



STRATEGIC PARTNERSHIP/JOINT VENTURE

THE HARLOW MODEL

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HARLOW COUNCIL 2004

- ❑ NEW TOWN REGENERATION LEGACY.**
- ❑ POLITICAL INSTABILITY & EVERYTHING A PRIORITY.**
- ❑ ALMOST BANKRUPT.**
- ❑ WIDE PORTFOLIO OF DISCRETIONARY SERVICES.**
- ❑ >10,000 DWELLINGS FOR RENT & >2,000 LEASED DWELLINGS.**
- ❑ PROVIDER ORGANISATIONAL CULTURE.**
- ❑ LITTLE SERVICE COMMISSIONING.**
- ❑ UNACCEPTABLE PERFORMANCE.**
- ❑ CPA 'POOR'.**

HARLOW COUNCIL 2008

- ❑ £MULTI-MILLION REGENERATION SCHEMES BEING DELIVERED.**
- ❑ KEY PLAYER IN RSS GROWTH AGENDA.**
- ❑ JOINT VENTURE COMPANY OPERATING FOR HOUSING & STREET SCENE SERVICES.**
- ❑ SERVICE PORTFOLIO RATIONALISED TO REFLECT PRIORITIES.**
- ❑ STILL OWN & MANAGE HOUSING STOCK.**
- ❑ PERFORMANCE DRIVEN CULTURE.**
- ❑ NOW EFFECTIVE SERVICE COMMISSIONER AND PARTNER.**
- ❑ PERFORMANCE TRANSFORMED.**
- ❑ CPA 'GOOD' ACHIEVED IN 2007.**



JOINT VENTURE APPROACH

WHAT DID WE WANT TO ACHIEVE?

WHAT DID WE HAVE TO OFFER?

WHAT DID WE WANT FROM A PARTNER?

HOW DID WE GO ABOUT IT?

THE SHAPE OF THE DEAL.

WHAT ARE THE MAIN LESSONS LEARNED?

WHAT DID WE WANT TO ACHIEVE?

- 1. OPERATIONAL PERFORMANCE IMPROVEMENT.**
- 2. IMPROVED CUSTOMER SATISFACTION .**
- 3. IMPROVED VALUE FOR MONEY.**
- 4. ORGANISATIONAL CULTURAL CHANGE.**
- 5. GREATER FOCUS ON CORE BUSINESS .**
- 6. INVESTMENT IN HOUSING STOCK.**
- 7. FUTURE REVENUE STREAMS.**
- 8. IMPROVED RISK MANAGEMENT & RISK REDUCTION.**
- 9. A PARTNERSHIP RATHER THAN JUST A TRANSACTIONAL RELATIONSHIP.**
- 10. CREATION OF AN ASSET.**



WHAT DID WE HAVE TO OFFER?

- **STRATEGIC LOCATION.**
- **CORE CONTRACT WITH 'GUARANTEED' CASH FLOW.**
- **SKILLED EMPLOYEES.**
- **PREMISES/VEHICLES.**
- **EFFICIENCY GAINS.**
- **COMMERCIAL OUTLOOK AND DRIVE TO IMPROVE PERFORMANCE.**

WHAT DID OUR PARTNER WANT?

OUR PARTNER WANTED:

- a. TO ENABLE US TO ACHIEVE OUR OBJECTIVES WHILST MAKING A PROFIT.**
- b. MARKET PENETRATION.**
- c. BRAND ENHANCEMENT.**
- d. GENERATION OF NEW BUSINESS OPPORTUNITIES.**
- e. TO BEAT COMPETITORS.**
- f. ASSET CREATION.**
- g. STRATEGIC LOCATION.**



HOW DID WE GO ABOUT IT?

- 1. PROCUREMENT RULES.**
- 2. SELECTION PROCESS.**
- 3. SUPPORT.**
- 4. COMMERCIAL NEGOTIATION.**
- 5. EXTENDED DUE DILIGENCE TO AVOID PROBLEMS WITH IMPLEMENTATION.**



THE SHAPE OF THE DEAL

- 1. SERVICES COVERED.**
- 2. INITIAL SEVEN YEARS WITH EXTENSION TO TEN.**
- 3. 19.9% EQUITY STAKE.**
- 4. GOLDEN SHARE.**
- 5. GOVERNANCE.**
- 6. BUSINESS DEVELOPMENT/EXCLUSIVITY ZONE.**



THE SHAPE OF THE DEAL

- 8. PROFIT AND SUPER PROFIT (GAIN SHARE).**
- 9. CORE CONTRACT SPECIFICATION/FIXED PRICE.**
- 10. CHANGE BALANCE BETWEEN REACTIVE AND PROGRAMMED.**
- 11. PERFORMANCE REVIEW.**
- 12. PAYMENT MECHANISM.**
- 13. INCENTIVES AND PENALTIES.**
- 14. BUSINESS CASES.**


KEY ORGANISATIONAL ISSUES

1. BE CLEAR ABOUT:

- a. WHAT YOU WANT TO ACHIEVE.
- b. WHAT YOU CAN OFFER.
- c. THE TYPE OF RELATIONSHIP YOU WANT.
- d. WHAT'S IN AND WHAT'S OUT.
- e. RISK AND REWARD.
- f. IMPLICATIONS FOR CUSTOMERS.
- g. IMPLICATIONS FOR THE REST OF THE ORGANISATION.
- h. FINANCING THE DEAL, WORKING CAPITAL, INVESTMENT RETURNS, BUSINESS DEVELOPMENT.
- i. BRAND & CUSTOMER RELATIONSHIP.
- j. COMPETITION.
- k. TIMESCALES.
- l. EXIT (BUSINESS CONTINUITY, ASSETS, VALUES, LIABILITIES).

2. COMMERCIAL SKILLS/NEGOTIATIONS.

3. 'INTELLIGENT' PARTNER.

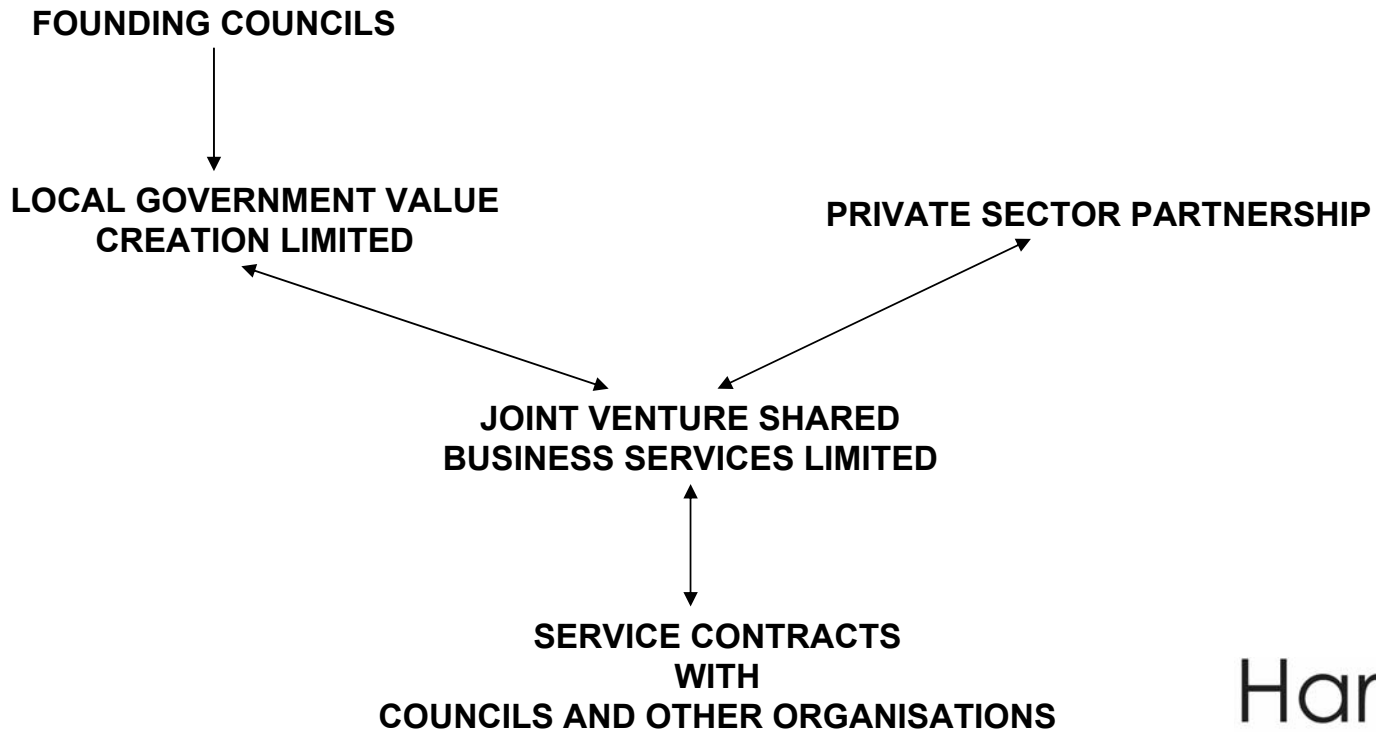
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4. **PERFORMANCE MONITORING/MANAGEMENT/ACCOUNTABILITY.**
 5. **FOCUS ON AREAS THAT GIVE BEST RETURNS FOR YOU AND A PARTNER.**
 6. **DON'T PUT ALL OF YOUR EGGS IN ONE BASKET.**
 7. **PREDICTING THE FUTURE AND FUTURE PROOFING.**
 8. **COMMUNICATION.**
 9. **STAFFING ISSUES.**
 10. **PLANNED IMPLEMENTATION.**
 11. **PLANNED EXIT.**



KEY SECTOR ISSUES

- 1. MARKET MATURITY & CAPACITY.**
- 2. MARKET CONFIDENCE.**
- 3. AGGREGATION OF PURCHASING POWER.**
- 4. COMPETENCE, CAPABILITY AND CAPACITY TO PARTNER.**
- 5. INCENTIVES FOR/BARRIERS TO PARTICIPATION.**
- 6. TIMESCALES/RESOURCE REQUIREMENTS.**
- 7. RECOGNISING THE SCALE AND SCOPE OF OPPORTUNITIES.**
- 8. TANGIBLE DELIVERY & INNOVATION.**

THE HARLOW MODEL





KEY ISSUES – FOUNDING COUNCILS

- 1. CLARIFY.**
- 2. SIMPLIFY/STREAMLINE/IMPROVE/STANDARDISE.**
- 3. EVALUATE OPTIONS FOR WORK STREAMS.**
 - a. Shared in-house.**
 - b. Aggregate purchasing power and join existing external arrangement.**
 - c. Aggregate purchasing power and procure through creating a new joint venture.**



KEY ISSUES – FOUNDING COUNCILS

4. FORM LOCAL GOVT. PARTNERSHIP VEHICLE FOR 3 a - c.

**LOCAL GOVERNMENT VALUE CREATION LIMITED PROVIDES
AND/OR PROCURES SERVICES DEPENDING UPON THE
OPTION BEING PURSUED.**



KEY ISSUES – FOUNDING COUNCILS

- 5. IMPLEMENT CHOSEN PARTNERSHIP ROUTE.**
- 6. PERFORM & ESTABLISH SECTOR CONFIDENCE.**
- 7. ATTRACT NEW CLIENTS.**
- 8. PORTFOLIO SCOPE & SCALE DEVELOPMENT.**
- 9. INITIAL INVESTMENT AND WORKING CAPITAL.**
- 10. RISK MANAGEMENT.**
- 11. INNOVATION/FUTURE PROOFING.**



MOVING FORWARDS

CURRENTLY LEADING PROJECT WITH 4Ps FUNDING TO DEVELOP THE ABOVE TO ENABLE A BUSINESS CASE TO BE SUBMITTED TO COMMUNITIES AND LOCAL GOVERNMENT TO GAIN FUNDING FOR THE IMPLEMENTATION PHASE.

POTENTIAL FOUNDING COUNCILS ON BOARD PROVIDING DATA TO SUPPORT THE BUSINESS CASE DEVELOPMENT.



TRANSFORMATION

**THE CHALLENGE & OPPORTUNITY FOR LOCAL GOVERNMENT &
THE WIDER PUBLIC SECTOR IS CLEAR.**

**THE HARLOW MODEL PROVIDES A MEANS OF RESPONDING
POSITIVELY TO THIS CHALLENGE AND FOR LOCAL
GOVERNMENT & THE WIDER PUBLIC SECTOR TO TAKE
THE OPPORTUNITY TO TRANSFORM IT'S PERFORMANCE.**



TRANSFORMATION

**HOW DO YOU WANT TO TAKE THIS
FORWARDS?**



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