


# LGA Corporate Peer Challenge

London Borough of Havering

7<sup>th</sup> - 10<sup>th</sup> November 2022

Feedback report





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# 1. Executive summary

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 are the top three priorities so that there is a clear and shared understanding of the focus for delivery.

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.

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.

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.

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.

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 it is now time to move on to a new phase and level of ambition for the transformation programme.

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.

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

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

## 2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

### 2.1. Recommendation 1

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.

### 2.2. Recommendation 2

Establish member-led oversight mechanisms for strategic issues such as closing the budget gap and financial control, performance management, and corporate risks.

### 2.3. Recommendation 3

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.

### 2.4. Recommendation 4

Resolve the OneSource question, considering the budget implications and capacity, particularly in specialist and technical areas.

**2.5. Recommendation 5**

Improve ICT and the CRM, and review legacy software. Give staff the tools and training to get the job done, boosting capacity, and deliver good customer services.

**2.6. Recommendation 6**

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.

**2.7. Recommendation 7**

Ensure that the workforce strategy is an opportunity to act on feedback from staff (Recruitment, Retention and Organisational Development work). Consider ways that staff capacity, development and progression can be improved. Align this work with key delivery areas and corporate requirements.

**2.8. Recommendation 8**

Create 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.

**2.9. Recommendation 9**

Use 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.

**2.10. Recommendation 10**

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.

### 2.11. Recommendation 11

Develop clear milestones, processes, and timescales for delivery of the Target Operating Model, ensuring staff and members are engaged in the process.

## 3. Summary of the peer challenge approach

### 3.1. The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers were:

- Chief Executive Peer – Paul Najsarek, former Chief Executive, Ealing Council
- Independent Member Peer – Cllr Julian German, Cornwall Council
- Labour Member Peer – Cllr Sam Webster, Lead Member for Finance and Resources, Nottingham City Council
- Conservative Member Peer – Cllr Rob Waltham, Leader of the Council, North Lincolnshire Council
- Senior Officer Peer – Stuart Reid, Director Business & Resources, South Tyneside Metropolitan Borough Council (S151 officer)
- Senior Officer Peer – Carol Williams, Director of Transformation and Digital, Walsall Metropolitan Borough Council
- Peer Challenge Manager – Angela Kawa, Senior Regional Adviser, LGA
- Shadow peer – Emilia Peters, Member Services Officer, LGA

### 3.2. Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

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?

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

### **3.3. The peer challenge process**

Peer challenges are improvement focused; it is important to stress that this was not an inspection. 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 peer team prepared 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 four days onsite at Havering Town Hall, during which they:

- Gathered information and views from more than 58 meetings, in addition to further research and reading.
- Spoke to more than 150 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

## 4. Feedback

### 4.1. Local priorities and outcomes

During the pandemic the council continued to deliver services for residents under very difficult circumstances. Staff demonstrated their commitment to delivering for local people by working very hard during this extremely difficult period.

Following the local elections in May 2022, a new administration was formed at the London Borough of Havering. The new Leader and Cabinet have made established themselves as open and engaging. The new vision and Target Operating Model (TOM) were agreed by Cabinet whilst the peer challenge team was onsite. These are positive steps. Now the vision and TOM are in place the focus needs to be on delivery. The political leadership should now consider what are the top three priorities for the organisation, so that there is a clear and shared understanding of the focus for delivery. Ensuring that capacity is aligned to the key priorities and outcomes will enable the council to deliver.

The council is delivering some good services. Ofsted-rated Children's Services as Good in May 2021. The peer challenge team heard about some examples of good practice in children's services and was pleased to have the opportunity to speak to children who use the service. We also noted that the adult social care team and the Director are well-regarded by local partners and the care sector.

The peer challenge team heard about the work that is being done to develop Community Hubs. The hubs are an an opportunity to join up services in one place, this could be a very positive step.

The peer challenge team also heard about the Wates joint venture with the council, a good partnership delivering affordable housing for the local area. However, in the peer team's view, the risks of this joint venture need to be better understood and monitored. The peer challenge team also noted that whilst this will deliver more housing, there is more to be done to meet housing targets.

There could be more of a customer service focus at the council with more consistent action on customer feedback and better use of data. This would ensure that the council is quickly delivering for residents on issues such as environment and housing repairs. These two areas were mentioned repeatedly in interviews with the peer team



as being areas where improvements are needed. Housing repairs is particularly important given the impact that faults and condition issues can cause in terms of stress and potentially health issues for residents. The peer team heard that the council has a new housing repairs service and is working with their contractor on the issues.

In May 2021 the council commissioned the LGA to conduct a review (READI review) of Race Equality, Accessibility, Diversity, and Inclusion, which highlighted a number of significant issues on Equalities, Diversity, and Inclusion. The peer challenge team found that progress is being made on the READI review recommendations and action plan. During the corporate peer challenge, the peer challenge team heard frustrations from some staff that this progress hasn't been swifter. The peer team noted that it has taken the council some time to recruit staff with the right expertise to move the action plan forward, and this member of staff is now in place which should allow the council to make further progress in this area.

The peer challenge team reviewed the council's performance management and performance data, and found that performance management could be strengthened with more member oversight in key areas.

There are positive developments on health integration. Strong relationships with key partners have been established and there was positive feedback from partners about the council's approach in this area. Health integration will provide opportunities for the council and health partners to deliver for residents and jointly address social care and prevention.

The peer challenge team are of the view that the climate change objectives could be strengthened to create a 'green thread' throughout the organisation. This would highlight opportunities for all parts of the council to consider the role in tackling climate change. This would put the council in a better position to deliver on this important agenda.

#### **4.2. Organisational and place leadership**

The peer challenge team reviewed the council's strategic planning documents and noted that the Local Plan was adopted in 2021. At the time of writing the council has

not met the Housing Delivery Test and has an action plan in place. The council is taking steps to deliver more housing and is in the process of delivering new council housing in Rainham. But more needs to be done to identify further opportunities to create more housing.

In interviews partners praised the council's response to the Wennington fire, a very significant incident in 2022, which had a traumatic impact on the local community. The partners described the council's response as being very strong. Havering residents who were interviewed also stated that they thought the response was effective and that members were very visible during this difficult time.

The new Leader and Cabinet have been welcomed into their new roles. Partners report that they are approachable and are well-engaged with them. The political leadership should continue to develop these relationships further.

Although partners spoke positively about the council, they did note that engagement and feedback to partners could be improved. The council needs to ensure they close the feedback loop and keep partners updated on what action has been taken or what decision has been made when partners raise issues with them.

Good engagement and communication with partners will be particularly important as the council addresses the significant financial challenge it faces and makes changes to services and support for the local community. There will be opportunities to work with partners to address some of the financial challenges making these relationships particularly important.

Havering has a strong voluntary and community sector, and there are more opportunities for the council to explore joint working and increased capacity. For example, in the community hubs, joint funding arrangement, and joint bids for external funding. There is also more work to be done across the council on future commissioning and procurement, including in relation to the voluntary and community sector.

The peer challenge team found that the Senior Leadership Team (SLT) are visible, and staff find them approachable. Middle managers (CLT) are not as visible in the organisation and these managers could be empowered to do more. This would free up SLT time to focus on strategic issues, such as the budget challenge, corporate priorities and exploring opportunities for collaboration. It would also give CLT

opportunities for development.

### **4.3. Governance and culture**

The peer challenge team found that member-officer relations at the council have improved since the last Corporate Peer Challenge in 2019. Many interviewees note that there had been an improvement in this area and that members and officers are now working together more effectively.

The newly elected councillors and new Cabinet Members are very engaged in development and support opportunities. The induction process and the member training provided by the council was well-received and praised by councillors. Cabinet Members have taken up a number of opportunities to attend LGA courses and training.

The peer challenge team found that the changes that have been made to Overview and Scrutiny have streamlined the meetings, these changes now need to be in. The council should consider how they can use scrutiny to the best effect, providing member oversight and challenge on the key issues the council is facing.

More member oversight is needed on performance, particularly on outcomes, service delivery and contract management. The council should consider how they can improve this oversight and challenge ensuring that it draws on improved data and intelligence. For example, Overview and Scrutiny could be used to further push the case for good performance management data and intelligence, and provide constructive challenge.

Cabinet members work well together and are now well-established in their roles. In the view of the peer challenge team, they now need to focus on key strategic issues, and delivering at pace on these issues, particularly the budget and financial sustainability.

The peer challenge team heard some good examples of cross-organisation working but this needs to be mainstreamed. There is still a tendency for the organisation to work in silos, and these silos need to be broken down. The council could use the opportunity of the new workforce strategy to embed a 'one council' culture focussed on getting things done and delivering priority outcomes.

Some staff expressed frustration that they were engaged towards the end of the change process and regretted that they had not been given the opportunity to feed in useful insights. Given the need to make decisions at pace on key issues, the council should consider ways to engage staff and members early on. The council also needs to consider how this early engagement will fit into the timelines for decision making.

Evidence of delivery can be used to boost confidence, communicating the progress to staff will also show that the organisation is making steps in the right direction.

Consider using a 'you said, we did' approach ensuring there is consistent feedback.

In interviews it was clear that the member casework system could be improved.

There need to be more timely responses to councillors' enquiries. The peer challenge team are also of the view that swifter action needs to be taken on the issues raised by councillors.

The new Cabinet has established theme board meetings with senior staff. Now that Cabinet is established in their role, the peer challenge team believe that now is a good time to consider the best way to use the theme boards to focus on the strategic issues.

#### **4.4. Financial planning and management**

The peer challenge team reviewed the council's budget reports and financial monitoring data. There is a £70m gap in the council's budget which needs to be bridged in the next four years, with substantial savings still to be found. The S151 Officer (Chief Finance Officer) and the Cabinet Member for Finance have a strong awareness and understanding of the challenge.

The council must build on early action to meet the challenge. The potential for additional government funding, or external investment opportunities (such as the proposed data centre), cannot be relied upon to address this shortfall. Significant work is required to look at every opportunity to balance the budget, particularly in light of the in-year pressures the council is facing.

Given the scale of the financial challenge the council should be commended for being open and honest about situation and for seeking conversations with the Government. If exceptional financial support from the Government (such as a

capitalisation direction) is sought the council needs to consider that there is no guarantee it will be given and will need to plan accordingly. Even if a capitalisation direction is granted, the council will still need to reduce costs over the short to medium term.

The peer challenge team noted that reserves have been used to compensate for undelivered or late savings, this is not sustainable. The council needs to ensure that planned savings are delivered, with all parts of the organisation putting in place measures to achieve this.

The peer challenge team is of the view that the council needs to strengthen financial management across the organisation, with increased grip and oversight needed on the delivery of savings. There is good understanding of the challenge facing the council and an awareness of the need to make significant savings across the organisation. However, a greater sense of urgency is required to meet the financial challenge. A clear plan identifying corporate ownerships and accountability needs to be in place as soon as possible.

The council should consider capacity in the finance team to deliver the substantial savings that are needed. Does the organisation have enough people in the right places, with the right skills to deliver these difficult savings?

The organisation has a new vision and Target Operating Model. The council should now align these ambitions and priorities with council resources, ensuring that priorities can be delivered with the financial resources that are available to the council. The council should also consider the alignment of the Transformation Programme with the new vision and TOM.

In light of increased project costs and higher inflation, the council should reconsider the affordability of the capital programme. The changing economic circumstances should also prompt a broader review of the council's strategy in this area and should include an asset review.

The peer challenge team found that there are opportunities to make changes to the way things are done. This would reduce duplication and inefficiencies, and potentially make savings. The council needs to move to managing demand and prevention, particularly in key areas such as children's services, adult social care, health, and housing. This will improve outcomes and help the council to manage the pressure in

the demand-led services. The organisation should consider a strengths-based practice in these areas.

There are issues with recruitment and retention of staff at the council and a reliance on a high number of agency and temporary staff. Using the new workforce strategy here is an opportunity to address the balance of agency, temporary staff, and permanent staff, with the potential to make savings.

There is also an opportunity to review contracts and procurement to identify further savings. This process should complement the increased member oversight of performance management and contract management.

The peer challenge team also encourage everyone at the council to take the learning from other councils who have already had to address savings of this scale. Take this learning and consider what this means for processes and systems at the London Borough of Havering.

#### **4.5. Capacity for improvement**

The council have passionate staff and members, who care deeply about the local area and about providing good services. Both members and staff are aware of the financial challenge and want to work together to meet it. There is a “willingness to do things differently” across the organisation. This willingness to do things differently should assist the council to make changes.

The transformation work being undertaken needs to be unified and focussed on delivering change. In particular this work should focus on delivering key outcomes, with the right resources in place to do this.

Performance management and intelligence could be strengthened to inform delivery of key priorities and provide more member oversight. This would improve the council’s capacity to make decisions about priorities and changes that have been informed by better data, intelligence, and insights.

Throughout the peer challenge the peer team heard differing views on the effectiveness, efficiency, and capacity of the current arrangements with OneSource. Questions are being asked about OneSource, and the council need to resolve this issue to provide clarity for staff. The organisation also needs to consider the impact

of any changes in terms of finances, specialist skills, capacity, and the workforce strategy.

We heard that recruitment and retention is causing issues for delivery, with staff reporting that there are struggling to get things done due to a lack of capacity in some teams. This issue needs to be addressed to ensure that the council has resources in the right place to deliver essential services and functions. This should be considered in the workforce strategy.

The peer challenge team are of the view that the council could utilise the 10 days staff personal development to support transformation and to also give opportunities for progression.

The workforce strategy is a good foundation, but the council now needs to consider what tools are needed. The council should also ensure the strategy aligns with key priorities for the organisation and embraces hybrid working. It will also be important for the organisation to capture the impact of this piece of work.

The organisation needs to ensure that the appraisal process is embedded throughout. The appraisal process should create a golden thread with the corporate priorities at its heart.


The peer challenge heard and saw some examples of good practice by the council. We encourage the council to become a learning organisation taking onboard feedback, identifying good practice, and making changes as a result. Take the good practice and duplicate it, take the feedback and act on it.

Finally, the organisation needs to come together to focus on the key strategic issues and delivering for residents. We encourage everyone at the council to work across the organisation to archive these important goals.

## 5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss, and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month check-in session, which



provides space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps.

In the meantime, Kate Herbert, Principal Adviser for London, is the main contact between your authority and the Local Government Association. Kate Herbert is available to discuss any further support the council requires:

[kate.herbert@local.gov.uk](mailto:kate.herbert@local.gov.uk)