

HAVANT BOROUGH COUNCIL – CORPORATE PEER CHALLENGE

14 – 16 January 2014

Overall message

Historically Havant has been a council with a good record of service delivery and performance. With local government spending pressures the council is keen to consider innovative means by which it can provide future services that are responsive to customer need and are founded on a strong customer centric ethos.

The council's ambition, and the importance of partnerships in this, is clearly set out in the vision. This states "that communities of South East Hampshire will be increasingly prosperous, vibrant and active. Effective partnerships are key in the organisation to deliver the priorities of public service excellence, economic growth and financial sustainability."

The council is committed to partnership working arrangements to maximise capacity and resources to deliver shared objectives. This is characterised by a mixed economy of service provision and the willingness to extend this further.

In 2009 a principal partnership was established with East Hampshire District Council (EHDC); referred to as the South and East Hampshire Partnership. A business plan for the Partnership was developed that set out proposals for joint management arrangements, a move towards shared service provision while, at the same time, the sovereignty of each council was guaranteed. A joint Chief Executive was appointed in 2009 and was followed by a joint management team and restructuring that delivered on-going savings of £0.5m.

However, EHDC has had 5 Leaders in four years and this has led to understandable challenges to partnership working and service delivery. The change of Leader in May 2013 has led to what is referred to as "the pause" in working relations between the two councils.

A significant Partnership achievement was the remodelling and extension of the Public Service Plaza that provides office accommodation for the council and also co-location with Hampshire County Council (HCC) and other partners. This offers the prospect of extension to create a public service campus at the Plaza and in the immediate vicinity.

The population of the borough is 116,900 (May 2010) and contains a high population of over 65 years (21 per cent), where the national average is 16 per cent. This may present economic opportunities for care sector development as a segment of the future economy, although traditionally this has been low skilled and low paid. The role of the new Health and Wellbeing Board, bringing together social care, health and council support arrangements, will be important in this regard.

With one of the corporate priorities being economic growth the council has a good sense of opportunities available from its geographical location and the importance of the M27 and A3 road networks providing good access and good transport links to support the economy.

The council has clearly set out the A3 'connected' sites that lend themselves for development.

The council also recognises that it is a "geographically small borough with little capacity for development growth". The Core Strategy – for the period 2006-2026 - was approved in 2013 and plans for 6,300 new homes and 162,000 square metres of new employment floor space over the plan period. This plan is recognised by the council as a key strategy to support economic growth. It was the first in the South East Hampshire area to be adopted.

Havant's relationship with Portsmouth City Council is important as the latter owns 10.6 per cent of all land in the borough. A good part of which includes housing notably at the Leigh Park estate, a post war build overspill suburb for those made homeless in Portsmouth by bomb damage. Leigh Park was one of the largest council estates in Europe containing some 10,000 houses, although over half of these are now privately owned. Leigh Park has higher than average levels of unemployment and deprivation.

The Dunsbury Hill Farm development provides the council with a major economic opportunity. Planning permission was granted by the council in March 2013 and the infrastructure funding circa £8m – for the Asda roundabout changes and a new roundabout north of this – appears to be in place for this to proceed in the near future. This is also a significant opportunity for added social value with Dunsbury Hill Farm being adjacent to the Leigh Park housing estate. If the council, Portsmouth City Council and others were to co-ordinate a programme of work and community engagement this could deliver opportunities for employment and health gains for residents at Leigh Park.

The limitations on development emphasise the importance for growth to be responsive to community and business needs while remaining alert to growth limiting factors. This is supported by a positive pre-application focus, which involves Members and the public in pre-application discussions, for potentially controversial applications, which can be responsive to community concerns leading to agreed adjustments.

There are strong partnership working arrangements at sub-regional level that will be important to sustain to achieve economic growth and prosperity for the borough. The council is working strongly in partnership across the county area and is supported by good working relationships with the Solent Local Enterprise Partnership (LEP) and the Southampton and Portsmouth City Deal – second wave - approved in November 2013. Havant also plays a major role in PUSH (Partnership of Urban South Hampshire) particularly to co-ordinate economic development.

The financial pressures in recent years have required the council to achieve savings from restructuring and from shared service arrangements introduced, although it is important to note that this has been achieved without detriment to service delivery.

However, there is a financial gap looming for the four year period 2015-16 to 2018-19 of some £4m. This gap presents a major challenge to the council on how it repositions itself, with reduced resources, to the community it serves. The council recognises that as part of this shift it will need to manage community expectations. Its aims are that over time the wider community might take on more of the services traditionally provided by the council.

There are no town or parish councils in Havant. This makes the council's commitment to customer service and engagement even more challenging and the work with voluntary and community organisations of even greater importance. There is good work being conducted by community engagement and Customer Insight teams engaging with community groups. This will need to be developed further so that the council can have a dialogue with the community on future service provision.

The recent journey

Local context and priority setting

The council has a strong understanding of the borough and its demographics, the economy, environment, communities and infrastructure. The borough has higher levels of unemployment than the rest of the county, four wards being within the 20 per cent most deprived areas in England; comparatively low skills levels and a need for more affordable housing. This is partly offset by a local economy that is traditionally manufacturing and marine based, with four major industrial estates and good transport links.

This understanding is important for the council to be aware of the pressures it faces and of the opportunities available to it. In particular it is recognised that the opportunity for development is limited by the constraints of land available. This emphasises the importance of potential major sites, for example Dunsbury Hill Farm, and for working with neighbouring local authorities to ensure that the spatial planning 'duty to cooperate' is fulfilled.

The Corporate Strategy expresses three clear overarching objectives which are well grounded on the evidence and understanding of local need, public sector spending pressures and council aspiration:

- Economic Growth
- Financial Sustainability
- Public Service Excellence.

To support the objective of economic growth the council has an adopted Core Strategy and work is being undertaken to bring the Site Allocations Development Plan Document to examination later this year. Additional key strategic documents are the Marketing Strategy and the Customer Access Strategy.

Havant is committed to understanding customer needs and to engage with them in shaping future service delivery arrangements. This has been described as a "user centred designed" approach to service delivery. The council has begun good work to develop its customer understanding and to link this to options for future service provision. The tools for this are the Customer Insight team and Mosaic, community engagement, and intelligence gathered from partnership engagement.

The community engagement work was highly valued by community representatives the team met. Examples of this included the community asset transfer of a community building to an Emsworth community group and play park refurbishment at Warren Park. The support from the council was described as "absolutely fantastic". However, although some

of this work is planned and targeted, for example the work on the Hayling Island Community Plan, much of it is reactive. This may be due to resource constraints.

It would be of benefit the council to make this activity more strategic, which would be consistent with the approach set out in the Customer Access Strategy. This would mean Joint Management Team (JMT) giving this community engagement a forward plan aligned to corporate priorities. Resourcing might be assisted by combining resources from the service overlaps in the Customer Insight team work and community engagement colleagues, along with other services' involvement in customer engagement, to ensure capacity is available.

A Community Engagement Strategy would also be beneficial to set out the council's community priorities and support more directed work to strengthen customer understanding. It would also be worth considering an IT platform to support community engagement. There are examples of this such as 'Shaped By Us' in Cornwall <http://cornwall.shapedbyus.org> Havant could lead a county-wide model on this; linking up a larger number of council resources but with individual council-area pages providing:

- contact and support information
- signposting information to other resources and groups
- case studies
- sources of funding.

The work on customer needs is recognised by the council to be at the early stages but it has potential. It will be important to support the development of a dialogue with communities to understand customer/community needs, inform service design and set out proposals for future council service delivery. This will be important for future service delivery options that are responsive to customer needs.

There is good evidence of regional working with Hampshire councils via the Partnership for Urban South Hampshire (PUSH), including a sub-regional economic development strategy and a single inward investment function adopted by the Solent LEP. It is advantageous that PUSH is fully coterminous with the Solent LEP and has adapted to form a strong supporting relationship with it.

However, there is no economic growth strategy for the council specific to Havant. The current approach has been to work on key sites and joint working through PUSH with the council an active partner in the formulation and delivery of the PUSH Economic Strategy in support of a sub-regional approach to economic growth. Work has been done on a council strategic growth plan, including elements on major sites, skills development and support for new and existing businesses. The peer team proposes the development of an Economic Growth strategy for Havant, which would:

- consolidate evidence of the Havant's offer and needs
- clearly set out priorities, objectives, opportunities and cost/benefit analysis with predicted Gross Value Added (GVA)
- ground and align this with the Corporate Strategy and Core Strategy

- align this with PUSH, the Solent Local Enterprise Partnership (LEP) and Enterprise M3 LEP regional perspectives.

This would also be important in picking up the priority of developing skills to meet the needs of the local economy, which is recognised as a key area of work, and developing initiatives to encourage major local employers to recruit local people. This should build on the promising work being taken forward by the Havant Employability and Skills Partnership. It could set out skills objectives and a working approach with principal partners such as Job Centre Plus, local colleges and schools, the Skills Funding Agency and the Solent Employability Skills Board. It could also usefully assist in planning for skills needs, and provision of these, for the future economy.

Future vision and strategy

It was clear that Havant has a real desire to be innovative and push the boundaries of local government. The council has undertaken 'horizon scanning' to consider alternative public service models. It has recognised that the traditional model of service delivery is not sustainable from either an economic or customer perspective and has sought to adapt accordingly. The shared service arrangements (for example with EHDC and Eastern Solent Coastal Partnership) along with the development of joined up public services (for example the Public Service Plaza) are now being augmented with a commitment to a more customer centric model(s) for future service delivery.

This is founded on developing a public service model that is customer based and can respond to the local government funding pressures now and into the future.

This culture and commitment to innovation can also be seen in the emerging future strategic architecture of the council which sets out some exciting elements of innovation. In particular in the 'Beyond Efficiency: 2020 Vision' future basing work, which sets out possible delivery models such as the John Lewis Partnership model. It is also characterised by a willingness to extend the mixed economy of service provision.

However, despite this imagination of ideas there is currently a lack of a clear narrative, organisational understanding or plan for skills development on related key elements within the new strategic architecture. The transition from the current Corporate Strategy, with its three core themes, and the 'new' 2020 Vision [future visioning work] has not yet been fully explained to or embedded within the organisation. For example, during focus groups with staff and managers it was not clear that they understood the relationship between the current and 'new' visions. This lack of clarity extended to the relationship between the 2020 Vision and other initiatives such as Service Futures, which is intended to be the implementation plan/programme for the 2020 Vision.

With Service Futures intended to be the implementation programme for agreed elements of the 2020 Vision, and also providing the means to address the financial pressures facing the council, there is also currently a lack of coherence and omission of elements within the outline programme in terms of:

- the relative priority and balance between financial sustainability, resilience of existing service models and innovation

- a clear definition of outcomes to be obtained and the value of these
- detail on how to make it happen and the process methodology to be used – that is a route map that says how the council will get from here to there
- urgency of change and delivery – timetabling and prioritisation - and an understanding of organisational capacity to deliver
- optimum sequencing of the individual initiatives to deliver the programme outcomes
- setting out the relationships/dependencies between workstreams and/or projects
- the concept of innovation is currently not well understood or widely practised. This needs to be developed further, along with communication on why innovation is important for the organisation
- work is needed to develop the culture of the organisation to ensure it reflects its values.

While it is still early days in the development of the new strategic architecture, this lack of clarity needs to be addressed (particularly at JMT and Service Manager level) as a priority.

Finally, there was insufficient time for the team to consider the council's health agenda in detail. However, this was recognised as an important area for the council and one that needed to be developed. For example, the high proportion of people over 65 years in the population and what this means for future health care and the future economic profile of the borough. There is an opportunity for this to be progressed with the new health partnership arrangements of Health and Wellbeing Boards and Clinical Commissioning Groups, along with the strong regional partnership arrangements that exist in Hampshire. This would also align well with the council's objective of economic growth and how this can assist to offset deprivation and the characteristics of unemployment and poor health in the borough. The work of the Customer Insight team could identify areas of poor health and deprivation to develop a targeted approach.

Management and political leadership

The Leader and Chief Executive at Havant are highly regarded, respected by staff, Members and external partners and seen as providing strong leadership. It is an important relationship that has delivered a good programme of service delivery to meet the needs of residents and businesses at a time when financial pressures make this more difficult.

This relationship is important for the council. Equally important is to ensure that this continues so that direction and momentum are not lost. For this reason it will be important for the council to have regard to political succession planning to provide continuity.

The council is highly ambitious for its community and the organisation and this is driving an agenda of change and willingness to embrace change. This is supported by a passionate political and managerial commitment to the key values/principles of:

- a 'Customer first' focus
- working in partnership with others
- public service excellence
- innovation
- a commitment to staff/internal communications.

The evidence of delivery against these principles includes:

- the Public Service Plaza which through co-location has enabled service integration with HCC for joint assessments of young people at risk of homelessness, joint working on Disabled Facilities Grants, and collaboration on services for older people around housing and Adult Services
- extensive partnership engagement, including EHDC, PUSH and the East Solent Coastal Partnership
- strategic thinking within the organisation/partnership(s) on preparing for future public service, for example the Marketing Strategy, the Customer Access Strategy, 2020 Vision, the Service Futures programme.

Staff identify with many of these principles and are incorporating them in their work with customers and partners.

Member and officer relationships are generally positive and this is an important foundation for effective council working. It was also clear that there is strong evidence of Member community leadership on issues that develop within their wards.

From talking to principal partners and neighbouring local authorities, it was evident that Havant has a high visibility of leadership in the sub-region, which is promoting Havant issues and interests as well as working as a partner to support pan Hampshire issues and working arrangements.

However, despite the understanding of corporate objectives and future working arrangements has not trickled down to all parts of the organisation or as effectively as perhaps believed. This will need to be addressed by improved and clearer communications on future working.

For example, the council's breadth of strategic thinking on future forms of service delivery has produced many initiatives that are not well understood. The Corporate Strategy contains three objectives/priorities whereas the 2020 Vision sets out four priorities. An audit of the 2020 vision and other strategic priorities identified 189 projects which the Service Futures programme has sought to rationalise to a more manageable number of 12 in the latest iteration. Although the number of projects has been reduced, in line with existing capacity, no evaluation has been undertaken as to whether this can deliver the level of innovation and public service change originally envisaged.

At the same time this complex strategic framework, in the 2020 Vision and the Service Futures, lacks detail, is not well understood and is causing some uncertainty and confusion. Although understandable that the council is considering a complex set of issues and future options this needs to be simplified to support wider council understanding and buy-in.

Much of the confusion appears to be the gap between the creative thinking for the future council and where the council is now. There is no route map which sets out for staff, Members, partners and the community of Havant how the council will get from here to there. In the absence of such a route map it is not surprising that there is uncertainty. The peer team were reminded of the Babel fish reference (from the 'The Hitchhiker's Guide to the Galaxy') which was an animal that provided instant translation. It is this 'translation' of

the council's vision that has become essential and is the responsibility of the council leadership.

Internal communication content is weak with the use of a number of communication mechanisms that are failing to provide clarity of direction. This is an important issue when the uncertainty about future working requires good communications.

There are a range of communication mechanisms used, including Sandy's Sounding Board, Staff Focus Group, Team Talk and a Partnership blog. However, from staff groups it was clear that communications can be improved. Although there are a number of mechanisms available one shortcoming is that communication can be unfocused, using a "scattergun" approach. What was requested was for key messages to be sharper, with more streamlined content, and providing timely answers to questions and key issues.

For example, the team was told that 'the pause' with EHDC was not well communicated and the Christmas holiday close-down period took a long time – the team were told five months - to agree. One comment made was that staff "go to the papers to find out what is happening in the council".

The council has an opportunity to address this. It took a positive step to establish a Staff Focus Group, which has been prominent in drafting and analysing the Staff Survey (November 2013) and in developing a draft action plan. This survey had a high overall response rate of 71 per cent. There are a number of big issues raised in the survey which the Staff Focus Group is in a position to work with, offering an opportunity for meaningful and on-going staff engagement through joint work between JMT and the Focus Group.

Financial planning and viability

The council has done well in recent years to manage the significant reduction in Government core funding, since 2010, without detriment to frontline services.

Decisions and actions taken in recent years have proved effective, for example:

- shared services with East Hampshire District Council (EHDC) on legal, human resources and parking saved £230k
- partnership working arrangements, including shared coastal engineering, internal audit and IT provision saved £1.4m between April 2011 and March 2013 and ongoing savings of £1.5m from 2014-15 onwards
- zero Base Budgeting during 2013 saved £287k
- allocation of reserves to key areas in support of corporate priorities.

These steps have enabled the council to successfully meet the challenge of savings required.

The council has sound accountancy practices and good control of in-year spend. The latter has been improved following a council underspend of £1.02m in 2012-2013 that led to a subsequent budget reduction of £1.8m in the following financial year through changes in the budgeting approach.

However, the council acknowledges that reduced capital reserves will impact on the capital programme and borrowing requirements to fund maintenance commitments. With this in mind the council topped up the capital reserve in June 2013. Part of the underlying cause is the heavy cost of leisure facilities where the council pays for maintenance. There are also considerable assets held by the council that carry with them maintenance costs. This is recognised as an issue and the council is minded to dispose of assets that meet the criteria set out in the Asset Management Strategy and Policy 2012-2017. This will be an important area of future work.

However, like most other councils, there is a growing funding gap. The Medium Term Financial Strategy (MTFS) shows a cumulative financial gap of £4.2m for the four year period 2015-16 to 2018-19.

The council's proposals to address this amount to an outline of some initiatives and/or opportunities to take cost from the base in the coming years. These include:

- re-tender of contract for revenues and benefits and customer services in 2017
- review of Depot Services
- review of administration and support services
- review of CCTV
- revitalisation of the partnership with EHDC.

There was some uncertainty on the extent of the financial gap with much of this due to the financial settlement and other Government financial announcements in December 2013 and January 2104. Now that this position is known the council is recommended to develop clearer communication of the financial gap and its impact on future council direction. This should seek to:

- ensure that the themes of Economic Growth, Public Service Excellence and Financial Sustainability as Corporate Strategy objectives can be complementary to work together to avoid tension. Careful construction of individual work streams will be required to understand the cost/benefit and capacity/capability impact that they have on the organisation. This will then need to be translated into a holistic programme (as opposed to three individual ones) and it may be necessary to sequence some initiatives ahead of others.
- make a clear connection between the financial gap and future service innovation. The council narrative could describe the council's transformatory approach as, in part, responding to significant and continuing financial pressures by reinventing the council.
- develop a savings programme with clear targets and outcomes that is aligned to the MTFS, service reviews and the business planning process
- JMT and service managers to be charged with the delivery of both their component parts of the MTFS and the targets within the service review and business planning process.
- consider the impact of 100 per cent utilisation of New Homes Bonus (NHB) - worth £764k for 2014-2015 - within the base budget and the implications for Havant if NHB is ended.

Although the financial pressures are expected to impact for 2015-2016, preparatory work needs to start now to deliver a draft budget in December 2014 that has a set of developed and costed proposals for £685k of savings. Bridging the funding gap will need a clear work programme with shared ownership and accountability. (During focus groups it was clear that there was inconsistency in either understanding of, approach to, or accountability for delivering savings to the MTFs.) This will be an area to continue to monitor.

The national issue of uncertainty on business rates could exacerbate the funding gap and will be an important area to monitor. Business rates form an increasingly vital funding stream – currently more than the 20 per cent of the council's net revenue budget - and there are significant factors that can impact on this, for example slower than anticipated business growth, over-estimation of the proportion of business rates retained, and potential business closures.

The council is minded to increase its asset base, seeking to create an improved income return compared with other forms of investment. This is worth investigating while recognising that these deliver medium to long term benefits set against to the need to deal with short to medium term issues. There is good local government practice in this area and the LGA will direct the council to this.

Finally, the team did not see council consideration of innovative financial models , for example Local Asset Backed Vehicles (LABV); joint venture; or Tax Incremental Funding (TIF) where borrowing, say for infrastructure, can be based on an anticipated business rates uplift from the investment made. These may offer potential to the council to support principal economic development sites and boost economic prosperity and would be worth exploring further.

Health check of the Partnership with East Hampshire District Council

The Partnership with EHDC has played a key role in delivering Corporate Strategy outcomes. This includes:

- savings achieved to date (Financial Sustainability)
- raising the profile and reputation of the two organisations (Public Service Excellence)
- providing an important platform for the future (Economic Growth, Financial Sustainability and Public Service Excellence).

At the same time it has led to a strong shared service culture amongst staff and managers. This has contributed to a partnership ethos where the councils work to deliver great outcomes regardless of who the 'client' organisation is. The Partnership has the potential to offer increased capacity and resilience for both councils.

However, the Partnership is at a critical point. Throughout the peer challenge the team were referred to the change of Leader at EHDC in May 2013 and how this marked a point in a changed partnership relationship. This was commonly referred to as "the pause" and by manager responses to staff queries with "We're waiting" and "I haven't been told yet". It has also led to a stall on service reviews and uncertainty on the future working arrangements for the Partnership.

It is not unusual for tensions in shared partnership arrangements to occur and it is certainly the case that the drivers for partnership working and shared services can shift over time. However, the risk is that if these tensions are unresolved they could be damaging. Both councils would benefit from considering the future role of the Partnership, working arrangements and priorities. The purpose would be to reframe the partnership and to provide clarity and greater working certainty on the future direction. Options could include:

- continue the status quo
- consider options for further joint working
 - the basis for future working
 - the model(s) that would enable it to be more effective
 - the benefits to be obtained
- does the Partnership need to retreat/unwind and what are the costs/benefits of doing this?

Providing clarification and reframing the Partnership will require clear leadership and communications so that staff and managers understand the implications for delivery within their service areas both now and as Havant begins the process of translating current thinking on 2020 Vision/Service Futures into a deliverable programme of work. The latter carries increased risk while the uncertainty around the Partnership exists.

Impact on service delivery

The Public Service Plaza is a landmark project that benefitted from £5.1m of Department for Education funding, with the council recouping costs from the sale of surplus buildings and improved efficiency costs. The Plaza showcases key values of HBC in relation to:

- linking up public service provision for public and community benefit
- Public Service Excellence with a strong customer first outlook
- partnership working (service delivery with HCC and voluntary organisations)
- financial sustainability (increased revenue and asset utilisation)
- economic growth (The Capita hub bases staff at the Plaza to handle work for other authorities. There is the prospect of Capita increasing their presence although this will depend on the Havant/Capita relationship and the lead-in to 2017 when the revenues and benefits and customer services provided by Capita will be retendered.)

It was evident to the team that during a period of uncertainty for the council that 'business as usual' in service delivery is working well overall.

There is a strategic understanding that the identification and development of key initiatives and opportunities can work to achieve across a number of Corporate Strategy priorities. For example, the Dunsbury Hill Farm development is a flagship development supported by Portsmouth City Council and the Solent LEP. It is estimated that 3,000 jobs will be created, following development, and added GVA to the local economy of £44.3m and £72.5m regionally.

This should be a strong contribution to economic growth; financial sustainability for the council (for example Business Rates) and social gains at Leigh Park for example by the use of Employment and Skills Plans to encourage employers to offer job opportunities to local people.

However, from meetings with staff, Members and partners the effect of 'the pause' has led to uncertainty. The council acknowledges that the change programme in 2011 "did not achieve [the] target of wholesale transformation of both councils' services" and for that reason it has pressed ahead by itself on the Service Futures programme.

The council is making good use of IT to improve efficiency, for example the move to paperless meetings and on-line payments. Extending this further will be important to support the generation of additional capacity in the future, for example channel shift, Agile working, home working and network access and data inputting when away from the office. Taking advantage of IT to support these and other initiatives in the future will be essential.

Capacity

There are a number of stable, effective partnerships in place which add value, capacity and capability to the council. These include the East Solent Coastal partnership, PUSH, HCC ICT provision and Capita provided services.

Capacity and capability for the 'day job' is available. There is good performance in many areas, with a commitment to training and development of staff in the Work Plan and confidence in service managers to deliver. The council benefits from well-motivated staff open to be engaged in shaping and designing future services. This is an important resource for future working arrangements.

Despite this it is evident that some partnerships could be leveraged to do more, for example Capita and Horizon Leisure. Others may need to be reviewed/re-energised and aligned to future outcomes. This could be an area for further work via the LGA's Productivity Expert programme.

It was also clear that the strategic confusion on future working needs to be addressed by a coherent programme that staff and Members can understand and work to. This uncertainty was confirmed by the Staff Survey that showed a lack of confidence in change management.

It is likely that the uncertainty and lack of clarity between the day job and the council's ambition for change is creating some capacity concerns. Staff told the team they felt stretched with some services cut to the bone and others lacking the capacity to deliver an ambitious change programme. This appears to be confirmed in the Staff Survey with 52 per cent stating that they had too much to do.

It appears clear that the organisation needs to spend some quality time and effort reflecting on the capacity, capability and culture it needs to be successful. Within these three factors there are multiple dimensions that require consideration:

- delivering services now - 'the day job'
 - What outcomes are we trying to deliver?

- How are we trying to deliver them?
- What capacity, capability and culture do we need?
- delivering change to the organisation
 - What outcomes (change related) do we need to deliver?
 - How are we going to deliver them and over what time period?
 - What capacity and capability do we need?
 - If we are taking this from the 'day job', what impact does that have?
 - Do we need a different culture within the delivery of the change?
- delivering the 'new day job'
 - What outcomes will we be delivering and will we be delivering them differently?
 - Will we need different capacity, capability and culture?
 - How will we develop or recruit these different factors?
 - If we re-train, what load would this place on the current day job and/or the change activities?

This should be undertaken alongside the development of 2020 Vision/Service Futures to ensure it is grounded on understanding the actual demands likely to be confronted in the coming years. It must also be effectively communicated to address and overcome anxiety and depth of feeling around current capacity to sustain the day job while delivering change.

Governance and decision making

There is a strong Leader and Cabinet and this provides a clear and shared political direction. The use of fortnightly briefings serves to keep Cabinet informed and up to date on current issues facing the council.

Overall the council has sound governance arrangements supported by a Joint Governance Committee and an annual governance statement. There is a Joint South East Hampshire Policy and Partnerships Board with Members from both councils able to oversee management arrangements and to ensure that governance and risk management issues are addressed.

Improvements in performance management arrangements from August 2013 are beginning to provide some transparency around key activity. The service/business planning process is beginning to structure and support effective service delivery to contribute to corporate objectives but would benefit from further development. For example, they could set out activities/targets more closely aligned to corporate priorities and develop key performance indicators that measure relevant outcomes and outputs. Improvements to performance management are important to enable the council to review performance designed to achieve objectives. It may be possible to use this tool to provide an understanding of capacity to support change programmes.

Some of these areas for improvement are recognised by the council, for example the lack of a robust process around the performance management culture for staff. This was confirmed by inconsistency on the conduct of staff appraisals. The latter are 74 per cent complete and part of the difficulty is that as this has generally been left to managers to

conduct, with minimal oversight. This has led to variations in the way these are completed and how thorough they are.

It is also confirmed by some low level organisational understanding on council priorities, possibly compounded by the complexity that currently exists on the Service Futures working model. This contributes to a performance management 'golden thread', lacking: clarity of key strategic outcomes; the cascade of performance priorities into operational planning cycles; and their alignment and integration in individual performance appraisals.

The team were able to see some of the good work developed by Scrutiny but the council acknowledges that this is an area that can be improved further to become more effective and to support the work of Cabinet and the wider council.

Finally, risk management will need to inform strategic decisions and particularly at a time of great change. The risk register should be regularly reviewed and actively used to inform decisions with more precisely expressed risks, for example capacity and financial resources, identified at a corporate and strategic level.

Moving forward - suggestions for consideration

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

1. Urgently review the future role of the Partnership with EHDC with a view to reframing it to provide clarity and certainty on its future direction
2. Establish political succession arrangements to ensure political continuity when there is a change of Leader and so that the direction and momentum of the council and its partnerships is not lost
3. Complete service reviews to understand future core and non-core services and to identify potential delivery options or solutions. This should be planned to take account of organisational capacity to conduct these reviews, form part of the financial savings drive that the council needs to achieve and be sequenced in order of services of highest cost and community value.
4. The Medium Term Financial Strategy be developed to respond to the looming funding gap by ensuring direct alignment with the service review programme
5. Consolidate the 2020 Vision and the Service Futures work and develop a delivery route map that is clearly understood by the council, its Members and staff
6. Develop a community engagement strategy to promote a dialogue between the council and its community (ies). This should explain the rationale and options for future service provision and meaningfully involve customers in being part of designing/delivering new solutions. Community engagement should involve development of the role of all Members as 'community leaders' in their respective local areas.

7. Strengthen partnership working arrangements with the voluntary and community sector (VCS), perhaps by establishing a VCS forum. In the absence of town and parish councils these organisations will be important to facilitate discussions on future service delivery and general partnership working as part of the Localism agenda.
8. Develop an economic growth strategy to set out the council's plans for economic growth, informed by an understanding of local needs and aligned with PUSH, the Solent Local Enterprise Partnership (LEP) and Enterprise M3 LEP regional perspectives
9. Consider the use of innovative financial models, such as Local Asset Backed Vehicles (LABV); joint venture; or Tax Incremental Funding (TIF) where borrowing, say for infrastructure can be based on anticipated business rates uplift from the investment made. These may offer potential to the council to support principal economic development sites and boost economic prosperity.
10. The council's Workforce Strategy and plan will need to give prominence to organisational capacity, capability and culture to deliver the Service Futures programme and to assess the future workforce skills needed
11. Intensify and accelerate the dialogue with Portsmouth City Council and other principal partners to ensure that the Dunsbury Hill Farm development will provide employment and health gains for the whole area including residents at Leigh Park
12. Develop a council action plan in response to issues identified in the recent Staff Survey and involve the Staff Focus Group to work on this with JMT.

The peer challenge team:

- Stephen Baker, Chief Executive, Suffolk Coastal District Council and Waveney District Council
- Councillor Andrew Proctor, Leader of Broadland District Council
- Councillor Mike Carver, Executive Portfolio for Strategic Planning and Transport, East Hertfordshire District Council
- Julian Osgathorpe, Deputy Chief Executive, Eastbourne Borough Council and Director of Corporate Services, Lewes District Council
- Melani Oliver, former Director of Innovation for Local Government, Nesta and Programme Manager Design of Public Services, Design Council
- Andrew Winfield, Peer Challenge Manager, LGA