



CABINET

Subject Heading:

**Local Government Association (LGA)
Corporate Peer Challenge 2022:
Approval of Action Plan**

Cabinet Member:

The Leader, Councillor Ray Morgon

SLT Lead:

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Policy context:

This is the Council's Action Plan to implement the improvements identified through the LGA Corporate Peer Challenge recommendations. These improvements will help the delivery of outcomes required in the Council's 2023/24 Corporate Plan and associated key policies and strategies.

Financial summary:

There are no direct financial implications arising from the implementation and monitoring of the improvement plan. The improvements themselves may require additional funding, if this is the case any such decisions will be progress via the appropriate channels as and when they materialise.

Is this a Key Decision?

This report is a key decision as the improvements will have significant beneficial effects on two or more wards.

Cabinet, 9 August 2023

When should this matter be reviewed?

Progress of delivery against the action plan should be reviewed on at least a six monthly basis.

Reviewing OSC:

Overview and Scrutiny Board

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

People - Things that matter for residents X

Place - A great place to live, work and enjoy X

Resources - A well run Council that delivers for People and Place X

SUMMARY

This report focuses on the Council's Action Plan, developed in response to the Local Government Association Corporate Peer Challenge Review Team's key improvement recommendations.

It is proposed that the Action Plan is approved and monitored on a six monthly basis to ensure the recommended improvements are implemented.

As the improvements are strategic in nature and underpin the Council's Corporate Plan, the Overview and Scrutiny Board may wish to select it for scrutiny, this is in accordance with the statutory role of the Overview and Scrutiny Function as set out in the Council's Constitution.

RECOMMENDATIONS

The Action Plan sets out what needs to be done and the timescales to achieve this. Members are asked to agree

- The Action Plan
- The Senior Leadership Team are collectively the "Lead Officers" for delivery
- Cabinet and Overview and Scrutiny Board review progress against the Action Plan on a six monthly basis.

REPORT DETAIL

1. Background

1.1. The Local Government Association Corporate Peer Challenge is a key element of their overall sector-led improvement Programme. The Peer Team, comprising eight senior Members and Officers from other local authorities spent four days in Havering, between 7th and 10th November 2022.

1.2. The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges:

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?
5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

1.3. At the request of the Council, we had a particularly strong focus on theme four, financial planning and management.

2. The peer challenge process

- 2.1. It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. The Council provided a self-assessment, which was used by the peer team initially to prepare for the review. 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.
- 2.2. The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 4 days onsite at Havering, during which they:
 - Spoke to more than 150 people including a range of Council staff together with councillors and external partners and stakeholders.
 - Gathered information and views from more than 58 meetings, visits to key sites in the area and additional research and reading.
- 2.3. The peer team gave a short presentation before they left Havering, and produced a report for the Council, (Appendix A). The peer challenge is a snapshot in time and acknowledges that some of the feedback may be about things the Council is already addressing and progressing.

3. The Peer Teams Key Feedback for Havering

- 3.1. Following the local elections in May 2022, a new administration was formed at the London Borough of Havering. The new Leader and Cabinet are quickly establishing themselves as open and engaging. A new vision for the council has been adopted. There is now a window of opportunity to make change early in their new administration. The political leadership should now consider what the top three priorities are, so that there is a clear and shared understanding of the focus for delivery.
- 3.2. The council is well-respected by partners, who spoke highly of both the council and the Chief Executive, highlighted work to further develop good relationships with partners. The peer challenge team would encourage the council to be more strategic and take up opportunities to work more collaboratively across the organisation and with partners.
- 3.3. There are some areas of strength at the council, with examples of good practice in children's social work, a strong and well-used leisure offer. The development of Community Hubs is also a positive step.
- 3.4. The peer challenge team found that the Senior Leadership Team (SLT) are visible, and staff find them approachable. There are opportunities to empower middle managers (CLT) to allow the SLT more time to focus on strategic issues, such as the budget challenge, corporate priorities and exploring opportunities for collaboration. The peer challenge team heard some frustrations from staff about recent changes and the communication and engagement on these. It is clear that there are opportunities to improve engagement with and feedback to staff, which would also support the council to become a learning organisation.
- 3.5. The peer challenge team reviewed the council's budget report and financial monitoring data. It was clear that the council needs to make substantial savings at pace in order to be on a sustainable financial footing. While there is good understanding of the challenge facing the council and an awareness of the need to make significant savings across the organisation, there needs to be a greater sense of urgency to translate this into action.
- 3.6. Linked to this, the transformation programme is a positive development, but it could be utilised more effectively to help deliver financial sustainability for the council and outcomes for residents. The peer challenge team are of the view that is now time to move on to a new phase and level of ambition for the transformation programme.
- 3.7. The peer challenge team spoke to local residents, service users and backbench councillors. The team also reviewed performance data and it was clear that there is a need to improve customer services and engagement to ensure that the council consistently delivers good services for residents.

3.8. Engaging with residents, stakeholders and partners will be particularly important as the council navigates its financial, economic, and demographic challenges.

3.9. The council is facing a number of significant challenges, it is time to grip the challenges and deliver at pace.

4. The Peer Teams Key Recommendations for Improvement

4.1. The following are the peer team's key recommendations for the council are summarised and are addressed in the Action Plan, recommended for approval, Appendix B:

1. Having agreed their Vision in November 2022, the new political leadership should now consider what the top three priorities are so that there is a clear and shared understanding of the focus for delivery and using the new corporate plan, outcomes, and data, to inform a unified and cohesive transformation programme, focus on using change to deliver key outcomes and financial sustainability. Strengthen ownership, roles, and accountability, and consolidate resources.
2. Develop clear milestones, processes, and timescales for delivery of the Target Operating Model, ensuring staff and members are engaged in the process. Using the workforce strategy as an opportunity to act on feedback from staff (Recruitment, Retention and Organisational Development work) and that capacity is aligned with key delivery areas and corporate priorities.
3. Resolve the OneSource question, considering the budget implications and capacity, particularly in specialist and technical areas and how it links to the TOM.
4. Empower staff and middle managers, freeing up Senior Management (SLT) time to focus on the key strategic challenges. Improve engagement and cross-organisation working to enable this.
5. Establish member-led oversight mechanisms for strategic issues such as closing the budget gap and financial control, performance management, and corporate risks.
6. Savings needs to be a 'shared endeavour' with joint ownership across the directorates and portfolios. Strengthen financial reporting and ensure that the organisation and leadership is focussed on urgently gripping the delivery of savings to help balance the budget. This needs to be done at pace.
7. Review the scale of the capital programme in light of the changing economy and increased costs, considering affordability and the new vision/priorities. Undertake an asset review.

8. Improve ICT and the CRM, and review legacy software. Give staff the tools and training to get the job done, boosting capacity, and embed a customer service culture that delivers for residents. Improve engagement and feedback internally with staff and backbench (non-executive) councillors, and externally with residents and partners.
9. Review how contracts are aligned with the Target Operating Model and ensure procurement and commissioning align with the council priorities and key outcomes. Strengthen contract performance and increase member oversight, with an updated and improved contract register.

5. Next Steps

- 5.1. The Council has developed its Action Plan to implement the above improvement recommendations and is seeking Cabinet approval through this report.
- 5.2. The Peer Team will undertake a short follow up in Autumn 2023 to help independently assess the impact of the peer review.

6. Date of Next LGA Corporate Peer Challenge

- 6.1. The LGA will schedule a visit in approximately six months from the date of publication of the report.

Appendix A: Peer Review Team report

Appendix B: The Council's draft action plan to implement the recommendations outlined

REASONS AND OPTIONS

Reasons for the decision:

The purpose of having the LGA Corporate Peer Challenge was to give an external objective view of the Council's ambition, plans to achieve this and improvement recommendations.

Other options considered:

This option was adopted as the sector best practise and provided free of charge.

IMPLICATIONS AND RISKS

Financial implications and risks:

The Council reviews both its general and earmarked reserves on a regular basis. The Council has an ambition to hold £20m in general balances and has a planned £2m contribution in the budget each year to help achieve that target. The combined effect of firstly COVID and then the high inflation rates in the last year has resulted in the Council reporting revenue overspends. This has resulted in general balances reducing to £8.1m despite the planned contributions in the budget. The Council is reviewing the level of contribution needed in the MTFs in order to reach the planned target and the budget process currently underway for 24/25 fully recognises the need to replenish balances

Earmarked reserves are similarly reviewed and scrutinised on a regular basis and are all set aside for specific time limited purposes. Each year there are planned drawdowns of these reserves and decisions are taken on any requirement to replenish balances where required. Reserves are only held where necessary and if funding is no longer required the reserve is released for other corporate use. The use of reserves are considered as part of the monthly budget monitoring processes.

The Council's reserves are a prudent backstop against the risks and pressures that are ahead but due to financial constraints are certainly no more than adequate for that purpose. Many other authorities in London have much higher levels of reserves and balances.

There are no direct financial implications arising from this report. The implementation and monitoring of the improvements is anticipated to be contained within existing budgets. If through this processes pressures on budgets materialise these will be flagged and escalated through the appropriate channels as part of regular monthly budget monitoring.

It may be that the improvements themselves require additional funding. If so, any additional funding will be brought back for consideration via the appropriate channels as and when they materialise.

Legal implications and risks:

There are no specific legal implications arising as a result of these recommendations. Any implementation of the specific actions within the action plan will be subject to their own proper governance process in accordance with the Council's constitution and scheme of delegations. Indeed, some are already underway.

Human Resources implications and risks:

There are no HR implications or risks that impact directly on the Council's workforce as a result of the recommendations. Cabinet agreed a new workforce strategy in November 2022 and work is underway to deliver actions under this strategy.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

Health and Wellbeing implications and Risks

There are no Health and Wellbeing implications/risks arising from this proposal.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

No direct environmental and climate change implications and risks have been identified as a consequence of this report, however there may be indirect benefits arising from the outcome of the implementation of the recommendations.

BACKGROUND PAPERS

None