



CABINET

23 January 2013

Subject Heading:	Local Government Association Corporate Peer Challenge Outcome and Action Plan
Cabinet Member:	Councillor Michael White
CMT Lead:	Cheryl Coppell
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Policy context:	Review of Corporate Performance in light of the Transformation Agenda and the Council's Budget position
Financial summary:	N/A
Is this a Key Decision?	No
Is this a Strategic Decision?	No
When should this matter be reviewed?	1 year
Reviewing OSC:	Value

The subject matter of this report deals with the following Council Objectives

Ensuring a clean, safe and green borough	[X]
Championing education and learning for all	[X]
Providing economic, social and cultural activity in thriving towns and villages	[X]
Valuing and enhancing the lives of our residents	[X]
Delivering high customer satisfaction and a stable council tax	[X]

SUMMARY

The Council invited the Local Government Association (LGA) to undertake a corporate peer challenge, offered free to all Member authorities, which took place in November 2012. Their final report was received in late December and this report informs Cabinet of the content of the review and the actions being taken to address comments contained within it. It is pleasing to note that the review

provided very positive feedback to the Council as well as highlighting useful areas for further development.

RECOMMENDATIONS

Cabinet is asked to note the LGA's corporate peer review and agree the following recommendations:

1. Ensure that the budget process continues to invest in change in order to continue to deliver budget reductions through transformation rather than service cuts
2. Delegate to the Cabinet Member for Transformation the task of ensuring the Head of Human Resources and Organisational Development puts in place plans to support the Council's staff through the changes ahead
3. Supports the Member Development Group and its continuing work programme, in particular in developing a wider programme of development events, and urges all Groups to engage more actively in future Member development opportunities.
4. Supports the Chief Executive to ensure that organisational changes continue to provide sufficient resources to deliver transformation, run the Council's services and invest in new areas such as the need to expand the Councils local taxation base and to retain businesses and promote growth.
5. Delegate to the Lead Member for Culture, Town and Communities the consultation and partnership discussions on a revised Community Engagement Strategy
6. Delegate to the Deputy Leader of the Council – Individuals responsibility for continuing to plan effective work between the Council and the local health economy.

REPORT DETAIL

1. BACKGROUND

- 1.1 As part of the new approach to sector led improvement, the LGA has designed a programme of corporate peer challenges to its Member authorities, which it offers once every three years, free of charge. This new approach encourages high performing local authorities to undertake a peer challenge, where a panel of local government peers (made up of both Members and officers) assess the Council's performance against a range of

criteria. In the past LGA peer challenges have been more focused on authorities who were thought to be in need of improvement, although now the challenges are tailored towards individual authorities as a 'critical friend' in order to facilitate continual improvement. and achieve even more for their communities. The challenges are

- 1.2 In late October 2012, the Council invited the LGA to undertake a Corporate Peer Challenge of Havering Council, to fully test whether the strategies being adopted to transform the Council and deliver savings were thorough and robust, and to test whether a group of peers could identify any new or additional actions the Council could take to continue to improve services to local residents during a time of falling public sector funding.
- 1.3 Being a relatively new offer to councils, Havering's peer challenge was only the second such challenge to be delivered in London. The peers who delivered the peer challenge in Havering are listed in the attached report.

2. SCOPE OF THE REVIEW

2.1 The LGA's standard offer to councils through the Corporate Peer Challenge looks for evidence that sound and robust governance is in place in the Authority, as well as good financial management and managerial and political leadership. The reviews also look at a theme selected by the authority for further review and challenge. In Havering's case the review team were asked to look in more detail at the way the Council had approached the current budget challenges and how it had handled its transformation programme. The specific terms of reference for the review were:

- Does the Council understand its local context and has it established a clear set of priorities?
- Does the Council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- Does the Council have effective political and managerial leadership and is it a constructive partnership?
- Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
- Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

Within this, there were two strands specific to Havering that the peer team were asked to explore:

- How the cuts through the Havering 2014 transformation programme have been managed
- How well prepared the Council is for the new local government funding regime

3. FINDINGS OF THE REVIEW

3.1 The overall report was very positive in its conclusions about how the Council had delivered savings through the Havering 2014 transformation programme. Though the prime purpose of the review was to learn where the Council could do more or be more effective, it was pleasing that the review team acknowledged the good work that the Council was undertaking already. The report is attached in full as Appendix A and some extracts below highlight the areas of good practice recognised by the review team:

- “The London Borough of Havering has made significant progress in recent years and the Council is rightly proud of what has been achieved.”
- “What has been delivered has resulted in a modernised and forward looking authority moving towards streamlined customer services.”
- “The implementation of the transformation initiatives is seen to have been very well managed.”
- “As part of its investment the Council has been willing to bring in programme and change management expertise and this has had a very positive impact.”
- “The progress that has been made has not come about by chance. In addition to sheer hard work on the part of elected members, officers and partner organisations, there are a range of success factors that we see as having been integral.
 - There are strong and trusting relationships between the Council and public sector partners, with this being the result of a concerted effort over recent times.
 - The Council has demonstrated it is ambitious to improve and succeed and there is strong, clear and consistent political and managerial leadership.
 - The existence of clear guiding principles set out by the Administration means everybody has clarity about what is important and how the Council should go about achieving things. This is helped further by elected members giving the necessary space to officers to enable them to get on and deliver.
 - The Administration places major importance on ‘what works’ - with value being attached to the outcomes achieved rather than how something is delivered. This is reflected in the mixed economy of service provision and the Authority’s willingness to partner with other councils either to work together or to have services provided by them on behalf of the Council.
 - The authority has robust financial and resource planning arrangements in place. This has been integral to the Council both anticipating and delivering in line with the financial challenge in the form of a gap of £40m that needs to be closed across the four-years to 2014. However, at the same time as needing to close this gap, the Administration has also shown a willingness to invest, as shown with the transformation programme.
 - The Council has a solid performance management framework in place which provides a clear link from the goals and strategic

outcomes of the long-term vision for the Borough down to individual performance development reviews.”

- “The level of Council expenditure per head of population across the vast majority of services is amongst the lowest when compared with councils of a similar nature and the performance of services is generally good, especially when considered in the light of the comparative cost of them.”
- “Havering is an Authority that demonstrates a strategic and calm approach to the challenges it faces.”
- “There is seen to be sound governance of the Council and there are mature and pragmatic politics within the borough.”
- “The senior leadership of the Council has demonstrated a commitment to communicating, engaging and supporting staff around change along with a willingness to acknowledge where things haven’t gone according to plan and to draw out the learning from it.”
- “The Council has also made significant investment in its managers in order to equip them with the skills necessary to get the best out of the Organisation going forward.”

4. AREAS FOR FURTHER ACTION

4.1 The main purpose of the review was to be challenged by a team of peers to see what further improvements the Council could make to its governance and planning and delivery of transformation and change. In several of the points the review team made under this heading, they acknowledged that the Council had already considered these matters and were already putting together plans to address them. The paragraphs below therefore identify the areas where the team challenged the Council to consider further action and also address what plans the Council already has in place in these areas.

4.2 Further Opportunities to Exploit Technology

4.2.1 The review team pointed out that with the technological investment that the Council has made it is important to ensure the Authority is fully capitalising on what has been put in place. As an example, they pointed out that housing and children’ services have not yet benefitted from the customer services technology. There are also opportunities to extend the internal shared services arrangements to the housing management function now that it has returned to the Council. The review team were clear to point out that these opportunities had already been recognised by the Council and so were merely highlighting them to reflect the scale of the opportunities that still exist.

4.2.2 This is an important point to note as the Council prepares its future budget plans. There are plans being prepared by officers to both deepen customer services transformation and extend it and Shared Services to Homes and Housing. Despite the tight financial settlement it is recommended that sufficient investment is kept in place in order to capitalise on the technological opportunities as proposed by the review team. This is being

factored into the budget papers being brought before Cabinet at this meeting.

- 4.2.3 The review team also felt there was room to further clarify the flexibilities that the new technologies and new office environments give to staff. The Head of Human Resources and Organisational Development has been asked to review this as part of her plans for organisational development over the next year.

4.3 Organisational Development

- 4.3.1 The review team acknowledged that significant investment had been made in equipping managers to manage the change being undertaken. They recommended this was developed further to prepare all staff for the increased pace of change likely in future years.

- 4.3.2 This point has already been acknowledged by the Council in its decision to appoint a new head of Human Resources and Organisational Development last year. However, it is worth noting that very substantial development of staff has taken place over the last few years, particularly in relation to training about the use of new technology and new systems. Significant work has also been put into communicating changes to staff so that they understand their roles and what the Council is seeking to achieve. This point was clearly acknowledged within the Council's Investors in People review (2012) which said:

"People feel that the Council is delivering on its promise to protect 'frontline' services through improved efficiencies. Employees acknowledge that painful decisions were necessary and feel that the Council has been well led throughout the recession and the resulting budget cuts. The leadership team is credited with acting early and decisively once it became apparent that a spending review and cuts would be inevitable."

- 4.3.3 Nevertheless, it is accepted that staff development will always be a priority, particularly in times of change. The new Head of Human Resources and Organisational Development is currently putting together plans to build on the development work undertaken to date and will roll out programmes aimed at equipping our staff to face the future challenges effectively. It is an important point to acknowledge and again reflects the need to ensure our budgets are sufficient to enable the organisation to deliver the significant changes at hand.
- 4.3.4 The review team commented that they felt that with such substantial change happening across the local government world, and with more change inevitable, the Council might do more to equip all its Members to better understand the challenges and the new ways of working being adopted across the country. They suggested consideration of a more wide ranging Member development programme.

4.3.5 This is something that could be achieved with minimal cost and it is proposed that the Leader of the Council engages with the Member Development group to review the current programme and propose a series of guest speakers and events to deliver this recommendation.

4.4 Organisational Capacity and rolling the budget plans forward

4.4.1 The peer challenge team noted the significant changes in personnel and management within the organisation. They also noted that the '2014' change programme would need to be extended and all options kept open to identify possible future changes given the likely scale of funding reductions in the years ahead. Specifically the team made reference to the Council needing to be ready for the changes in funding and the resulting future reliance on business rate collection. They commented that continued investment in change would be required to deliver the good outcomes that had thus far been achieved and that the Council needed to consider mainstreaming its transformation resources as well as considering the use of a specific set of transformation tools to deliver further change.

4.4.2 They made reference to the desirability of reviewing commissioning opportunities, both within the Council, and in partnership with other organisations, as the next range of savings options were considered. They also commented on the need to review options for finding new ways of identifying capital funding as asset sales would inevitably diminish over time.

4.4.3 The review team also highlighted the significant risks inherent in local government funding changes coupled with increasing service pressures - particularly within the children's and adult social care areas - increasing risks over the coming years.

4.5 Community engagement and co-production

4.5.1 With the role of the Council needing to evolve over the coming years and the Organisation being faced with the need to do 'more for less', the peer challenge team recognised the Authority's desire for citizens having a strong role to play going forward. The team also recognised that many good examples of this already exist - such as the development of the Briar Road Neighbourhood Agreement, behavioural change campaigns, the prospective setting up of the 'Havering Circle', the work of Friends Groups, voluntary clean ups involving local residents and the management by local communities of some community halls.

4.5.2 The team felt it was a helpful time to put all of this together in a strategy and see whether the strategy could be shared and developed with partners and the local voluntary and community sector.

4.5.3 The Council had already prepared a draft Community Engagement Strategy prior to the team arriving. Notwithstanding the comments on possible joint

production of a strategy, it is considered more expedient to widely consult on the draft that has already been prepared and involve partners in sessions to re-shape and finalise the document. It is therefore proposed that the draft should be published and the Cabinet member for Culture, Towns and Communities asked to lead a series of meetings with partners to finalise this strategy, prior to bringing it to Cabinet for approval. It is considered essential that the Council retains its ability to work with its partners and the community and become a truly connected council as it seeks to continue to do the very best for the local community while public resourcing levels reduce.

4.6 Integrating social care and health

- 4.6.1 In looking forward to new opportunities and threats, the peer challenge team recognised the importance of joint planning with the health economy. The team recognised the existing financial risks in the local health economy and also the need to work jointly with our neighbouring boroughs of Redbridge and Barking and Dagenham to jointly address the pressures in the health system. The team also recognised that the Council has taken a leading role in the Integrated Care Coalition which is co-ordinating work across the three local authorities within the BHRUT area and the providers and Clinical Commissioning Groups to improve health outcomes as well as the work the Council is doing to identify where it would be better to jointly provide across health and social care. The team recognised the importance of this work.
- 4.6.2 The Council's Health and Wellbeing Board is already working to achieve this, and the budget strategy continues to reflect the need to invest in change and integration where necessary to deliver good health outcomes.

5. LOOKING AHEAD

- 5.1 These are all serious and important points that need to be factored into the Council's financial strategies and into our organisational plans.
- 5.2 The budget report to this meeting sets out the Council's financial position over the next two years, following the announcement of the provisional local government financial settlement. As part of that report there are plans to continue to invest in change and further "back office" transformations in order to prepare the Council for the years beyond 2014. Examples include the potential of sharing back office services with another borough and rolling the customer services and process engineering tools used to date across housing, children's services and some parts of adult services. These plans are not firmly costed yet and will be proceeded upon on the basis of a business case. However sufficient capacity to deliver such programmes, subject to defining their details, is recommended as part of the budget setting process for 2013/14. This will deliver the recommendations of the review team that the Council continues to invest in successful change programmes in order to meet its budget targets.

- 5.3 Alongside this, the Council's budget will have a growing reliance on the generation of income from local taxation, whether from its domestic property base (via Council tax) or from the commercial property base (via localised business rates). The Council needs to ensure that has the appropriate resources in place, and is currently developing a Business Growth Strategy, which will be presented to Cabinet shortly.
- 5.4 The Council's management team are in the process of reviewing the resources required to deliver the existing savings and the new challenges listed above. Organisational plans will be put forward during the first half of 2013 to enhance the Council's capacity in respect of business growth and to consider how best to organise our commissioning resources across the Council. This review will also seek to mainstream the Council's transformation capacity, and as part of that some further consideration will be given to what methodologies are required to deliver out further change. In addition, the Council already has plans in place to roll out an online business portal in order to offer a better and more co-ordinated customer response to Havering's many small businesses as part of a revised business retention strategy.
- 5.5 The activities described above go some way towards mitigating the risks of budget pressures highlighted by the review team. It will also be essential to ensure sufficient contingencies and flexibility is built into the budget, particularly over the next year as the Council faces a new and somewhat unknown set of pressures through the new local government funding regime. This approach is reflected within the budget proposals that are also to be considered on this agenda.
- 5.6 The point made by the team about capital resources is well made and it is proposed that the Group Director Finance and Commerce continues to review other possible funding options. Again this is reflected in the budget report also on this agenda.

REASONS AND OPTIONS

Reasons for the decision:

This report is brought before the Cabinet because it is an opportunity for the Cabinet to consider the views of external peers and take any decisions necessary to modify or adjust its plans of the basis of their views.

Other options considered:

The Council is not under an obligation to publish a peer review, however, it is considered that in the spirit of openness and transparency it should publish the

report in full and provide an opportunity for the Cabinet to consider it. The option of not publishing or bringing it to Cabinet has therefore been rejected.

IMPLICATIONS AND RISKS

Financial implications and risks:

This report has provided an opportunity for the Council to test its budget and governance strategies and as such it is important that the review's findings are factored into the Council's forward budget strategy. This has been done in the budget report also presented on this Agenda. The particular reference to ensuring that appropriate resources – financial and capacity – are available for a sustained period of change has been explicitly identified as part of the future budget strategy. This is intended to not only provide base funds for a more permanent resource within the organisation, but also to ensure that any one-off funds that become available are specifically earmarked to finance a range of investments. This in turn reduces the risk of needing to draw on service budgets.

The financial climate remains highly challenging and there are various, and growing risks, associated with it. Ensuring that the Council has a sustainable funding source to continue its investment in the change programme helps to mitigate against those risks.

Legal implications and risks:

The report does not raise any legal issues that require further consideration.

Human Resources implications and risks:

The report makes some comments and recommendations about preparing all levels of the Council's workforce further for the challenges it is likely to face over the next few years in order to sustain the change required. This will be factored in to the work programme of the Head of Human Resources and Organisational Development.

Equalities implications and risks:

This report does not make specific proposals about matters that relate to equalities. There are no specific matters in relation to equalities that are raised in the recommendations. The actions and activities that will follow from the Council's budget and transformation and people strategies will all be subject to the normal checks to ensure the Council acts within equalities legislation.

BACKGROUND PAPERS

Appendix A – LGA Peer Challenge Final Report