recent years and annual elections by thirds has created uncertainty - the inevitability of a 'one year horizon' was frequently raised during the challenge particularly in relation to long term initiatives and effective budgetary planning. This has led to some staff and partners voicing concern that this has resulted in too many priorities and insufficient focus.

Financial planning and viability

The Council has made savings in excess of £20m over the last nine years, stabilised its financial position through close partnership working with private and voluntary sectors and protected front-line services and jobs. The joint venture with Kier Plc led to the transfer of 400 staff and the partnership with the Westerleigh group has guaranteed long term income for the Council. There are many examples of joint ventures to generate income and reduce costs including re-cycling, bottle banks and bulky waste as well as dividend generated from Kier Harlow parking and income from the Leisure Zone.

The implementation of the Modern Homes programme commenced in 2013 following the introduction of the Housing Revenue Account Self Financing proposals. A five year Housing Investment Programme (HIP) has been developed with significant capital investment in the Council's housing stock.

Over the last 11 years senior managers' posts have been reduced from 27 to 6.5 including appointing a part time interim Head of Governance and the Chief Executive moving recently to a part-time contract. This large reduction in the senior management posts has created on-going significant savings to the Council.

The Medium Term Financial Plan (MTFP) is widely understood with clear focus on tackling future financial challenges, and the asset strategy is in place. A "Discretionary Services Fund" has been created from savings and windfall income such as New Homes Bonus (NHB). This fund is used to provide financial support to 'discretionary services' while the Council seeks to transfer these to other private or voluntary sector providers. This is a relatively new scheme, with the NHB being added in to this reserve each year and the fund is now well-resourced. The fund has served to focus minds on finding new providers for some services and contributed to budget savings. However, some of those organisations we met seemed confused by a perceived arbitrary split of discretionary/statutory services. The team also questioned whether the approach will effectively support future long-term planning and the Council's priorities.

Budget consultation with the community was extensive over the summer of 2014 including 2000 household surveys, general on-line survey, social media and local press. However closer attention needs to be paid to demonstrating how the consultation feedback impacts on the future budget strategy. We found contrary examples, where the Council's thinking is likely to overturn the feedback, for example with the Playhouse and paddling pools. Clearer communications with local residents will be required to explain why the Council is not going to act on the consultation findings and to build confidence in the Council's commitment to community engagement.

Whilst future savings are planned, the extent of any future transformation in services is unclear and front-line and back-line staff shared their concerns that they feel they are at the limit of their capacity to deliver current services.

The Council may wish to think about greater utilisation of its own building to fully maximise income generation from other delivery partners (Job Centre Plus, Library etc.)

Political and Managerial Leadership

The Council continuously seeks to lead the evolution of Harlow as a place for private-sector investment, for local people to improve their educational attainment and for them to be able to aspire to and access the opportunities created. The Leader and the Chief Executive have high profiles and maintain regular personal contact with staff, partners and residents. Business and voluntary sector partners spoke very highly of the Chief Executive's role in maintaining close links and staff

and managers welcome the regular presence of both the Chief Executive and the Leader within the Civic Centre and at other Council premises. The Chief Executive creates opportunities for two way communication with staff through weekly e-mails and the anonymous 'ask Malcolm'.

Consideration should be given to the future evolution of the co-leadership model of members and senior managers to ensure greater consistency and stability and support more effective long term planning. We heard evidence from a number of sources that the decision making process created some tension which was a concern to both members and officers, and greater clarity in the decision making process, especially in the early days of scoping future plans, would help with this.

The Council has made significant progress over the last ten years in the way it delivers services, manages the organisation, and controls its finances. It has made great strides to move away from the traditional 'New Town' paternal view of local government with an increasing number of services being delivered in partnership with other organisations. For example, customer service staff in the contact centre deal with many 'first generation' New Town Harlow residents who still expect the Council to 'do everything for them' and they work hard to give support and understanding. It's been a long and hard journey and the amount of progress made is commendable.

Partnership working is a strength at Harlow, built on good relationships, passion for the place and delivering clear and measurable outcomes. The joint ventures with Kier and Westerleigh Group, as well as delivery of the Enterprise Zone, have long lasting impact in terms of efficiencies, income generation and economic development.

The work on the Local Plan and issues related to the proposed Junction 7a of the M11 are vital to the future success of Harlow and are especially challenging. Partnerships with the key players are variable and working relationships could be further developed. There are always challenges in the relationships between Councils and progress in some policy areas is better than in others. Consideration should be given to bringing new players to the table in an attempt to find common ground and a way forward.

Governance and decision-making

There are good induction and support arrangements in place for new members. Five members of UKIP – four of whom were first time Councillors - were elected this year and felt they were provided with a comprehensive induction programme. This included mentoring from senior officers as well as coaching in the working of the Council and observation of its key meetings prior to actively participating.

Some effective cross-party working is underway to overcome political instability, deliver key shared priorities, and develop confidence in housing and regeneration partners for example with Kier and also Public Health England on street lighting.

Governance structures and roles need to be clarified in order to ensure they align with the decision making process and are fit for purpose. The Council is working towards being more inclusive. Going forward there is a need to clarify the roles of committees, improve the way officers and members work to co-produce reports and avoid establishing forums that have limited life. There is a proliferation of committees with confused roles, lack of co-produced reports, and a history of setting up and abolishing different forums and panels which has left a legacy. Cabinet, overview and scrutiny roles and housing committee were cited as examples of confused roles.

Furthermore the current governance structure outside of the Council, Cabinet and the statutory Committees could be perceived in respect of some activities as inhibiting the Council's ambition to be a transparent and open organisation. Certain partners expressed the view that in some cases decisions are made behind closed doors and 'consultation appears to take place after the event'. To ensure that the Council is seen as a transparent and open organisation and to build further the trust of all partners, all decisions need to be made in the open, whenever possible, and consultation needs to be seen to precede and inform decisions.

Capacity

Members, officers and staff create a friendly, enthusiastic and supportive culture within the Council which is tangible in the Civic Centre and apparent in general feedback from partner organisations.

The Chief Executive, Leader and members have regular contact with staff within the Civic Centre and other Council locations and effectively seek their feedback, ideas and contributions towards improvement through the annual staff survey, regular Chief Executive e-mail communication to staff, 'ask Malcolm' opportunities and generally 'walking the floor'.

Staff are very positive and resilient and aware of their contribution towards meeting the Council's priorities. The team met with large groups of front and back-line staff - as well as many managers at all levels - and their passion for Harlow was clearly evident. They all contributed to very positive discussions about their roles and how they impact on the lives of local residents. In describing how they cope with increasing financial constraint they focus on their ability to be flexible, supportive of each other's needs through strong teamwork and a good understanding of the need to offer this support cross-service when necessary.

Staff also understand the 'New Town' history and work hard to help residents embrace change giving examples of occasional reticence amongst residents when facing new technology, and those who have always expected the Council to 'do everything for them'. Staff gave some touching examples of where they had 'gone the extra mile' to resolve individual residents' problems.

The new appraisal system Personal Performance Plan (PPP) has been well received as being simpler, more focused and effective. Both staff and managers describe it as a genuinely two way process with good discussion about level of individual performance, development needs and aspiration. Whilst around 50% have been completed this year, the scheme is in its infancy and this number is anticipated to increase considerably by the year end. The team urges the council to ensure that 100% are completed

Training and development is available at all levels of the organisation and includes on-line modules, shadowing and mentoring. Going forward, further consideration could be given to opportunities for training alongside partner organisations, and likewise for shadowing/mentoring with colleagues in the business/voluntary sectors. Staff feel that shadowing was positive and helpful but has become less prevalent as budgets are under greater pressure, but consideration could be given to continuing this through short term job swaps.

As Councils look to reduce senior management capacity and cost there is a need to manage the risk of sending a confusing message to partners and residents, and going forward the council needs to ensure its leadership capacity is fully aligned with and sufficient for the scale of its ambitions.

There is a lack of evidence that strategic workforce planning is delivering the organisational capacity that your ambitions require. The recent People Resources Plan (PRP) whilst providing a clear understanding of the background and current position does not provide a clear picture of how ambitions are to be achieved through transformational change. Many of the milestones identified appear too long term and did not appear to identify the solutions to succession planning and staff retention. Harlow, like many authorities, could benefit from greater exploration of joint partnership funded posts to achieve outcomes.

The Council needs to maximise opportunities for learning and shared good practice and whilst some examples appeared in discussions during the final presentation, these were not evident in the self-assessment or with staff we met. Further consideration could be given to such opportunities and how that learning might be shared. Lee Harris, team lead has invited a team from Harlow to visit Crawley Council to explore Lean Systems Thinking.

Further consideration needs to be given to how the organisation develops talent and creates opportunities for staff against a background of financial challenge and staff reductions. Staff feel that they are operating at maximum capacity, and that their flexibility and ability to rely on supportive team working has probably reached its limit. They shared their concerns about further un-filled vacancies and how they will be able to manage. Concern was also raised about the limited three grade pay-band which has inevitably led to staff losses where individual's only means of gaining a higher salary once at the top of the band is to leave the Council.

Community Engagement

Pride and passion about Harlow is palpable, clearly evident in the community partnerships workshops attended by many representatives from diverse organisations. They presented the face of a positively engaged community that understands the financial constraints and is willing to take on more responsibility.

There are some good examples of community engagement including the action focused Youth Council, apprenticeships, development of a route map for cycling and walking and the bus panel. Sam's Place is a youth club which has been successfully secured with a group of volunteers and Age Concern has been moved into a purpose built building.

The Council uses a variety of methods to interact with local communities including a dynamic website, creative use of social media including Facebook and Twitter. Twelve Councillors including the Leader, Leader of the Opposition and three Cabinet Portfolio holders all hold active personal Twitter accounts.

There is a good opportunity to build on the some good community outcomes from positive engagement such as the local awareness raising on unlawful encampments Community events explaining the Council's responsibilities and powers appear to have been handled sensitively and have promoted greater understanding amongst residents.

However, there is a lack of strategic vision for community engagement – what are you trying to achieve? There has to be consistency on transparency and engagement, for example the extensive consultation on the budget needs to correlate to the budget priorities for the Council. It is also helpful to clarify what has not worked and what will not be used, for example Area Forums can be resource intensive and have not historically promoted resident engagement or community cohesion.

The strategy also needs to state how it will measure outcomes that the community understands and values, for example, how many allotments were created, playgroups supported, grants brought into luncheon clubs etc..

The Asset Team has provided support to enable community groups to accept transfer of assets. The Youth Council has dedicated officer support and Portfolio Holder attendance at meetings. However, there are some inconsistent messages and disproportionate levels of capacity to support communities from across the Council. Some groups appear to be very well supported and encouraged to develop whilst others are less so, without understanding the rationale behind such decisions.

The Council is giving consideration to how it improves the relationship with tenant representatives. It needs to clarify expectations, be clear about what it wants from tenant representatives and to simplify and clarify consultative arrangements. There is a good opportunity to build on the active learning demonstrated by improved relationship with leaseholders.

The Council could improve the way it supports members in their community leadership role. There is a huge level of activity but it is unclear how members might capture this feedback without it appearing ad hoc and inconsistent.

Key suggestions and ideas for consideration

The peer team developed some key recommendations for you to consider. These are based on what we saw, heard and read. Drawing on our experience of the sector and knowledge of local government improvement, the following are things we think will help you to make best use of your skills and experience, deliver some quick wins, and develop the strengths you will need to see your change agenda through:

1. The Council should review its over-arching community engagement strategy with consideration being given to its purpose and vision, member and officer leadership, resourcing and structures for engagement with the public and stakeholder groups.
2. The Council needs to develop a focused and structured offer for members to develop their community leadership role including management of member enquiries and support in engaging with community groups.
3. Harlow needs to develop its organisational and partnership culture to place community engagement at the heart of its thinking including consideration of workforce planning.

4. Harlow has progressed considerably and now has an opportunity to develop governance and decision making that will support its ambitions for transparency.
5. Harlow needs to continue to develop with partners a medium to long term financial strategy including capital and revenue plans that will underpin delivery of their shared priorities.

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. We will provide signposting to examples of the above and other information that will help inform your thinking.

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. In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. We will endeavour to signpost you to other sources of information and examples of practice and thinking.

I thought it helpful to provide contact details for Gary Hughes who, as you know, is our Principal Adviser (East of England). Gary can be contacted via email at gary.hughes@local.gov.uk (or tel. 07771941337). He is the main contact between your authority and the Local Government Association. Hopefully this provides you with a convenient route of access to the Local Government Association, its resources and any further support.

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.

Sue Avery

Peer Challenge Manager
On behalf of the peer challenge team