

Mick Cartledge
Chief Executive
Burnley Borough Council
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Dear Mick

Following the original Local Government Association (LGA) Corporate Peer Challenge (CPC) in September 2016, Burnley Borough Council invited the peer team to make a follow up visit to help review and assess progress made. This follow up visit took place on 25th July 2018, approximately 21 months after the original challenge.

The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met and material they had read before and at the time of their visit.

Process and peer team

Peer challenge is one of the key tools to support sector-led improvement. It is tailored to meet individual councils' needs, and designed to complement and add value to a council's own performance and improvement focus. The peer team provide feedback as critical friends, not as assessors, consultants or inspectors.

The following peers participated in the follow up visit:

- Laura McGillivray – Chief Executive, Norwich City Council (Lead peer)
- Councillor Tricia Gilby – Leader, Chesterfield Borough Council
- Cindy Lowthian, Peer Challenge Manager (LGA)

To inform our work the peer team spent 1 full day on site at Burnley Borough Council. During this time we spoke to the Leader and Chief Executive, group leaders, Executive Members, Chair of Scrutiny, senior managers, strategic and contractual partners.

We would like to thank you for inviting us back to provide further challenge to the council. We hope that our feedback helps to support continuous improvement at Burnley Borough Council.

Scope and focus

In September 2016, the peer team identified a number of recommendations to support the council on its improvement journey. These are shown in **Appendix A**. The original CPC had a particular focus on economic prosperity and inclusion. The council was particularly keen for the revisit to focus on progress made as follows:

- **Economic development** - exploring the council's progress on growing the local economy through delivery of key projects/developments and in particular, plans to push the vision of Burnley as a university town, attracting around 4,000 students. The team was asked to consider the council's appetite for risk in delivery of these key projects in order to deliver longer term economic growth.
- **Commercialisation/Income Generation** – the CPC had considered how the council might develop a more ambitious commercial approach to further boost income generation and ensure future financial sustainability. Some of this work was already underway e.g. property investment, asset rationalisation, and growing local residential and business base

Summary of findings and observations

Overall Burnley Borough Council has made very good progress in taking forward the recommendations that the peer review team made in 2016 and should be proud of its achievements. The council has made significant progress in relation to a range of economic, housing and regeneration projects. In particular, the peer team heard how the council has developed robust approaches to the way it builds and presents business cases to secure investment in the borough. Partners felt this was 'paying dividends', as well as helping the council identify and mitigate risk. There was evidence of a strong shared vision for the borough, with the council viewed as a respected and valued partner. Crucially, jobs growth in the borough has outstripped many parts of the country.

The peer team found good progress has been made in developing commercial approaches including the introduction of charges for green waste, a new commercial approach to treasury management and work with Liberata to obtain efficiencies through service transformation of revenues and benefits. The council's leadership role continues to be widely respected, including its role on the Local Enterprise Partnership (LEP) and Lancashire Leaders Partnership which has helped revive discussions on devolution to the county.

To build on these successes, the team identified a number of opportunities for the council to consider in relation to economic development and inclusive growth. The council could consider developing a local skills framework to ensure the local skills and employment system is more responsive to the needs of Burnley. Linked to the vision of Burnley as a 'university town', there are opportunities to strengthen engagement approaches to ensure achievements and future vision are better understood by local communities. Partners also felt that there is space for further collaboration across key local anchor institutions to

strengthen marketing of the borough to inward investors, potential employees and students. The peer team also heard from a number of stakeholders who are keen to work together to strengthen the cultural offer of the borough, including the night time economy as a means of supporting economic growth and preparing for the advent of a larger student presence in the town. Stakeholders described the 'next big idea' as a 10 year cultural strategy encompassing a key iconic venue locally for resident and student cultural activity.

Building on its work to develop commercial approaches, the team explored how the council quantify the proportion of current income generated from commercial activity and set targets for future activity. There may be opportunities to strengthen current approaches including how this links to the future budget setting process.

The feedback (below) provides further detail on the findings from the peer review team and makes a number of suggestions and recommendations for consideration by the council.

Economic development

During the original CPC, it was clear the council is ambitious for Burnley and wants to see the borough as a place where people choose to live, investors choose to set up businesses and for the university to grow. The revisit found that improving the local economy continues to be seen as the single biggest driver to improving the quality of life for local people. The peer team were pleased to see significant progress in delivery of a diverse range of economic, housing and regeneration projects/interventions including; Innovation Drive, Burnley Bridge and Vision Park.

The original CPC identified a need for the council to continue to work with housing partners to diversify the mix of housing in the borough and bring empty homes back into use. Progress since the original visit includes the appointment of a Joint Venture Partner 'Barnfield Homes' to help boost the variety of houses in the borough's housing market and partnership working with Calico to deliver a range of housing provision, often on blighted difficult sites. The council is also implementing selective licensing to help drive up standards of private sector housing.

The team were particularly pleased to see evidence of progress in building the vision of Burnley as a university town. This included completion of the draft town centre and canalside masterplan to accommodate the growth of the university campus and residential development. It also includes the 'On the Banks' mixed use regeneration scheme which has involved the recent conversion of Victoria Mill for occupation by the University of Central Lancashire. Overall, the ambitious plans are projected to see the number of university students in the town rise from under 400 to 4000 by 2025.

Building on the strong partnerships in place, there are opportunities to strengthen collaboration across key local anchor institutions to promote the shared vision of Burnley as a university town and market that to inward investors, potential employees and students. This should include marketing/branding materials that clearly show existing and future development potential for inward investors/partners.

Linked to the vision of Burnley as a 'university town', there are opportunities to strengthen engagement approaches to ensure achievements and future vision are better understood by local communities. This would allow the success the town is enjoying including jobs growth, expansion of the university, increased housing development and improved private sector housing standards are understood by local communities.

A number of partners also felt that there is space to build the cultural offer of the borough as a means of supporting economic growth and preparing for the anticipated growth in the student population. Stakeholders described the next 'big idea' as a 10 year cultural strategy encompassing a key iconic venue locally for resident and student cultural activity.

It was clear to see that the council is enabling and supporting the expansion of local business by adopting a wide range of creative and innovative approaches including; use of council funds to unlock development, the release of land, the development of joint ventures as well as pro-active work with the Local Enterprise Partnership (LEP) and joint initiatives with the private sector. The council has made good progress and has clear plans to further expand the local economy including work with UCLAN and the development of a Business Improvement District (BID). At the time of the Review, the council was also in the very final stages of adopting its local plan and there has been a positive direction of travel for planning performance indicators since the original CPC. Latest comparative data from Q3 2017/18 shows that Burnley's performance was above the North West districts' average for major and minor applications. We were pleased to hear that one week after the Review, the Council adopted the Borough's new Local Plan.

The signs are also very encouraging in relation to employment with jobs growth outstripping other parts of the country. Total employees in Burnley grew by 18.5% in the 7 years to 2016, compared to the 9.9% Great Britain figure (ONS, Business Register & Employment Survey 2016). Latest data also shows a 3.5% increase in the number of active business enterprises and 4.6% rise in number of new business start-ups. (ONS Business Demography, 2016).

The council asked the peer team to consider their appetite for risk in delivery of key projects. The peer team explored this theme with a number of partners who reported that the council had a good reputation for developing strong and robust business cases to attract investment and manage risk. The team also heard how the council's approach to risk involved 'buying in' external advisers as required to provide external challenge and expertise which was viewed as positive. A number of stakeholders fed back that strong project governance arrangements, a good understanding of data and use of project

management methodology also helped mitigate risk. The team heard how the council has regular monitoring meetings and partnership board meetings to ensure they remain vigilant to any deterioration in performance.

The original CPC had encouraged the council to explore how it can ensure local people benefit from and take advantage of growth in the local economy. The peer team were pleased that the council had acted on the original CPC recommendation to commission research to understand barriers to employment in the local job market. The council commissioned Growth Lancashire to undertake this work. This has led to the production of the 'Making it in Burnley' strategy (2017-2020) which is focussed on work with young people in the borough to raise aspirations, a number of features of which were already in train.

Building on this progress the team felt the council would benefit from developing a local skills framework. This would build on the Council's £150,000 investment in the Primary and Secondary Engineer Programme which involves a number of Burnley Bondholders and local schools to inspire local pupils and teachers with engineering. The peer team heard how this is helping to increase take up of STEM subjects and building a link into advanced engineering jobs. A local skills framework could create additional pipelines of opportunity. The framework would need to be aligned to the Lancashire Employment and Skills framework. It would help ensure employers' skills needs can be met from the local population and support the creation of more high value/good quality jobs. It would help ensure the skills and employment system is responsive to the needs of local people.

Commercialisation/income generation

The original CPC had considered how the council might develop a more ambitious commercial approach to further boost income generation and ensure future financial sustainability. The council clearly sees its economic growth strategy and commercial strategy as inter-related.

The revisit found that the council are actively using a number of 'levers' to attract and use funds to improve the local economy including use of Growth Deal funding, prudential borrowing and work with partners. The council's performance scorecard shows private sector investment levered through inward investment service and development projects currently stands at £51m from April 2017 to April 2018, a significant increase on the year before when it stood at £10m.

The council's 10 year contract with its strategic partner Liberata was in the early stages of development during the original CPC visit. The aim was to secure efficiencies, whilst maintaining a high level of provision, through the service transformation of revenues and benefits. A recent presentation to the council's scrutiny committee indicates good progress and continued high performance. The council's external audit report indicates

that the council is continuing to focus on a more 'commercial' way of delivering services as part of its strategic plan.

The council's waste, recycling and street cleansing service is also contracted to an external company (Urbaser) with an annual saving of £585k. Since the original CPC, the council has started to charge for 'green waste' collection achieving annual savings of over £249K for each of the past 2 years.

The council's leisure provision continues to be provided through Burnley Leisure Trust (BLT), a registered charity established in 2014. Since the original CPC, the council has transferred the operation of Towneley Golf Club to the trust in 2017 to create opportunities for future investment and allow the council to further reduce its grant to the trust. There may be more potential in involving BLT in income generating activity.

Since the original CPC, the council has also introduced a commercial approach to treasury management with a commitment to invest £2m from operational cashflow in an investment portfolio fund. The aim is to facilitate a return which would be expected to be above returns achieved through bank deposits.

Overall, the peer team were pleased to see how the council has made good progress in developing its commercial approach. The council may now benefit from exploring how it can better capture, track and monitor the different strands of commercial activity undertaken and set targets for increasing them in the future e.g. more clearly identifying what elements comprised of fees/charges, what comprise of longer term asset investments, what comprises of new commercial activity and how each contribute to budget savings and financial planning.

Council response to other Peer Challenge Report recommendations

The peer team were not able in the time available to explore all the recommendations made as part of the original CPC in depth (Appendix A). However, they have used the council's own self-assessment as well as feedback from the visit to make the following observations:

Financial planning and viability

The original CPC commented that the MTFS appears much focussed on revenue and a more holistic capital/revenue approach may help the council's medium term investment/budget decisions. The council has responded by ensuring capital investment decisions are reflected in the MTFS. They are also changing the time period of the capital investment programme to mirror the MTFS time frame (4 years).

The peer team feel that the council may wish to explore the option to establish a 'risk reserve' as investment borrowing increases to support the council's economic growth priority and the peer team understands that this proposal is currently being considered.

The original CPC also encouraged the council to examine where it can reduce its spending in relation to other district councils. The council's self-assessment outlines a number of initiatives focussed on reducing costs including a three year reduction in the management fee it pays to BLT. Increased resource allocation for street cleansing has been a conscious decision to support the 'cleaner streets' strategic priority.

Capacity to deliver

The original CPC highlighted a reduction in senior management capacity over recent years and a need to ensure sufficient capacity to deliver future change, including the effective management of the council's three large-scale contracts. The peer team were pleased to see the council has undertaken a detailed review of the senior management structure to increase senior management focus around strategic priorities including the creation of a Strategic Head of Economy and Growth Post.

Understanding of local place and priority setting

The peer team originally noted the significant challenges facing communities in the most deprived areas of the borough and recommended that the council reviews and reflects on how it engages with residents to understand the specific needs of some of the most vulnerable people. As outlined above, whilst progress has been made, the council should continue to strengthen its approach in this area to continue to engage local people on future plans and the vision for the borough.

The original CPC had also highlighted a need to better co-ordinate work across agencies to support health improvement. A new Health and Wellbeing Partnership has now been established to improve co-ordination and Burnley Council is an active partner. The council is also part of a successful sub-regional multi-million pound bid to promote physical activity and promote positive mental health and wellbeing.

The original CPC recommended the council undertakes work to gain a better picture of the range of organisations which can help reduce exclusion. The council has continued to work with the Burnley, Pendle and Rossendale CVS, for which it continues to provide funding. Since the original CPC, the council has also supported a Well North initiative in South West Burnley aimed at raising social capital and improving local health outcomes.

The original CPC encouraged the council to explore the viability of more innovative approaches to reduce financial exclusion. The council is working through its strategic partner Liberata to ensure residents have access to welfare advice and guidance, personal budgeting and signposting to specialist agencies. This includes a dedicated

officer co-located in the Job Centre. During the revisit we heard of a number of projects driven by the council's strategic partner Calico who are co-located with the Pennine Community Credit Union. This includes work to support residents through welfare reform.

Leadership of Place

The original CPC found a picture of positive performance in the context of its corporate plan and priorities. However, recycling performance was low compared to other councils in the north-west and whilst this has improved it is still below the average of other councils in the north-west. Since the original CPC, the cost share agreement with the county council has ended, reducing financial incentives linked to recycling performance. The council are very aware of the challenges and the team would encourage further activity to increase recycling rates in the borough.

Leadership and governance

The council continues to be ambitious for Burnley the place and has a positive 'can do' attitude towards attracting investment and growth. The team found that the council continues to be a well-respected, pro-active member of both the Local Enterprise Partnership and Lancashire Leader's board (contributing and influencing developing discussions on devolution). Some partners would like the council to reflect on how it could harness this strong leadership role and reputation within east Lancashire, helping to drive growth and prosperity across the sub region.

The revisit also heard how the scrutiny function is well respected and has supported the council's economic development priorities through a number of scrutiny reviews. There was positive engagement of members across all parties.

Summary of recommendations

Burnley has made really good progress since the peer team's visit in September 2016 and it was pleasing to see key economic and development projects coming to fruition.

To ensure the council achieves its overarching vision of "*accelerating Burnley's economic and housing growth to benefit all and to develop a new shared pride in the borough*" the team suggests that the council places particular focus upon:

- 1) Strengthening current marketing approaches to promote the shared vision of Burnley as a university town to inward investors, potential employees and students
- 2) Strengthening engagement approaches so that achievements and future ambitions are better understood by communities
- 3) Developing the cultural offer and strategy for the borough

- 4) Developing at pace, a local skills framework to ensure the local skills and employment system is more responsive to the needs and opportunities of Burnley
- 5) Exploring how the council can strengthen the way it captures and tracks the contribution different aspects of commercialisation is making to future budget setting processes

Next steps

We appreciate that the council will want to reflect on these findings and suggestions with the senior managerial and political leadership in order to determine how the organisation wishes to move forward.

Your LGA Principal Adviser, Claire Hogan, will be happy to work with you to identify any additional support the LGA can offer to help you respond to the points set out in this letter. Claire can be contacted on 07766250347 or Claire.hogan@local.gov.uk

Cindy Lowthian – LGA North West Adviser

On behalf of the Peer Challenge Team

Appendix A

Burnley Corporate Peer Challenge, September 2016

Recommendations and comments

1. It's now timely to reflect on how well local people benefit from the growth. How does the council ensure new local jobs largely go to local people?
2. There is a need to ensure sufficient senior management capacity to deliver future change such as effective management of large-scale contracts, engagement with the Combined Authority and ensuring effective performance of core council services.
3. The council has limited capacity for contract management. It is aware of this challenge and must ensure, with now three large external contracts that it has sufficient capacity and capability to ensure contractors are delivering the outcomes the council has specified.
4. The council currently recycles only 31% of its waste which is the lowest of any local authority in the North West.
5. Around entry level jobs there has been a growth in the logistics sector but partner agencies the peer team engaged with believe there to be a disconnect between communities and these entry level jobs. There is likely to be value in commissioning research to understand this disconnect and the dynamics of the unemployed and long term sick and employment in deprived areas and their barriers to entering the job market.
6. The biggest single challenge for Burnley, like all the Lancashire authorities, will be to determine precisely what it sees as the specific opportunities from working in a Combined Authority or a larger district footprint.
7. The performance of the planning service is currently variable.
8. There is likely to be value in the council reflecting on how it listens to and communicates with the residents of the town above and beyond using the Citizens Panel.

9. In terms of social capital, gaining a better picture of the totality of the range of organisation and initiatives which could help reduce exclusion overall would be a useful first step.
10. Developing the medium term financial strategy around the linkages between capital investment and revenue expenditure may reinforce the recently agreed medium term approach to being financial sustainable.
11. The council should also examine in detail where it can reduce its spending in relation to other district councils.
12. The borough is scattered with a wide range of health improvement projects....better coordination and focus of these programmes in a more joined up way is likely to result in stronger impact.
13. In terms of financial inclusion, further headway can be made through debt advice, help with budgeting and low cost small-scale spending. Some of this work is already being undertaken through a range of organisations including credit unions. Burnley may wish to explore the viability of more innovative approaches to reduce financial exclusion.