

Corporate Peer Challenge **Swale Borough Council**

19 – 21 April 2016

Feedback Report

1. Executive Summary

Swale is a well-managed authority with strong leadership from the Leader and the Chief Executive. This is recognised both internally by staff and externally by partners. The council is currently debt free and has significant reserves. Through prudent financial management it has overcome many of the problems local authorities have faced in terms of reducing funding by using innovative ways of service delivery, mainly through the Mid-Kent Improvement Partnership and outsourcing some services. It does appear to be risk averse, and discussions around the risk appetite of the council will help when considering whether intervention in projects to promote growth is an acceptable risk. Communication with employees is very good, and the council recently achieved Investors in People Gold accreditation, demonstrating the investment it makes in its employees.

The fact that there are three distinct areas in Swale; Sittingbourne, Faversham and the Isle of Sheppey, mitigates against people having a positive perception of 'Swale' as a place, and this creates a challenge around identity and brand. The council needs to do more to develop a compelling positive narrative around the successes and opportunities on offer, of which there are many, for example Eurolink, one of the biggest business parks in Kent, Kent Science Park, and the port developments at Sheerness, as well as some of the more rural areas including the Isle of Sheppey and parts of the North Kent Downs, an Area of Outstanding Natural Beauty, and the Borough's geographic location between London and the continent. The positive promotion of Swale's unique selling points, which not all councils have, should help attract more investors and developers.

Swale has done much since the last peer challenge in 2012 to develop localism, with significant progress in the transfer of community assets and the development of community capacity to run these assets. Community engagement is also good, with a number of channels for the public to comment on council services and priorities.

Although there is a clear and comprehensive Corporate Plan, the council needs to complement this by developing a compelling narrative for its economic development strategy, and specific visions for key local areas such as Sittingbourne and Sheerness. The council is committed to economic development and regeneration, with a dedicated and knowledgeable team of staff. Developing a regeneration and economic development vision and narrative will assist in telling the story of what Swale and its distinct communities have to offer. This will help in attracting investors and developers. This should be supported by robust programme and project management to deliver major regeneration projects.

Affordable housing remains a challenge, and with homelessness increasing the council needs to find innovative ways to solve local housing issues.

The council has identified that the skill levels in the borough need to be addressed in order to provide employment opportunities for local people, and supply existing and incoming businesses. There is no Further Education provision in the borough, with the nearest colleges being in Canterbury or Medway. The council is pursuing a range of options to meet this challenge, and the review team believe that this focus on skills and employment opportunities is vital in the economic growth context.

The governance arrangements for the South Eastern Local Economic Partnership (SELEP) are complex, but Swale is actively involved in the Kent and Medway Economic Partnership, and the Thames Gateway Kent Partnership. In addition, the Thames Estuary Growth Commission will give Swale significant opportunities for economic growth, and the council must take a leadership role in this. It is important that Swale continues to work 'with the grain' of all of these arrangements if it is to deliver economic growth and regeneration in the borough.

2. Key recommendations

- Develop and articulate a clear policy and programme plan for Regeneration and Economic Development
- Develop the Risk Management Framework to enable managed risks to be taken in order to deliver growth opportunities and build financial sustainability
- Use the council's strong financial capacity, including prudential borrowing, to enable the delivery of key projects
- Embed the use of robust business planning and project management systems to design, develop and deliver major economic development and regeneration projects
- Communicate the Swale brand and investment offer to key partners

3. Summary of the Peer Challenge approach

The peer team

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 Swale Borough Council were:

- Bev Smith – Chief Executive, Mansfield District Council
- Councillor Chris Millar, Leader, Daventry Borough Council
- Dean Langton, Strategic Director & Head of Paid Service, Pendle Borough Council
- David Howells, LGA Economic Growth Adviser, LGA Associate
- Nick Easton, Improvement & Co-ordination Manager, LGA
- Jill Emery – LGA Peer Challenge Manager

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?

2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. 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?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, you asked the peer team to consider feedback on how the council can deliver economic growth, and become financially sustainable.

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 council's 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 three days onsite at Swale Borough Council, during which they:

- spoke to more than 65 people including a range of council staff together with councillors, external partners and stakeholders;
- gathered information and views from more than 25 meetings, visits to key sites in the area and additional research and reading; and
- collectively spent more than 180 hours to determine their findings – the equivalent of one person spending more than five weeks in Swale Borough Council.

This report 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 (19 – 21 April 2016). In presenting this 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.

4. Feedback

4.1 Understanding of the local place and priority setting

There is a good understanding of the economic landscape and distinctiveness of places within Swale. The different socio-economic characteristics, challenges and opportunities between the three main areas - Sittingbourne, Faversham and the Isle of Sheppey - are clearly understood by staff and members. A detailed analysis of community needs means that the council has an in-depth knowledge of the socio-economic mix of Swale communities, and this analysis is used to inform and shape service provision and future planning. The council uses a range of engagement methods to gather this information including the Local Perception Survey, Local Engagement Forums, and specific engagement activities related to individual projects for example the Queenborough and Rushenden project in partnership with the Homes and Community Agency (HCA).

There is a recognition and good understanding of the health issues in the borough, and how inequalities in health can be addressed. Leadership of the local Health and Wellbeing Board has ensured Swale has some influence on the health agenda. This has also given a strategic overview of how leisure and sports can achieve health outcomes. Going forward the council should review the effectiveness of its contribution towards the achievement of health outcomes using more in-depth statistical analysis.

Homelessness is increasing and, as the council no longer has any housing stock, consideration needs to be given to how this can be addressed. Working with housing associations and other local authorities may provide some options for the future. The lack of affordable housing to meet local needs continues to be a challenge.

The council's work to collect business intelligence means that it has an excellent understanding of, and relationship with, the business community. The council works hard to exploit its position within the region and sub-region, and the Thames Estuary Growth Commission, chaired by Lord Heseltine, is a great opportunity for the council to take this further. Swale has significant land assets and a great deal to offer, with lots of potential to deliver economic growth and housing. The council can build on its leadership role and ensure that it can articulate what Swale can offer. With good connectivity, available employment land and a scenic environment, together with specific assets such as the Kent Science Park, there is a lot to attract businesses into the Borough. The area also has both heritage assets and tourism potential, and these too could be maximised to encourage growth.

Whilst it is anticipated that the Local Plan will be adopted by 2017, and this will help in identifying areas for development, the council may wish to consider developing an overarching vision of what the council wants Swale to look like in five to ten years, and articulate this vision to developers and businesses. It should be clear within this framework what you will deliver as a council, what you will do in partnership, and what you can influence. This will ensure that there is a clear understanding of what the council can contribute.

The development of a new economic strategy, housing strategy, and delivery framework should be a key priority. By delivering an effective economic strategy you will help the council's financial position, and this should contribute to and be reflected in the Medium Term Financial Strategy.

4.2 Leadership of Place

Within the complex model of governance within the South East Local Enterprise Partnership (SELEP), which covers Kent, Essex, East Sussex Counties (and their districts), plus Medway, Thurrock and Southend Unitaries, there is visible, collaborative and strong leadership from the Leader and Chief Executive, including at Kent Medway Economic Partnership (KMEP). The federated model is complex but the council needs to maximise the opportunities this brings and 'work with the grain' of this complexity.

At sub-regional level, Swale is seen as one of the key drivers of the Thames Gateway Kent Partnership. There is a reinvigorated interest in the sub-region (through the Thames Estuary Growth Commission), and this gives Swale the opportunity to lead on initiatives which support its objectives. The Leader of the Council clearly articulates the infrastructure needs of the borough at regional and sub-regional level, which supports the commitment to making Swale an area for investment.

The council has made innovative use of different service delivery models with partners by ensuring that it works for Swale. The Mid-Kent Improvement Partnership is one example of this.

A demonstration of the council's approach to effective place leadership can be seen in its community asset transfer programme, designed to safeguard community assets. Support to communities in running assets has ensured that they are protected for the future. This has included community halls, parks and open spaces, and the all-tide landing at Queenborough Harbour.

The council has excellent partnership relationships with businesses, developers and stakeholders across a range of projects and proposed developments. Pre-planning advice in particular was seen as a positive by developers.

It has already been mentioned that there should be a clearer narrative about Swale's vision for regeneration. The regeneration of Sittingbourne as a town is one key aspect of this. The vision should be articulated when promoting the benefits of Swale. In addition, the council is encouraged to sell and celebrate success more in terms of what it has delivered as a council and in partnership. The borough has a great deal to offer, and this needs to be communicated in a positive way. There have been some really positive developments and projects across the borough including the growth of Eurolink, Kent Science Park, new investment (e.g. Aldi, Port of Sheerness), and the Heritage Quarter of Sheerness.

The council works within an area with a fragile economic climate, which makes it important to plan the communication of project delivery to manage expectations. A consistent, regular method of communication with residents and businesses on regeneration projects is vital.

Viability of projects can be an issue, and things will not always go to plan, despite the best efforts of those involved. Swale is not unique in this - large scale projects are difficult to deliver and often suffer setbacks. What is important is setting the vision and outcomes at the beginning and communicating them. Whilst the council may experiment with a number of different approaches, the end goal can still be achieved. Remaining adaptable, resilient and flexible in its approach will give the council the best chance of getting there.

4.3 Organisational leadership and governance

There is a sense of team work and a collegiate approach in Swale which is driven by the Chief Executive. The team were told a number of times about the organisational rhythm of the council, where everyone knows what they should be doing at certain times. There are consistently good staff communications through the use of Team Talk (briefings and the staff magazine) as well as quarterly all staff briefings. The regular 'tea trolley' at Easter and Christmas, during Wellbeing Week, and on other occasions was often quoted as a way of the Chief Executive and Directors being visible to staff. Staff can also voice their concerns through Staff Voice – a staff panel with direct monthly access to the SMT. There is a strong focus on member and staff development, and appraisals are carried out in all areas of the council. The recent Gold Investor in People Accreditation is testament to a council that values and engages with its staff.

There is an effective working relationship between the Chief Executive and the Leader, and generally there is a culture of positive officer/member relationship. Nonetheless, scrutiny could be supported to be more effective in providing challenge and engagement: this will help with better decision making and the involvement of all members. Support from the LGA is available for the development of the Scrutiny function.

The shared service programme, through the Mid-Kent Improvement Partnership (MKIP) has provided resilience and increased capacity across a range of service areas. However, we also heard that staff were not always consulted about the programme. Staff are very loyal to the council and this programme has, at times, impacted on staff morale. It is important for the future to communicate the benefits of the MKIP shared service and transformation programme, including the contribution to the council's objectives, so that employees fully understand the rationale for this.

A robust, mature performance management system ensures that areas of deteriorating performance are identified quickly through a monthly performance report to Senior Management Team. The council also uses a balanced scorecard approach, and quarterly reports are considered by Cabinet and Scrutiny.

The council is in the process of revising the risk management framework and the strategic risk register. There is a perception that the council is risk averse in terms of financial risk, and the revised framework should be designed to outline what the council's appetite towards risk is, and where the council wants to sit on the risk spectrum. Once this is agreed it should be communicated across the council, and be used to inform future decision making.

Programme and project management is less robust. Whilst there is a strong project management methodology in place, it is not always fully followed for economic development and regeneration projects. Ensuring that project management disciplines are followed will help to ensure that the council is clear from the outset about the scope of the project, the outcomes that it is seeking to deliver, the underlying business case, and how best to mitigate and manage the associated risks.

The council should embed the application of a business case approach to major projects to ensure efficient and effective spending decisions and implementation plans are produced. Project sponsors are identified but need to be supported to better understand and discharge their duties. It is important to have this methodology when delivering large projects, particularly when working with strategic partners, to ensure robust governance arrangements are in place, with regular monitoring of project delivery and management of associated risks.

4.4 Financial planning and viability

There are strong financial foundations, with the council being debt free and holding a healthy balance of reserves built up in recent years, despite Council tax being frozen for the past six years. The council is very financially prudent, and the external auditors report that Swale is a council that delivers value for money. A track record of delivering a balanced budget and delivery of savings from innovative approaches, service delivery efficiencies, and improved commissioning and procurement, has enabled the council to retain services and minimise staffing reductions. This is as much to do with the culture of the organisation as with good systems and processes. This foundation gives the council time to develop and implement plans necessary to secure a sustainable future.

A recent decision by the council to borrow up to £30m is a recognition that prudential borrowing can provide an opportunity to use its financial capacity. However, it is important that this is done within a coherent risk management strategy, and that there is a clear business case for doing so. The council could also use reserves more strategically to support the delivery of regeneration projects. Doing this within a robust risk management framework could achieve a better balance between maintaining reserves for financial resilience and providing funds for investment in strategic projects.

It is acknowledging that there is a process for the operational use of regeneration and performance funds which enable the council to support transformational change and bring in specialist support when required. However, in terms of the regeneration fund, a clear definition of what regeneration means would help to prioritise use of the funds.

A clear financial strategy was well articulated by senior members and officers, and is recognised throughout the organisation; it focuses on income generation (from Business Rates, New Homes Bonus and Council Tax) and efficiencies from transformational change, through areas such as channel shift rather than a reduction in service provision. The council is at the start of its transformation programme, and it has an ambitious agenda, so it will be important to ensure that the capacity and skills are available to deliver this. Because these plans are at an early stage of development, the council need to quickly complete them, and communicate them to staff.

The council could also align its income generation aims and the asset management strategy to optimise the use of the council's asset base. The council is reliant on growth funding streams (New Homes Bonus, Business Rates and Council Tax) which are potentially volatile and are not risk free. Within the context of the revised risk management strategy, it would be advisable for the council to develop its scenario planning to ensure that there are some alternatives for future funding/savings if needed - not just as a plan B, but as an approach that has its own value.

The council may benefit from investigating the opportunities that organisations such as Public Sector plc (PSP) could offer in terms of supporting long term regeneration projects through more innovative use of finance and assets

Building on the strength of Swale's geographical and leadership position in the region and sub-region, there is an opportunity to exploit strategic partnerships to improve funding opportunities for key strategic investments, for example SELEP investment, and the council will need to continue to actively scan the strategic partnership horizon for funding opportunities and follow them up.

4.5 Capacity to deliver

Throughout the peer challenge there was very positive feedback about the skills and experience in the Regeneration and Economic Development Team, and the review team saw evidence that they have a deep understanding of business needs locally. The new Director brings new ideas and provides a fresh pair of eyes to the council. The opportunity to learn from her past experience, including the development, implementation and communication of an economic strategy, should not be missed.

The council is clear that the Mid-Kent Improvement Partnership has increased the council's capacity and skills, and given more resilience to the organisation. The effective use of other partnerships has also increased capacity. When there is an increase in demand the council uses external resources flexibly to meet this, for example, increased resources in the Economic Development and Regeneration Team.

Finance for ad-hoc feasibility studies for transformational change is available from the Performance Fund, and this has been used to bring in specialist resources. This report has already mentioned the successful transfer of community assets, and to achieve this the council took an active role in building community capacity to run these assets.

The future economic landscape will require additional skills, especially around programme and project management and delivery, and this has already been highlighted in this report. Removal of the barriers to growth to be truly 'Open for Business' relies on the skills and capacity of a wide range of services, and the council may need to consider this further, especially in Planning and Legal services.

The council has recognised that channel shift is an area which may assist the achievement of efficiencies, but the current infrastructure to support this requires review, in particular the council website.

4.6 Delivering Economic Growth and Regeneration

Members and staff show a corporate commitment to regeneration and economic growth in Swale. The well-resourced and committed team in Regeneration and Economic Development is respected by external partners, and there has been positive work with developers and other partners to deliver projects.

The Economic Development Team has a good interface with the private sector through account management arrangements, and they have a real understanding of what is happening in business throughout the borough.

There is a track record of regeneration success stories, including private sector investment, port investment, community asset transfer, and the start of delivery of the Queenborough and Rushenden masterplan. Looking forwards, there are major growth opportunities, for example Sheerness Port, Kent Science Park, Eurolink Phase V, and the Thames Estuary Growth Commission. The Port already has long-term growth plans.

There is funding in place to prepare a planned regeneration framework for Sheerness and West Sheppey. The review team suggests that this approach should be replicated for Sittingbourne, to develop a clear vision and narrative for the whole town, setting out a spatial framework for retail, leisure, housing, education, and tourism.

A renewed interest in the borough by developers and investors is offering opportunities for growth, and the council will should consider how it can provide a supportive environment for this, for example through the Planning and Economic Development services. The 'Open for Business' website is a good base which can be built upon.

The council has recognised a number of issues around skills within the borough. There is no Further Education provision in Swale, so those wanting to pursue an FE course need to travel to Canterbury or Medway. Alongside the wider skills shortage, local employers are also concerned about the work readiness of young people. In response, the council has supported local businesses with apprenticeships, as well as offering a range of apprenticeship opportunities in the council itself, and it is in discussion about the introduction of a University Technology College in Sittingbourne. This is important, although consideration needs to be given as to the best location for such a facility, as well as the potential for sector specialisms e.g. port-related logistics etc.

A skills commission based on a guild system has been set up in Kent, with Shepway District Council taking the lead for districts and boroughs in Kent. It is too early to ascertain what the involvement will be by the council, but the Review Team suggests that the council should use this as an opportunity to make its case for investment in the skills infrastructure in Swale.

To reinforce a point already made, the Review Team suggests that the council should clearly articulate the vision for the Borough, which will include a masterplan for Sittingbourne, a regeneration framework, an economic development strategy and plan, and a tourism strategy. Alongside these the council needs to ensure that it has the capacity to meet future aspirations in terms of skills and resources. The council can lead by example to demonstrate success and opportunity. In order to drive progress the council could choose to intervene in a managed way, for example by the incentivisation of growth and development, which will be influenced by the council's risk appetite.

It may be advantageous for a small group of members and officers to visit areas outside the south east with similar problems, such as viability issues due to low land values, to see how other councils have addressed this. The Review Team and the LGA will be happy to facilitate this.

The external image and perception of Swale came across as quite negative from some staff and members. We heard how Swale is made up of three distinct areas; Sittingbourne, Faversham and the Isle of Sheppey, and each area has its own features in terms of economy and natural resources. There may therefore be merit in 'selling' Swale as three 'brands', and then developing a narrative to communicate this to potential investors. The opportunity also exists to exploit Thames Gateway Kent as a way of enhancing Swale's brand: this will need to be explored.

Opportunities through the Thames Gateway Kent Partnership will also provide scope for the Economic Development Team to be involved in the development of this sub-region, and this sharing of skills and capacity will help in delivering the aspirations of the Partnership, and the borough.

5. Next steps

Immediate next steps

We appreciate that you will want to reflect on these findings and suggestions with your senior managerial and political leadership in order to determine how the Council wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement, and we would be happy to discuss this. Heather Wills, Principal Adviser, is the main contact between your authority and the Local Government Association (LGA). Her contact details are: Telephone 07770 70118 and Email heather.wills@local.gov.uk

In the meantime, we are keen to continue the relationship we have formed with you and colleagues through the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this report to help inform your ongoing consideration.

Follow up visit

The LGA peer challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge, and the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit, and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council, though our expectation is that it will occur within the next 12-24 months. Heather Wills will be pleased to discuss with you what timing would be most appropriate for your council.