

Corporate Peer Challenge **Luton Council**

23rd to 26th April 2018

Feedback Report

1. Executive Summary

Luton Council benefits from strong and stable political and managerial leadership, which is widely held in very high regard. Luton is demonstrating tremendous ambition, which is impressive in both its nature and its scale. The ambition is focused on improving the lives of local people through transforming life chances and positively impacting on a wide range of social issues. A tangible difference is being made.

Tremendous excitement and belief is being generated by the vision and ambition that is being shown, which is outlined in the Luton Investment Framework (LIF) – a 20 year plan for major transformation to take place in the town. Very widespread support exists within the borough for what the LIF is aimed at achieving – people ‘get it’, they are buying into it and it is having a really galvanising effect. A very positive approach and narrative have been established as Luton seeks to address the challenges being faced and major shifts are taking place in both the perception and reputation of the borough and the council as a consequence.

The drive and passion of people within the council and partner organisations is impressive, with them having a strong sense of pride in Luton and demonstrating a real commitment to fulfilling the ambitions that have been established for the community they serve. This translates into a commitment to working cross-organisationally and in partnership in order to deliver the most effective and efficient services and achieve the best possible outcomes.

The council’s approach to financial management has been instrumental in facilitating the progress that has been made in Luton and underpins the ambitions, with a strong appetite for commercial approaches and carefully-managed risk taking. The financial challenge has been successfully addressed to date but it obviously continues. The council demonstrates a considered and strategic approach to managing demand-led pressures impacting on its budget.

The council is the sole owner of London Luton Airport Limited, which provides a multi-million pounds revenue stream for the authority. This aids the council’s financial position significantly but it is testimony to the leadership that the potential of the asset has been recognised and the authority has sought to capitalise upon it. The airport is central to the ambitions for Luton.

Solid governance exists in Luton, based on respectful relationships. There is close working between elected members and officers and clarity around their respective roles and responsibilities. The decision-making arrangements are clear.

IT is widely seen to represent the council’s most significant risk. The quality of provision is having a detrimental impact on service delivery and the customer experience. Also, the council is not yet being able to take sufficient advantage of technological opportunity and this is putting savings and transformation ambitions at risk. Furthermore, reputational risk is being generated for the council. Progressing the issue is proving to be a major challenge but the situation, and the impact that it is generating, is not sustainable and it has to be rectified as an absolute priority. It is strongly in the interests of both the contractor and the council to do so.

The council has good quality people and seeks to enhance this by investing in them. Whilst staff highlighted to us examples of excellent people management practice in parts of the organisation, there is much work still to be done. There is significant inconsistency of approach and these inconsistencies need to be addressed. The council is seeking to build upon its successful addressing of the financial challenge to date through further change, transformation and efficiency. Transformation support and programme management need to be geared effectively in order for these ambitions to be delivered successfully. The resources and teams that are planned to come on stream around this will represent a very positive development when they are in place.

Real progress has been made in recent years on the council's approach to its communications. A communications strategy is in the process of being agreed and this will enable communications activity to be coalesced into a more strategic approach to achieve greater impact. The strategy must be geared to the key communications challenge for Luton – that of communicating effectively with a complex set of audiences, both internal and external, including helping people understand the way in which the ambitions for Luton translate into recognisable changes and tangible opportunities making a real difference to peoples' lives.

Luton's level of ambition means it is "no ordinary council". There are an inevitable set of risks generated by both the level and type of ambition that is being demonstrated and these need to be carefully managed, necessitating an equivalent scale of checks and balances in order to ensure the ambitions are successfully fulfilled. We suggest the council looks to ensure its checks and balances are suitably geared to the level of risks being faced. Elected members, and the challenge they can provide, have a central role to play within the council's checks and balances. Overview and Scrutiny is central to this and there is clear potential to enhance its contribution in Luton.

In articulating its ambitions for Luton, the council has disrupted the 'ecosystem' of authorities and institutions both sub-regionally and more widely. The type of disruption that Luton has been involved in is positive. Real change only comes about when the status quo is disrupted and a new course is set. However, councils cannot succeed in isolation. In order to realise their true potential they need the consent and support of a range of partners and stakeholders. We see benefit in the council developing a comprehensive strategy and approach, designed to reflect the long-term nature of many of Luton's ambitions and encompassing all key stakeholders, in order to mitigate the risks of the 'positive disruption' that the council is creating.

2. Key recommendations

There are a range of suggestions and observations within the main section of this report that will inform some early practical actions, in addition to the conversations on-site which provided ideas and examples that the council may wish to think about adopting. The following are the peer team's key recommendations to the council:

- The situation with IT, with the detrimental impact it is having, has to be rectified as an absolute priority
- The scale of the ambitions for Luton inevitably generate significant risks and these need to be carefully managed, with checks and balances geared accordingly. Elected members should play a central role in this.
- Transformation support and programme management resources and teams are planned to come on stream – it is important to ensure this happens effectively and in a timely way
- The significant inconsistency in approaches to people management needs to be addressed
- There would be benefit in developing a comprehensive long-term strategy and approach, encompassing all key stakeholders, to mitigate the risks of the 'positive disruption' that the council is creating
- The council is currently in the process of agreeing a communications strategy – ensuring this is effective and implemented in a timely way will deliver real benefit
- The council should take the opportunity to consider the potential of establishing greater autonomy for Active Luton and Luton Culture

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 the council's requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with the council. The peers who delivered the peer challenge with Luton were:

- Darren Mephram, Chief Executive, Bridgend County Borough Council
- Councillor Claire Kober, Leader, Haringey Council
- Alison Knight, Executive Director of Neighbourhoods, Sandwell Metropolitan Borough Council
- Liz St Louis, Head of Customer Service, Intelligence and ICT, Sunderland City Council
- Pascoe Sawyers, Head of Strategy and Partnerships, Brent Council
- James Mehmed, Programme Manager, Local Government Association
- Lucy Gosling, National Graduate Development Programme, West Midlands Combined Authority (shadowing role)
- Chris Bowron, Peer Challenge Manager, Local Government Association

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?

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. The process is not designed to provide an in-depth or technical assessment of plans and proposals. 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 current LGA sector-led improvement support offer includes an expectation that all councils will have a corporate peer challenge every 4 to 5 years.

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 being faced. The team then spent 4 days on-site with the council.

This report provides a summary of the peer team's findings. It expands on the feedback presentation provided by the peer team at the end of their on-site visit. In presenting feedback to the council, they have done so as fellow local government officers and elected 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 the council is now already addressing and progressing.

The team would like to record their thanks to the council for their warm reception, the collaboration of the participants and the wide range of ideas the peers have taken home.

4. Feedback

4.1 Shaping Luton's future

The council benefits from strong and stable political and managerial leadership, which is widely held in very high regard. Luton is demonstrating tremendous ambition – impressive in both its nature and its scale. The ambition is focused on improving the lives of local people through transforming life chances and positively impacting on a wide range of social issues, including health, education and skills, employment opportunities and housing.

A tangible difference can be seen to be being made, with the following just a few examples of what the council and partners have highlighted as being achieved through their work over recent years:

- Lowest level of delayed transfers of care (DTOC) nationally
- Increased life expectancy over the last four years – from 80.8 to 82.2 years for females and from 76.8 to 78.4 years for males
- Reduced levels of teenage pregnancy, alcohol admissions and smoking prevalence
- Fastest private sector job growth in the country – 15% increase in the last twelve months, with 1,300 more people in full-time employment
- Highest number nationally of new enterprises that have been established
- Largest increase in real wages in the country – an average increase of £29 per resident in the last year, with the second largest average increase (York) being £19
- Unemployment significantly below the national average – with the March 2018 claimant count showing 1.9% compared to the national average of 4.3%
- Significant improvements in attainment at Key Stage 2 – including, last year, the best improvement nationally for maths and the fourth best for English

Tremendous excitement and belief is being generated by the vision and ambition that is being shown, which is outlined in the Luton Investment Framework (LIF) established in 2016. The Framework is a 20 year plan for major transformation to take place in Luton, delivering strong and sustainable growth. It seeks to capitalise upon Luton's excellent location and involves new homes, new schools, improved infrastructure and a wide range of new business and leisure developments. One of the key developments is London Luton Airport Enterprise Zone. The LIF features a focus on those business sectors identified as providing the greatest potential for significant employment growth in the town:

- Creative arts and media
- Technology
- Aerospace and innovation
- Advanced manufacturing, automotive and engineering

Examples of what has been, or is being, delivered by the council and/or partners as they seek to transform the borough include:

- The Flying Start early years programme focused on 0 to 5 year olds and their parents and concentrating on health and well-being, language and communication
- The Luton Access prevention scheme involving a range of partner organisations, including voluntary sector bodies, jointly delivering advice and guidance to local people around issues such as managing debt and avoiding homelessness
- The Community Care Discharge Programme, created to facilitate the transfer of patients from Luton and Dunstable Hospital to social care services, has been instrumental in Luton having the lowest DTOC rate in the country
- The Marsh Farm and High Town regeneration schemes, which will make a significant contribution to the goal of securing 5,700 new homes in the borough
- Napier Park – a £300 million development scheme incorporating 585 houses and 650 apartments, a large hotel, retail and leisure amenities, a health centre and public open space
- Bartlett Square development – a large office space development and the creation of a new hotel, with the potential to provide 2,000 new jobs
- Major infrastructure investment – airport improvements, the creation of Junction 10a of the M1 and the Luton - Dunstable busway
- Investment in the skills agenda - £1.3m over three years from the council to develop new approaches aimed at developing a skills pipeline, working with schools and employers to shape career pathways and fund courses that unlock job opportunities in fields such as construction. Also, the opening in 2019 of the University of Bedfordshire's £40m science, technology, engineering and maths (STEM) building.
- Health and social care integration – building, through a Concordat, on the joint commissioning arrangements already in place across children's services
- Work taking place around housing and homelessness – with the council having established its own housing development company, Foxhall Homes, to both acquire existing properties and develop new ones. The council has also been working very proactively to reduce the level of overspend being incurred in the council's budget for funding temporary accommodation for those recognised as homeless – from a peak of £4.5m in 2016/17 to £2.6m last year.
- The creation of a Multi-Agency Safeguarding Hub (MASH) in Luton
- The work going in to maintaining cohesive communities, including the 'Luton in Harmony' campaign

Very widespread support exists within the borough for what the LIF is aimed at achieving – people ‘get it’, they are buying into it and it is having a really galvanising effect. Everybody that we came across within the council backs the LIF, which benefits from having cross-party support. Elected members and staff at all levels see not just the social benefit that the ambitions are aimed at achieving but also the potential benefits for future council funding in the form of both increased revenue and reduced demand for services.

The context for Luton, the council and its partners remains challenging, both socially and financially. The borough is the 59th most deprived local authority area nationally, based on the Index of Multiple Deprivation, and one third of children in the borough are classed as living in poverty. The borough, with a population officially estimated in 2016 of 216,000, is classed as ‘super diverse’. Key characteristics of the population include:

- A high density level, which is a key aspect of the major housing challenge that exists
- The relatively high proportion of young people – Luton is classed as the 3rd youngest city in the UK, with 22% of residents aged under 15
- High population churn – a 56% change in the population in the last five years
- Challenges around education and skills

The council highlighted to us what it has calculated as a 75% reduction in its Revenue Support Grant since 2013-14. It has delivered £113m of savings since 2010 and there is approaching £12m of further savings to secure over the next three years.

A very positive approach and narrative have been established as Luton seeks to address the challenges being faced, with the LIF absolutely central to this and major shifts are taking place in both the perception and reputation of the borough and the council as a consequence. The council is operating within a complex economic geography, which makes things more demanding than would be ideal, but Luton is seen as a key player in the future of the various geographies.

Partners see the council as being much easier to engage with now and both they and people within the organisation highlighted what they see as an increased confidence on the part of the local authority. The council being short-listed for both the Local Government Chronicle and Municipal Journal ‘Council of the Year 2018’ awards reflects just how much is being achieved and the confidence that now exists.

4.2 Success factors

There are a number of ‘success factors’ we have identified as underpinning what has been achieved to date. The drive and passion of people within the council and partner organisations is impressive, with them having a strong sense of pride in Luton and demonstrating a real commitment to fulfilling the ambitions that have been established for the community they serve. This translates into a commitment to working cross-organisationally and in partnership in order to deliver the most effective and efficient services and achieve the best possible outcomes, although instances of silo-working or

disconnect still occur. The council has good quality people and seeks to enhance this – being willing to invest in staff in order to aid progression in their roles and through the organisation. The focus groups that we conducted with staff across the council served to reveal just how much exists in the way of development opportunity, ranging from apprenticeships and entrants on the National Graduate Development Programme to ‘acting up’ arrangements and the chance to secure professional qualifications.

The council’s approach to financial management has been instrumental in facilitating the progress that has been made in Luton and underpins the ambitions, with a strong appetite for commercial approaches and carefully-managed risk taking. The financial challenge has been successfully addressed to date but it obviously continues. Plans are being drawn up for tackling the £5.8m shortfall identified for the current year, with £800,000 then needing to be found in 2019/20. The council demonstrates a considered and strategic approach to managing demand-led pressures impacting on its budget. One example is the work that has been taking place to assess fully the nature of the overspend in the temporary accommodation budget and then establishing and implementing plans to reduce it, which has had a major impact as outlined earlier. The same approach is being taken with children’s services social care overspends. The council is willing to consider baselining any structural deficits which are proved to exist.

The council is the sole owner of London Luton Airport Limited, which provides a multi-million pounds revenue stream for the authority. This aids the council’s financial position significantly but it is testimony to the leadership that the potential of the asset has been recognised and the authority has sought to capitalise upon it. The airport is central to the ambitions for Luton, reflected in the decision taken to invest £450m in its capital programme, including the £225m Direct Air to Rail Transit (DART).

This exemplifies the willingness of the political leadership of the council to invest. Other examples, from the budget for 2018/19, include an additional £2m for adult social care and the funding to invest in the skills agenda highlighted earlier. Decisions made recently in sensitive areas of budget spend, to enable savings to be made and resources to be shifted, include the closure of two local libraries, significant revisions to the arrangements for home to school transport and the move to a four day a week refuse collection service.

Solid governance exists in Luton, based on respectful relationships. There is close working between elected members and officers and clarity around their respective roles and responsibilities. The decision-making arrangements are clear. Open democracy is reflected in the opportunity for both the Opposition and Overview and Scrutiny to input directly at Cabinet meetings on issues on the agenda – something which we saw in action and which operates maturely. The concept of Policy Groups, with each political group being able to hold them to explore issues that are important to them and which officers will attend to provide input, and the transparency around the agenda for such meetings given they are shared with the other political groups, reflects both a commitment to the council supporting all political groups appropriately and to transparency. Two notes of caution we would signal around governance are ensuring the officer time and effort absorbed by serving the Policy Groups doesn’t become disproportionately burdensome relative to the benefits derived from them and that close working between officers and elected members doesn’t switch to over-familiarity.

As part of its commitment to developing its people, the council is willing to invest in elected members through training and development. This ranges from the provision of effective induction and on-going provision across a range of spheres such as IT, social media and chairing skills, through to more specialised and focused training and leadership development. One example of these latter aspects is the CIPFA training and expert support being provided for the Finance Review Group, which forms part of the Overview and Scrutiny function, in order to enable it to play a full role in the checks and balances around the investment in the DART. Another example is the regular participation of elected members from Luton in the Local Government Association-run Leadership Academy suite of activities. The council's commitment to its councillors is reflected in it having attained the Member Development Charter.

4.3 Taking things to the next level

Thus the level of ambition in Luton can be clearly seen, there is a huge amount being delivered and a tangible difference is being made. Emanating from our discussions are a set of thoughts on key areas of focus for the council as it seeks to cement and supplement what has been achieved and take things to the next level. These are as follows and we outline each in more detail in the remaining sections of this report:

- IT – impact on customers and the council
- Corporate enablers
- Checks and balances
- Governance and leadership
- Economic development
- Luton as 'positive disrupters'

4.4 IT – impact on customers and the council

The corporate peer challenge in 2013 stated:

- “Information technology is a clear source of frustration amongst many people in the authority”

The very strong message we received this time around, from staff at all levels and elected members, is that the situation with IT has worsened in the intervening period. This is despite the additional investment, totalling in the region of £3m, that the council has made in this area. This investment sits alongside the newly re-negotiated external contract for the delivery of IT established last year and which runs for ten years.

The situation with IT is seen now, by many of the people we spoke to at different levels within the organisation, to represent the council's most significant risk. It is having a detrimental impact on service delivery and the customer experience, with system 'outages' not being uncommon and impacting on services to citizens in areas such as Revenues and Benefits. Such inadequacies are inhibiting productivity on a day to day basis, through working time being lost. This situation, combined with the council not yet having been able to take sufficient advantage of technological opportunity through, for example, the facilitation of more remote and flexible working and digitalisation, means the council is being held back and is putting savings and transformation ambitions at risk. Furthermore,

reputational risk is being generated for the council by the situation that exists, raising issues of its credibility in the minds of service users, partners and people within the organisation.

Whilst the council recognises the seriousness of the situation and has shown its commitment to resolving it by seeking to redress the under-investment of many years, progressing the issue is proving to be a major challenge due to what has been highlighted to us as a lack of capacity on the part of the contractor and under-strength client management capacity within the council. This situation, and the impact that it is generating, is not sustainable and it has to be rectified as an absolute priority. It is strongly in the interests of both the contractor and the council to resolve the issue.

4.5 Corporate enablers

The way in which Finance Business Partners support and advise the Directorates and services to which they are affiliated is seen to model the 'gold standard' for the provision of support within the council from the corporate centre, with it acting as a true enabler. The council is seeking to replicate this approach across other spheres and the 'offer' from Finance represents the path to follow. HR support, which is already seen to be good in terms of what is provided in the way of assistance, advice and expertise at the operational level, is currently in the process of adopting this way of working and communications officers are now spending more of their time within the Directorates and services they support.

In relation to HR and organisational development (OD), the council has established a 'People Plan' to guide its recruitment, retention and development of staff and inform how they are led and engaged. It is also aimed at aiding people's understanding of what it means to work in and for Luton and what staff and the council can expect of one another. The plan is seen to be playing a positive role, contributing to addressing the issue of an ageing workforce through, for example, apprenticeship and graduate schemes and the introduction of new career pathways for existing staff. It has yet to make an impact on the high level of agency staffing within children's social care though. The plan reflects the strong commitment within the council to investing in its people. There is also a clear commitment to equalities and diversity, which is recognised by the staff that we spoke to from across the organisation. The council is fully cognisant of the fact that the make-up of the senior management team is not yet suitably reflective of that of the community which the authority serves and is seeking to progress the issue.

Whilst staff highlighted to us examples of excellent people management practice in parts of the organisation, there is much work still to be done. There is significant inconsistency in approaches to, for example, both the conducting and quality of performance appraisals, the tackling of poor performance, the management of sickness absence and the provision of access to career development opportunities. The anecdotal evidence we gleaned from staff is supported by the findings of the staff survey from last year which indicated only 40% of respondents felt that poor performance would be tackled, whilst only 75% had discussed their learning and development needs with their manager in the previous 12 months. For the intentions and ambitions of the 'People Plan' to be translated into a reality, these inconsistencies need to be addressed.

The council is seeking to build upon its successful addressing of the financial challenge to date through further change, transformation and efficiency. We have already highlighted the need for IT to act effectively as an enabler in this. Transformation support and programme management being geared effectively is also essential for the council's ambitions to be delivered successfully. An area as complex as social care and health integration needs expert input around, for example, OD, in addition to the hard work of the professionals in those spheres. Transformation capacity was felt to be lacking in many of the areas looking to drive forward change initiatives. Similarly, programme management expertise is necessary to aid the co-ordination, capitalise upon the synergies and minimise the competing demands of the huge level of projects being delivered across the organisation. The resources and teams that are planned to come on stream around all of this will represent a very positive development when they are in place. It is important to ensure this happens effectively and in a timely way.

Notable progress is being made on enhancing the council's business intelligence capacity. However, there is still work to do to ensure the extensive data available to the council is translated effectively into intelligence to inform policy development and decision-making. As an example, the council has drawn together a lot of data on areas such as poverty, population change and amenable, preventable and avoidable deaths. At this stage, however, it remains largely as data, with the potential to enhance the translation of this, through data analysis, into intelligence. Another example is the information now available on customer complaints, MP enquiries and Freedom of Information requests. At present, the analysis focuses on the timeliness of council responses, with the potential to move beyond this into analysing the nature of the complaints and enquiries and using the findings to aid learning and improvement. The creation of ward profiles has been a very positive development. Investment is being made in the council's business intelligence capacity with the purchasing of supporting IT.

Real progress has been made in recent years on the council's approach to its communications. We saw the outcomes of the work undertaken to rationalise council branding, involving the creation of a new, single brand, and the council is clearly very strong on reputation management. We gained, from the staff that we met, a sense of the wide range of internal communications mechanisms that are in place, including regular staff conferences, and the way in which they keep people informed. Existing recognition mechanisms, such as the Staff Excellence Awards, are valued but people are keen to see success being celebrated and communicated more. This includes ensuring the 'day to day' work, achievements and successes are profiled as much as the delivery of high-profile projects.

A communications strategy is in the process of being agreed. This is to be welcomed and will enable communications activity to be coalesced into a more strategic approach to achieve greater impact. Central to the strategy is the adoption of a campaigns-based approach, serving to enable the priorities for the council and Luton to really come to the fore and aid understanding and buy-in. The strategy must be geared to the key communications challenge for Luton – that of communicating effectively with a complex set of audiences, both internal and external, and coping with the way in which the level of population churn adds to the complexity. Ensuring the strategy is effective and implemented in a timely way will deliver real benefit.

One of the challenges that the strategy can serve to address is the translating of ‘big visions’ into the ‘here and now’. The Luton Investment Framework outlines projects and activities coming on stream already or over the next few years but some of the intended impacts and outcomes may take a long time, even generations, to be widely felt. The ‘Aspirations Centre’ – a mobile facility moving throughout the borough promoting education, jobs and career opportunities – provides a good example of, and represents a positive step in, helping to translate ambition and vision into opportunities that can make a tangible difference to peoples’ lives very quickly.

4.6 Checks and balances

Luton’s level of ambition means it is “no ordinary council”. There are an inevitable set of risks generated by both the level and type of ambition that is being demonstrated and these need to be carefully managed, necessitating an equivalent scale of checks and balances in order to ensure the ambitions are successfully fulfilled. In addition, the council faces the same types of commitments and responsibilities of any local authority and the risks associated with them. We suggest the council looks to ensure its checks and balances are suitably geared to the level of risks being faced. Examples of what is happening, requiring the related risks to be carefully managed going forward, include:

- The level of the council’s debt, accruing from capital borrowing to support the ambitions of the Luton Investment Framework, increasing from £295m last year to £717m by 2021
- London Luton Airport is anticipated to reach its full permitted capacity of 18 million passengers per annum within the next three years. It was originally expected, when planning permission was granted in 2014 for further expansion, that capacity would only be reached around 2026. London Luton Airport Limited, of which the council is the owner, has ambitions to expand further, both to fulfill demand and to enable Luton and the surrounding area to capitalise upon the 800 new jobs and additional £76m for the regional economy that are estimated to flow from every additional million passengers. However, airport expansion is inevitably complex and the council, as the owner, needs to plan and prepare for dealing with this complexity and ensure the myriad risks are carefully managed.
- We highlighted earlier the additional resources due to come on stream around transformation support and programme management and the need to resolve the IT issues that are holding the council back. Later in the report we touch on the need to ensure the Planning function is geared appropriately to ensure the ambitions Luton has move forward suitably. These are all examples, and there will inevitably be others both currently and in the future, of the need to ensure the necessary capacity and expertise is in place to achieve the goals Luton has set.
- Welfare reform will impact Luton in the near future and the risks around this will obviously need to be anticipated and mitigated as far as possible.
- Luton is currently benefiting from ‘Improved Better Care Fund’ monies but there is much uncertainty around the future of this funding. The potential loss of it would represent what the council described as a “cliff edge”.

The council, as owner of London Luton Airport Limited, is committing to the creation of the DART given the pressures on the existing infrastructure resulting from the major growth in passenger numbers. To facilitate this, it is investing £225m. The rigour, expert input and challenge being provided in relation to this investment being made represents an example of good practice in relation to checks and balances.

4.7 Governance and leadership

Elected members, and the challenge they can provide, have a central role to play within the council's checks and balances. Overview and Scrutiny is central to this and there is clear potential to enhance its contribution in Luton given the ambitions that exist and the level of risk that the council is facing up to. An example of this comes in the form of the work being undertaken to develop further the expertise of the Finance Review Group in order to enable it to play a role in the checks and balances around the investment in the DART. This has seen expert training and independent support being provided to members of the committee.

Overview and Scrutiny is currently working in a way that sees it identifying and probing pertinent issues, such as sickness absence levels in the council and the challenges around social worker recruitment and retention, and this should continue. However, it has the potential to play a role in issues that are fundamental to the future of Luton, linking directly to the ambitions and aspirations of the Luton Investment Framework. The recent work looking, through a task and finish group, at youth anti-social behaviour in Luton provides an example of the way in which cross-cutting themes focused on the impact in communities can be explored to assess the difference that is being made and how improvement might be brought about. Replicating this type of focus across other spheres central to the quality of life in Luton, which the Investment Framework is designed to impact, to take stock of whether the desired outcomes are being achieved, would represent a very valuable check and balance.

The council's Joint Board, comprising the Cabinet and Corporate Leadership Team, provides the strategic leadership for the authority. Whilst it meets regularly and considers key issues, the focus currently is placed on the financial challenges facing the council and the matters to be considered at forthcoming Cabinet meetings. We see benefit to be derived from supplementing this by creating the time and space for Joint Board to be able to consider more regularly as a collective the key strategic issues facing Luton and the council over a longer-term horizon.

There are some good examples of elected member-led community engagement. This includes the activity delivered by councillors, in an extremely sensitive way, within communities looking at developing understanding of the potential health impacts of consanguineous marriage. Elected members have also been central to helping to maintain cohesive communities in Luton. However, the availability of engagement mechanisms facilitated by the council, including Facebook and 'Let's Talk' community meetings, is not consistently understood and they do not yet command the full confidence of councillors. This is acknowledged by the council as being work in progress.

The council is in the process of establishing a casework management system to aid the work of elected members. This can play an effective role in developing a greater degree of consistency in responsiveness from across the council to their enquiries. At present there is a mixed picture in the timeliness and quality of responses and keeping councillors informed of progress on issues they have raised.

There is clear demarcation, provided through the formal governance arrangements, between London Luton Airport Limited and the council. Moving forward though, in a context of the ambitions around airport expansion, we would encourage the council to be mindful of the risk, in terms of perceptions, around 'two hats being worn'. There is a great deal of potential to be derived from expanding the airport as we have touched on. The council stands to be a beneficiary, along with many other stakeholders including local communities. The council will need to be prepared to cope with the risks in perception that arise as a result.

Active Luton is a sports and leisure trust and Luton Culture is an arts and cultural charity which have both been established in recent years to deliver a wide range of activities that were previously undertaken by the council. Their respective set-ups bring numerous advantages and see them operating at arms-length from the council. However, the council still has a significant influence over how the two bodies function. Based on the conversations we had with a range of stakeholders, we suggest the council takes the opportunity to consider the potential of establishing greater autonomy for both organisations. As an example, Active Luton receives an annual subsidy from the council to support its activities but it is felt that by enabling it to operate on a more commercial footing revenue would increase and the subsidy could be reduced.

The voluntary and community sector plays a key role in the life of the town but there is seen to be more potential to be capitalised upon, particularly around the design and delivery of services previously provided by the council. However, the sector feels rather disparate at present, which may hold back the fulfilling of that potential. To build the capacity of the sector and identify groups that can participate in the shaping and running of services, the council could consider commissioning a strategic partner for the sector.

4.8 Economic development

The council's commitment to reviewing the Local Plan is appropriate and timely. Through this process it will be important to determine how the available land in Luton can be used most effectively to aid the fulfilment of Luton's ambitions. The Luton Investment Framework, with its aim of securing over £1.5 billion of investment in the borough, contains an ambition to attract 10 large new businesses, create 18,500 new jobs and see 5,700 new homes being built. These are just a flavour of the sorts of development that is aspired to in the borough. With the amount of land in Luton available for development being extremely limited, the Local Plan review process has a vital role to play in ensuring the different needs and interests are suitably balanced.

The Planning function is key to the successful delivery of Luton's ambitions. It is currently facing unprecedented demand both in terms of the volume and the complexity of planning applications. Examples include Power Court – a new state-of-the-art stadium for up to 22,500 spectators plus a range of other leisure and lifestyle amenities and residential

accommodation – and what flows from the creation of the London Luton Airport Enterprise Zone. The demands on Planning will inevitably continue given the scale of the ambitions in Luton and it is therefore important to ensure the function is geared accordingly.

Given the aim to attract 10 new large businesses to the borough over the next few years, it is important for the council to reassure itself that the approach and resources committed to inward investment reflect this ambition.

4.9 Luton as ‘positive disrupters’

In articulating its ambitions for Luton, the council has disrupted the ‘ecosystem’ of authorities and institutions both sub-regionally and more widely. The council is changing the power dynamic between itself and its partners and is bringing new strategic partners on board. The way Luton has and continues to change, and the scale of its ambitions, is transforming the way the town is seen and it has become absolutely central to the future growth and success of the region. An example of this is the way in which the bid for the Enterprise Zone at the airport received the universal backing of regional partners, with the decision being taken to stand down the handful of other bids from within the same geography.

The type of disruption that Luton has been involved in is positive. Real change only comes about when the status quo is disrupted and a new course is set. However, councils cannot succeed in isolation. In order to realise their true potential they need the consent and support of a range of partners, such as central and local government, business, regional institutions and communities. We therefore see benefit in the council developing a comprehensive strategy and approach, designed to reflect the long-term nature of many of Luton’s ambitions and encompassing all key stakeholders, in order to mitigate the risks of the ‘positive disruption’ that the council is creating.

5. Next steps

Immediate next steps

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions in order to determine how the organisation 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. Gary Hughes, Principal Adviser, is the main contact between the council and the Local Government Association (LGA).

We are keen to continue the relationship we have formed with the council through the course of the peer challenge.

Follow up visit

The LGA Corporate 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 demonstrate the progress that has been 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 but normally takes place around twelve to eighteen months after the original peer challenge.

Next corporate peer challenge

The current LGA sector-led improvement support offer includes an expectation that all councils will have a corporate peer challenge or finance peer review every 4 to 5 years. It is therefore anticipated that the council will commission their next peer challenge by 2023.

Annex – Contents of the feedback presentation delivered to the council on Thursday 26th April 2018

Shaping Luton's future

- Luton's is demonstrating tremendous ambition, focused on improving the lives of local people
- The ambition is impressive both in its nature and scale
- There is strong and stable political and managerial leadership which is widely held in very high regard
- Tremendous excitement and belief is being generated by the vision and ambition that is being shown
- Very widespread support exists for what the Luton Investment Framework is aiming to deliver – people 'get it', are buying in to it and it is having a really galvanising effect
- A very positive approach and narrative have been established in what remains a challenging context both socially and financially

Luton's context

- 2016 – population level officially estimated as over 216,000
- High population churn – 56% in the last five years
- Super diverse borough
- Densely populated and with a major housing challenge
- 3rd youngest city in the UK – 22% aged under 15
- Luton ranked 59th most deprived local authority area nationally, with one third of children living in poverty
- Challenges around education and skills
- Complex economic geography
- Excellent location
- 75% reduction in the council's Revenue Support Grant since 2013-14
- £113m of savings delivered by the council since 2010
- Almost £12m of further savings required over the next three years

Just a few examples of what is happening

- Flying Start
- Luton Access
- Community Care Discharge Programme
- Marsh Farm and High Town regeneration
- Napier Park and Bartlett Square developments
- Major infrastructure investment – airport, Junction 10a, busway
- Investment in the skills agenda
- Integration – building, through the Concordat, on the joint commissioning arrangements for children's services
- The work taking place around housing and homelessness
- Multi-agency Safeguarding Hub (MASH)

- ‘Luton in Harmony’
- The work going in to maintaining cohesive communities

A tangible difference is being seen

- Best delayed transfer of care statistics nationally
- Increasing life expectancy
- Reduced levels of teenage pregnancy, alcohol admissions and smoking
- Fastest private sector job growth in the country
- Highest number of new enterprises nationally
- Largest increase in real wages in the country
- Unemployment below the national average
- Significant improvements in attainment at Key Stage 2
- Major shifts in the perception and reputation of the borough and the council
- Council of the Year 2018 short-listings
- Partners see the council as much easier to engage with now
- Increased confidence on the part of the council

Success factors

- The drive and passion of people within the council and partner organisations
- A commitment to working cross-organisationally and in partnership
- Good quality people and the council’s willingness to invest in them
- The approach to financial management:
 - Successful addressing of the financial challenge to date
 - Capitalising upon the airport
 - Willingness and ability to invest
 - Considered and strategic approach to managing demand-led pressures
- An appetite for commercial approaches and carefully-managed risk taking
- Elected members being willing to be bold and take tough decisions
- Solid governance:
 - Clarity between elected members and officers around respective roles and responsibilities
 - Respectful relationships
 - Close working between councillors and officers
 - Clear decision-making arrangements
 - Open democracy
 - Investment in elected member training and development

Taking things to the next level

- IT – impact on customers and the council
- Corporate enablers
- Checks and balances
- Governance and leadership

- Economic development
- Luton as 'positive disrupters'

IT – impact on customers and the council

- The very strong message from staff at all levels and elected members is that the situation with IT has worsened in the last few years, despite the investment that the council has made
- It is seen now to represent the council's most significant risk:
 - Detrimental impact on service delivery and the customer experience
 - Inhibiting productivity on a day to day basis
 - Holding the council back and thus putting savings and transformation ambitions at risk
 - Reputational risk - credibility
- The external contract for delivering IT has been re-negotiated for a further ten years
- However, progressing the issues is proving to be a major challenge due to a lack of client management capacity and capacity on the part of the contractor

Corporate enablers

- Finance Business Partners – the gold standard to be replicated across other spheres
- Transformation support and programme management are essential for the council's ambitions to be delivered successfully and the resources and teams that are planned to come on stream will represent a very positive development when in place
- HR and Organisational Development:
 - People Plan established and playing a positive role
 - Good HR support at the operational level
 - Strong commitment within the council to investing in people
 - Significant inconsistency in approaches to people management, such as performance appraisals and the management of poor performance and sickness absence, which needs to be acted upon
 - A clear commitment to equalities and diversity but with progress to be made in relation to a senior management team that reflects the make-up of the community the council serves
- Business intelligence:
 - Notable progress being made
 - There is still work to do to ensure the extensive data available to the council is translated effectively into intelligence to inform decision-making but investment is being made

- Communications:
 - Real progress has been made on internal communications, council branding and reputation management
 - A communications strategy is in the process of being agreed, which includes adopting a campaigns-based approach
 - The Aspirations Centre represents a positive step in helping to translate ‘big visions’ into the ‘here and now’ and helping people understand the opportunities that are set to flow from the Luton Investment Framework
 - The challenge remains of communicating effectively with a complex set of audiences (both internal and external) and the population churn
 - Existing recognition mechanisms are valued but people are keen to see success being celebrated and communicated more, including the ‘day to day’

Checks and balances

- Luton’s level of ambition means it is “no ordinary council” and necessitates an equivalent scale of checks and balances in order to ensure those ambitions are fulfilled
- The rigour, expert input and challenge being provided in relation to the £225m investment being made in the DART represents an example of good practice
- The importance of carefully managing risks going forward:
 - Debt accruing from capital borrowing increasing from £295m to £717m by 2021 and the inevitable risks associated with that
 - Airport expansion ambitions – planning and preparing for complexity
 - Ensuring the necessary capacity and expertise is in place to ensure the ambitions for Luton are fulfilled
 - Welfare reform
 - Improved Better Care Fund monies - ‘cliff edge’

Governance and leadership

- Elected member challenge has a crucial role to play as part of an enhanced level of checks and balances
- Overview and Scrutiny is currently working in a way that sees it identifying and probing pertinent issues but it can play a much more fundamental role going forward
- There is seen to be benefit in greater autonomy being established for Active Luton and Luton Culture
- We would encourage the council to be mindful of the risk, in terms of perceptions, around ‘two hats being worn’ - local authority and airport in a context of expansion ambitions
- Joint Board would benefit from creating the time and space to be able to consider more regularly as a collective the key strategic issues facing Luton and the council
- There are some good examples of member-led community engagement
- However, the availability of engagement mechanisms including Facebook and ‘Let’s Talk’ are not consistently understood and do not yet command the full confidence of councillors

- The council is in the process of establishing a casework management system to aid the work of elected members which can play an effective role in developing a greater degree of consistency in responsiveness to their enquiries and keeping them informed
- The voluntary and community sector plays a key role in the life of the town. To build the capacity of the sector and identify groups that can participate in the design and delivery of services, the council could consider commissioning a strategic partner for the sector.

Economic development

- The commitment to reviewing the Local Plan is appropriate and timely
- Through this it will be important to determine how available land can be used most effectively to aid the fulfilment of Luton's ambitions
- The Planning function is key to the successful delivery of Luton's ambitions and the council therefore needs to ensure it is geared accordingly – it is currently facing unprecedented demand both in terms of the volume and the complexity of planning applications
- The Luton Investment Framework aims to attract 10 new large businesses to the borough, so it is important to ensure the approach to inward investment reflects this ambition

Luton as 'positive disrupters'

- In articulating its ambitions for Luton, the council has disrupted the 'ecosystem' of authorities and institutions both sub-regionally and more widely
- The council is changing the power dynamic between itself and its partners. It is bringing new strategic partners on board.
- This disruption is positive. Real change only comes about when the status quo is disrupted and a new course is set.
- However, councils cannot succeed in isolation; to realise their true potential they need the consent and support of a range of partners – central and local government, business, regional institutions and communities
- There would be benefit in developing a comprehensive long-term strategy and approach, encompassing all key stakeholders, to mitigate the risks of the 'positive disruption' that the council is creating