

# Corporate Peer Challenge

## **London Borough of Hackney**

3<sup>rd</sup> to 6<sup>th</sup> June 2013

Report

# 1. Background and scope of the peer challenge

On behalf of the team, I would just like to say what a pleasure and privilege it was to be invited in to the London Borough of Hackney to deliver the recent corporate peer challenge. The team very much appreciated the efforts that went into preparing for the visit and looking after us whilst we were on site and the participation of elected members, staff and partners in the process.

This was one of the early tranche of corporate peer challenges delivered by the Local Government Association as part of the new approach to sector led improvement. Peer challenges are managed and delivered by experienced elected member and officer peers. The peers who delivered the peer challenge were:

Sean Harriss, Chief Executive, Bolton Council
Sir Steve Bullock, Elected Mayor of Lewisham (Labour)
Rachel Stopard, Director of Culture and Environment, London Borough of Camden
Shaun Jones, Head of Performance and Partnerships, Barnsley Council
Chris Bowron, Peer Challenge Manager, Local Government Association

It is important to stress that this was not an inspection. Peer challenges are improvement-orientated and tailored to meet individual councils' needs. Indeed they are designed to complement and add value to a council's own performance and improvement focus. The peers used their experience and knowledge to reflect on the evidence presented to them by people they met, things they saw and material that they read.

The guiding questions for all corporate peer challenges are:

- 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?

We sought to probe these elements in a way that was tailored to Hackney's ambitions, approach and context. The council also asked us to provide an external perspective on its approach to regeneration, which we have done.

## 2. Executive summary

The borough of Hackney is currently undergoing a transformation, with significant housing, regeneration and economic growth opportunities being both created and capitalised upon. The growth and transformation is enabled and supported by the quality of the environment, an improved transport infrastructure and the quality and performance of schools. There are, however, significant socio-economic challenges that remain in Hackney and which cannot be lost sight of amidst the transformation that is taking place. This combination of opportunities combined with the challenges that need to be addressed forms the agenda for the council and its place-shaping role.

There is high quality leadership of Hackney both as a place and a council. The Elected Mayor and Chief Executive are held in very high regard by people internally and externally. The council has excellent services in key areas and there is high public satisfaction with what the council does. Levels of staff commitment, pride and advocacy within the authority are high.

The council has sound approaches to managing performance and finance and there is effective governance generally. Strong corporate processes and systems have served the organisation well over recent years. With the council now operating in a highly effective way, people see it as the right time to adopt a more nuanced and proportionate approach to such processes and systems.

The council has achieved significant financial savings in recent years - more than £80m of revenue savings have already either been achieved or agreed for the four year period up to 2014/15. The budget reduction strategy has been well managed and the negative impact appears to have been minimised, although the impact of the staffing reductions that have taken place is being felt. Where resources have been reduced, it is inevitable that a difference will be felt – what is important is ensuring expectations are adjusted accordingly by being set in this revised context. The risks to the council of the plans to reduce HR capacity need to be carefully assessed.

Thinking and activity is taking place around the type of organisation the council needs to be in the future and the culture that will be necessary within it. Such thinking and activity is positive and constructive in that it is trying to help shape things for the future. It is important, though, that this is turned into a strategic approach to organisational development and for this to be led by the Chief Executive.

Amongst the councillors that we met there was an obvious commitment to local people and ensuring the council made the most positive impact possible. The council has talented and driven Portfolio Holders. However, greater benefit can be derived from existing elected member capacity, through better focusing energy and effort. Ward councillors will need to become real community leaders for their area – acting as the interface between local communities and the authority, involving presenting the council and its decisions to local people as much as representing the interests of citizens to the authority.

The council's relationships with partners are seen to be good, with some felt to be extremely good – although there are relationships in a couple of sectors that need development. The authority's work with partners has been integral to the transformation that is taking place within the borough and addressing the challenges that it faces. However, the extensive activity taking place to realise the opportunities and address the social challenges requires a clear narrative to underpin it that helps people understand how it all links together and aims to make a difference now and into the future.

The authority recognises the importance of developing an answer to the 'where next?' question, both for the borough and the council, involving determining, with partners, a clear direction and set of priorities for the medium to long term. Dialogue is starting around this, with thinking about the future emerging out of analysis of the existing evidence base and context for the borough and involving looking at how partners can work together to continue and extend their activities. The provision of a strategic framework ('The Next Chapter') is essential to inform future priorities and the difficult decisions that will need to be taken regarding how best to utilise available capacity and resources across partner organisations. The council determining what its own vision and priorities will be within the wider partnership agenda and 'Next Chapter' will be vitally important.

There are tremendous opportunities in the borough that are transformational. Alongside the opportunities though, there are challenges emerging around the benefits of regeneration and growth, including the increasing cost of housing and the general availability of affordable housing. This is reflective of a much wider issue – what many people we spoke to highlighted as the existence of 'different worlds' within the borough or 'two Hackneys' – on the one hand those communities that are experiencing high levels of deprivation with more limited life chances and at risk of being increasingly disenfranchised and on the other hand those areas and communities that are becoming more and more 'gentrified' and where there is significant affluence and opportunity.

Not tackling this 'divide' successfully risks exacerbating the underlying social issues in the borough rather than addressing them. Now is the time to strategically plan for the next few years in this context. The borough has the basic ingredients to tackle the 'Two Hackneys issue' – most don't! The council and its partners are very alive to the issue and recognise the opportunity and the challenge are one and the same – harnessing the opportunities in a way that ensures they benefit local people. Delivering on this agenda needs to form the central pillar of the council's work, with its resources and energies skewed towards it. It needs the continued attention and focus of the Mayor and the Chief Executive to supplement the efforts of others.

There is very impressive delivery and achievement in Hackney, both as a borough and a council, but it has a limited profile and there seems to be a stance of 'relying on the evidence speaking for itself'. A communications strategy is currently being finalised by the council and this will be integral to letting people in a range of spheres know what is going on in Hackney. This is important in helping to attract further investment and growth in the borough and to recruit the best people to work for the council. It is time for Hackney to finally cast off the 'shadow of the past' - it cannot continue to be defined by its position relative to the past. It is now truly up there amongst the best as a council and a place to locate and people need to know that.

## 3. Detailed findings

### 3.1 Hackney – a place of opportunity

- The borough of Hackney is currently undergoing a transformation, with significant housing, regeneration and economic growth opportunities being both created and capitalised upon. The growth and transformation is enabled and supported by the quality of the environment, an improved transport infrastructure and the quality and performance of schools.
- Standards of cleanliness in the borough, in which high quality and frequent street cleaning and the swift tackling of graffiti play a key part, and well managed leisure and green spaces, such as parks and Hackney Marshes, make a major contribution to how the borough is perceived and the way people feel. Crime in Hackney has reduced by around 25 per cent in the last ten years.
- The expansion of the London Overground network, with the East London Line Extension and the upgrade of the North London Line, has benefitted the borough enormously, delivering four new stations and new rolling stock. There has been a huge turn around in schools in Hackney, both physically and in terms of educational attainment.
- All of the borough's secondary schools either have new buildings or have been completely refurbished, including special schools, through the Building Schools for the Future Programme. Last year was the sixth successive year of improvement in GCSE results in the borough. Hackney has gone from being nearly nine percentage points behind the national average in 2005/06 to exceeding it in 2011/12 – with more than 60 per cent of pupils being awarded five or more A\* to C grades including Maths and English. Hackney's test results for pupils at the end of primary school used to be the worst in the country, but now the primary scores are also above the national average.
- The population of the borough grew by 20 per cent in the ten years from 2001 to 2011, with some wards experiencing 40 per cent growth. The current population of around 246,000 people is expected to grow by a further 70,000 in the next thirty years, with most of this growth taking place in the working age population.
- The residents' survey undertaken earlier this year revealed that 89 per cent of people were satisfied with their local area as a place to live – up from 72% in 2005 - and 90 per cent indicated they felt people from different backgrounds got on well together. There is seen to be strong community engagement and a vibrant civic society.
- There are, however, significant socio-economic challenges that remain in Hackney and which cannot be lost sight of amidst the transformation that is taking place. The borough is the third most densely populated local authority area in England. Affordable decent housing and the level of crime remain key priorities for the council and partners to address. Whilst the percentage of the working age population in

employment has increased from a low of just over 50 per cent in 2005 to almost 70 per cent, 67 per cent of those unemployed are classed as 'long term unemployed'.

- Thirty eight per cent of children are classed as living in poverty and 16 per cent of households are defined as overcrowded. Around 1,000 'troubled families' have been identified within Hackney, with 300 now receiving co-ordinated support. There are significant health inequalities and underlying health issues in the borough. Recorded levels of severe mental health conditions and depression are amongst the highest in London. Childhood obesity is above the national average.
- This combination of opportunities combined with the challenges that need to be addressed forms the agenda for the council and its place-shaping role.

### **3.2 Hackney – a highly effective council**

- There is high quality leadership of Hackney both as a place and a council. Significant improvement has been achieved within the council and its services over recent years and this has given it the credibility necessary, in the eyes of residents, partners and stakeholders, to assume a place-shaping role for the borough which it has fulfilled to very good effect. The Elected Mayor and Chief Executive are held in very high regard by people internally and externally.
- Regeneration and economic growth in Hackney is hugely impressive and is across a range of spheres – underpinned by what we have already outlined in terms of the quality of the environment, transport infrastructure improvements and good quality schools. The council is playing an integral role in all of them in one way or another. One example is the programme to regenerate virtually the entire social housing stock in the borough, including the Colville and Pembury Estates, through capitalising on increasing land and property values to secure a mix of new and improved social rented, shared ownership and privately owned housing. Another example is the expanding provision of business starter units and business support to facilitate the growth of small and medium sized enterprises, of which there are a great many in the borough particularly in the creative industries such as digital media and fashion. The growth of social enterprises is also being enabled, as seen with 'The Trampery'.
- Rising land and property values are also seeing land assets being released which is leading to an increase in the provision of office, retail and residential properties, as seen with the likes of 'Principal Place' and 'The Stage'. These developments are often being complemented by new public open spaces and cultural and entertainment facilities. Whole areas of the borough are being transformed and the council is playing a key leadership role in this.
- Hackney Central is emerging as a significant cultural destination with the new 'Fashion Hub', shopping area improvements and enhancements to the transport infrastructure complementing the existing cultural and entertainment offer which includes the Hackney Empire.

- Hackney Wick is another significant regeneration and development area, central to which is an increasing provision of business space for the creative sectors. This includes 'iCity' as a digital, media and creative industry hub located in the one million square foot former press and broadcast centre for the 2012 Olympics.
- Another example is East Wick, which forms part of the former Olympic Park and is one of five new neighbourhoods being developed within and around it which will feature new homes, employment sites and community facilities including schools, health centres, shops and playgrounds.
- The council has excellent services in key areas, including both adults and children's social care, and there is high public satisfaction with what the council does. The residents' survey undertaken earlier this year revealed that 71 per cent of respondents felt the council provided good quality services. It also showed that 74 per cent of people were satisfied with the way the authority runs things – representing a significant increase from the 52 per cent figure recorded in the last equivalent survey in 2005. Council customer services have been transformed recently, with the new and very impressive customer service centre having been developed to replace a large number of sites across the borough through which individual or small groupings of council services previously needed to be accessed.
- Levels of staff commitment, pride and advocacy within the council are high. The most recent staff survey revealed that 60% of respondents would advocate the council as a good employer – against an average of 40% across London boroughs. Sixty nine per cent indicated they were proud to work for the authority, which reflected an increase of six per cent in the previous two years and compared very favourably with the 'norm' for local authorities in 2011 of 46 per cent. The staff that we met during the course of the peer challenge clearly demonstrated their commitment to the council and the borough.
- The staff survey did also identify a few areas that the authority is mindful of. Two of these were a fall in the proportion of staff indicating morale in the organisation was good – from 40 per cent in 2009 to 34 per cent in 2011 – and fewer people (32 per cent compared to 39 per cent previously) thinking the survey results would lead to improvements. People also indicated that 'aspects' of the way they were line managed needed to improve and only 35 per cent stated they felt they were well managed – although the local authority 'norm' for this measured only 23 per cent.
- The council has achieved significant financial savings in recent years and it has sought, wherever possible, to bring forward the date by which savings are realised in order to ease the council's financial pressures generally. More than £80m of revenue savings have already either been achieved or agreed for the four year period up to 2014/15. This is in a context of the council's net revenue budget, for the current year, being just over £308m.
- The council has sound approaches to managing performance and finance and there is effective governance generally. Relationships between officers and elected members are seen to be good.

- Essentially, we are hugely impressed with what we have seen and, based on what we have been able to glean, Hackney shows itself to be a highly effective council. The council should take great confidence from what it has achieved and, going forward, can look to compare itself with the very best local authorities.

### 3.3 Partnership working

- Many partners speak very highly of the council, including the police, other councils within London and the representatives of a range of businesses within Hackney that we met (although we recognise we only met businesses who work very closely with the council). The authority's work with partners has been integral to the transformation that is taking place within the borough and addressing the challenges that it faces.
- The partnership landscape is changing and there are issues that arise from this that the council and partner organisations are considering. These include major changes to the way the health sector is structured and operates and the nature of the relationship between the council and voluntary and community sector organisations as grant-funding gives way to commissioning. There is also a question that arises regarding the future over-arching partnership structure within Hackney ('Team Hackney') now the national requirements to have Local Strategic Partnership arrangements are dispensed with.
- As the future is considered, partners will want to be mindful of a couple of priority areas that reflect a very different era to the one that existed previously. This involves looking at how, through public service reform and concepts such as community budgets, partners can work together to place an emphasis on reducing demand for public services. Quite simply, seeking to address existing or possibly even increasing levels of demand through the provision of responsive services in a context of diminishing resources is inconceivable. As part of this, partners will also want to look at how to develop greater self-reliance within communities.
- We developed a sense of good on-the-ground working between the council and health providers. However, strategic relationships with the health economy, including the Clinical Commissioning Group and Homerton University Hospital NHS Foundation Trust, appear to be embryonic. Also, the transition of Public Health to the council appears to have experienced some challenges and the final Health and Wellbeing Strategy has yet to be approved.
- The voluntary and community sector view their relationship with the council positively. Relationships here have clearly improved in recent times and the sector is keen to build on this by looking jointly with the council at how it can help to address the authority's financial challenges into the future by delivering more on behalf of the council.
- One of the council's most important relationships is the one with 'Hackney Homes', the arms-length management organisation (ALMO) for the authority's social housing stock. During the course of our conversations some people expressed frustrations around certain aspects of both the performance and culture of the organisation. A

specific area of frustration was the differentiation that people feel exists between the general quality of the environment that the council seeks to maintain across the borough and the standards seen in those geographical areas that 'Hackney Homes' has responsibility for maintaining. Another frustration, expressed by some ward councillors and council officers, was what were seen to be instances of poor responsiveness by the organisation to its tenants. The frustrations that were being experienced were felt to emerge as a result of what was going on at the middle and lower levels of the organisation. The Director of 'Hackney Homes' has a joint role across both the ALMO and the council as Corporate Director for Housing. This has created closer links between the two organisations and enabling housing issues to be considered 'in the round'. The council has also recently extended the ALMO arrangements by two years, which must be taken as something of a 'vote of confidence', although it remains very mindful of the challenges that exist.

### 3.4 Vision and priorities

- During the course of the peer challenge, there was a consistent outlining by people we met of the broad objectives of the council - reflected in language such as 'supporting the most vulnerable', 'ensuring local people benefit from the regeneration of the borough', 'increasing life chances' and 'delivering high quality universal services'. However, when it comes to formally established priorities, we noted a fairly wide range of them detailed in various places. They include the Mayor's three priorities, the six priorities contained in the Sustainable Community Strategy and the 152 commitments made in Labour's Manifesto ahead of 2010 elections and which are still very much 'live'.
- The Mayor's priorities are as follows:
  - Improving services and increasing opportunities for all, raising the life chances of the most disadvantaged
  - Making sure the council is high performing and efficient
  - Providing effective community leadership and involving the whole borough in what we do
- The Sustainable Community Strategy priorities are:
  - Reduce poverty by supporting residents into sustainable employment and promoting employment opportunities
  - Help residents to become better qualified and raise educational aspirations
  - Promote health and wellbeing for all and support independent living
  - Make the borough safer and help people to feel safe in Hackney
  - Promote mixed communities in well-designed neighbourhoods, where people can access high quality, affordable housing

- Be a sustainable community, where all citizens take pride in and take care of Hackney and its environment, for future generations
- The extensive activity taking place in Hackney to deliver these priorities and commitments, ranging from high quality schools to excellent social care, from the regeneration of estates to clean and safe public spaces, from the 'Ways into Work' programme to the creation of the 'Fashion Hub', requires, in our view, a clear narrative to underpin it that helps people understand how it all links together and aims to make a difference now and into the future.
  - The identified priorities can be looked at within a number of different periods, including the time up to the next local elections in 2014 and the 2013 to 2015 timespan of the council's Corporate Plan. They can also be looked at within the window of a three to four year savings plan for the council which runs to the end of the 2014/2015 financial year. Even the furthest horizon, which is the one of 2018 set by the Sustainable Community Strategy, is not too far into the future.
  - The authority recognises the importance of developing an answer to the 'where next?' question, both for the borough and the council, involving determining, with partners, a clear direction and set of priorities for the medium to long term. Dialogue is starting around this, as we saw at the 'Team Hackney' partnership event held during the week of the peer challenge, under a banner of 'The Next Chapter'. Thinking about the future is emerging out of analysis of the existing evidence base and context for the borough and involves looking at how partners can work together to continue and extend their activities to:
    - Be an active agent for social mobility
    - Create opportunity
    - Transform life chances
    - Promote social cohesion
  - The provision of a strategic framework ('The Next Chapter') is essential to inform future priorities and the difficult decisions that will need to be taken regarding how best to utilise available capacity and resources across partner organisations. The council determining what its own vision and priorities will be within the wider partnership agenda and 'Next Chapter' will be vitally important.
  - The council's financial position and approach to securing a balanced budget is already clear for the next financial year. Looking beyond that, the financial picture for 2015/16 is also outlined, is fairly widely understood and requires a budget gap of around £20m to be addressed. However, there is nothing that has emerged so far from the council regarding what lies beyond that horizon, although we understand work on this has been taking place. Whilst there cannot be any certainty attached

to projections because of the number of variables involved, the sharing of a longer-term picture would aid thinking and planning within the organisation.

- Whatever the projected financial situation of the next four or five years may turn out to be, there is already a clear understanding both politically and managerially that difficult decisions will be required going forward, requiring very clear prioritisation. It will be difficult to meet existing expectations and achieve Hackney's aspirations within a context of reducing resources. Protecting the most vulnerable, sustaining top quality universal services, shaping regeneration and enabling further growth, to take just a few examples of what the council is currently delivering, represents a massive agenda and something will most likely have to give. Aligning resources and priorities will be tricky. However, establishing clarity around what is most important going forward will, in turn, help to drive internal organisational development and the external focus of the council.

### **3.5 Organisational capacity and the future organisation**

- The council's budget reduction strategy has enabled it to deliver on a commitment to 'protect the frontline' – which essentially translates into maintaining the full range and high standards of services that people within the borough have become accustomed to over recent years. That is not to say that such services have not been impacted upon – they have made their contribution to the savings targets by securing efficiencies in the way things are delivered and taking out resources from the 'back office'. Corporate support services have also made a significant contribution to the council's required savings.
- None of this has been easy but it feels as though it has been well managed and the negative impact, in terms of what service users are experiencing, appears to have been minimised. However, the impact of the staffing reductions that have taken place is being felt. People spoke very generally, for example, of a reduction in the level of responsiveness to elected member enquiries, less attention being paid to detail, little mistakes creeping in and corporate support services not being able to offer the same level of service as before. Where resources have been reduced, it is inevitable that a difference will be felt – what is important is ensuring expectations are adjusted accordingly by being set in this revised context.
- It is also important for the council to ensure that 'protecting the frontline' is not jeopardised by looking at things as 'frontline' versus the 'back office or corporate support services' and sacrificing the latter when they are actually integral to the effectiveness of the services delivered to citizens. As an example, we learnt of the plans to significantly reduce the council's HR operational and strategic capacity. Organisational development going forward, which will require HR strategic capacity to get it right, is vitally important. Also, what appears to be much improved but still variable quality in the management of people is likely to require on-going input from HR operational staff to address it. Thus the risks to the council of the plans to reduce HR capacity need to be carefully assessed.
- Improving the performance and reliability of ICT is a priority area for the council. There is fairly widespread frustration with how it operates. The council is, however,

fully aware of the issues and is acting to address them but there is no instantaneous fix.

- Strong corporate processes and systems have served the organisation well over recent years, for example in improving performance, ensuring financial control, managing risks and addressing inappropriate practices and behaviours. With the council now operating in a highly effective way, people see it as the right time to adopt a more nuanced and proportionate approach to such processes and systems. This is not a request for a universal relaxing of standards and controls – rather it reflects a considered set of thoughts regarding how to balance risk with the need to increase efficiency. As examples, nobody that we spoke to about this concept had a desire to see the financial controls within the council slimmed down. On the other hand, those people with experience of it feel that the controls around procurement, and the capacity that operating in line with them absorbs, are disproportionate to the risks.
- During our discussions there were very mixed views expressed regarding the effectiveness of cross-organisational working. Some people feel that it is very good and continuing to improve whilst others see it as having peaked in the build-up to the Olympics and now being followed by a period of ‘retrenchment’ as directorates and services focus more on themselves due to resource constraints. There was no consistent message around this and thus we can only conclude that there are different experiences in different parts and at different levels of the organisation. What is clear is that the council is a ‘can do’ organisation – nobody was daunted by the challenges that are being faced and there is a great track record of the authority responding positively and effectively to whatever is thrown at it, reflected for example in addressing the financial challenges, establishing and relocating to the new customer service centre and dealing with the aftermath of the riots in August 2011.
- We feel that greater benefit can be derived from existing elected member capacity within the authority. Amongst the councillors that we met there was an obvious commitment to local people and ensuring the council made the most positive impact possible. There is, though, an opportunity to better focus the energy and effort of elected members around this. The difficult decisions that the council is facing up to over the coming years will require ward councillors to shift into becoming real community leaders for their area – acting as the interface between local communities and the authority involving presenting the council and its decisions to local people as much as representing the interests of citizens to the authority.
- The council has taken a conscious decision that most Portfolio Holders will fulfil their role on a full-time basis and it is clear that they are working hard. It is important, though, that their efforts and attention are focused strategically and the temptation to become absorbed into operational issues is resisted. Such practice may have been necessary in the past when Hackney was in a very different place but the council now stands to gain the most by ensuring its talented and driven Portfolio Holders remain focused on setting the strategic direction, not least given the difficult decisions coming up in the future, for its highly capable officers to then take forward.

- In encouraging the council to look afresh at the member development opportunities it provides, we would wish to emphasise the distinction between a ‘universal’ offer to all councillors and tailored packages to suit the specific needs and circumstances of individual councillors.
- A ‘universal’ offer might be expected to include aspects such as social media or IT training, corporate parenting or briefing sessions on key issues facing the borough or developments in national policy and legislation. There is a responsibility here on the part of the council to ensure that what is provided is relevant, high quality and accessible and there is a responsibility on the part of councillors to make every effort to attend.
- A tailored package would take into account, for example, the needs of somebody with aspirations around becoming a committee chair or Portfolio Holder or somebody who has just been appointed to the Cabinet and needs to quickly get up to speed with their role and areas of responsibility and develop their leadership skills and their networks within local government. An individually tailored package could realistically expect to secure maximum engagement from the elected member concerned.
- In implementing the governance review that has recently been undertaken within the council, the above issues regarding elected member development can be considered.
- Thinking and activity is taking place around the type of organisation the council needs to be in the future and the culture that will be necessary within it. This is being done in the light of the further financial challenges that are being anticipated for local government over the coming years. As part of this consideration of the future, we understand some work has been commissioned for June and July this year looking at the types of revisions that might be required. Some managers are also thinking about their services into the future, in terms of how they might be delivered differently or through alternative means. They are also starting to anticipate the sorts of skills sets that will be required in the future in order to inform recruitment they might be undertaking over the coming months and years.
- Such thinking and activity is positive and constructive in that it is trying to help shape things for the future. It is important, though, that this is turned into a strategic approach to organisational development and for this to be led by the Chief Executive. As a precursor to this, a vision and clear set of priorities will need to be determined by the council (the need for which we have already touched on earlier in this report) with this setting the context for an organisational development strategy. Management development, internal communications, organisational values, skills sets and organisational culture are some of the integral elements of such a strategy.
- There is a changing attitude to risk within the council. People spoke of the authority being risk-averse in recent years – which is perfectly understandable given the issues of the past. However, there is a sense that the general attitude to risk has changed recently. Whilst there is still ‘zero tolerance of failure’, which discourages

risk-taking, this seems to now be limited to essential services. In other areas there is a growing willingness to take risks, for example around regeneration and growth where the council can be seen to be willing to utilise its land and capital assets in order to help make things happen. The way organisational attitude to risk needs to develop going forward will be an important consideration within the thinking about the future council and the organisational development activity.

- The Elected Mayor and Chief Executive have been integral to the progress and success of the council and, as we said earlier, are widely held in high regard. The council also has very high calibre senior officers at Corporate Director level who have built up significant experience with the authority. At some point in the future individuals at the senior leadership level within the organisation will move on. Whilst the council nowadays can clearly cope with whatever is thrown at it, and won't be de-railed by any such change, the transition would be aided through succession planning having been thought about in a way that does not seem to be taking place currently.
- Finally, as thinking develops around the future organisation, it feels to us as though there would be benefit in greater dialogue across the top three or four tiers of management within the council. Whilst there is much thinking take place on the part of individuals regarding key issues such as 'where next?' for the council, organisational development and changing attitudes to risk, we sensed that there was little in the way of horizon scanning, thinking and planning taking place on a collective basis – resulting in the absence of a clear and shared understanding of the future direction. Other issues that could also usefully be considered through such dialogue are the effectiveness of cross-organisational working and ways in which expectations of one another's services need to be changing as a consequence of the budget reduction strategy.

### **3.6 Promoting Hackney**

- As we have outlined, there is very impressive delivery and achievement in Hackney, both as a borough and a council. However, it has a limited profile. Even amongst the peers on the team with a good knowledge of London, there was little they had gleaned prior to the peer challenge about the range and extent of developments and the impressive achievements. The council is resilient and has self-belief and confidence but seems to hold back from self-promotion. There seems to be a stance of 'relying on the evidence speaking for itself' in such aspects as the quality of the environment, educational attainment, social care and regeneration. Arguably this works in the case of residents and organisations located in the borough, because they see and experience what is happening and what is being achieved. Others across a wider geography will have a much more limited understanding and this risks lost opportunities.
- The council is becoming more and more influential, as can be seen with the successful lobbying around the Overground extension and securing exemptions around new Planning regulations relating to conversions of office space to residential. Other examples are the arguments that were won around transforming the former press and broadcast centre for the 2012 Olympics into 'iCity' and the

Elected Mayor becoming the chair of London Councils. However, this could be built on, with some people we met expressing doubts about the extent to which the perception of Hackney, both as a place and a council, had changed in Westminster and Whitehall and the UK population at large. There are also opportunities for both the council and the rest of local government to mutually benefit from Hackney engaging more widely in the exchange of learning within the sector. It is time for Hackney to finally cast off the 'shadow of the past' - it cannot continue to be defined by its position relative to the past. It is now truly up there amongst the best as a council and a place to locate and people need to know that.

- A communications strategy is currently being finalised by the council, which covers both external and internal communications. This will be integral to developing a greater understanding of what is taking place in the borough and what has been achieved. This is not about 'spin' – about portraying things in the most favourable light possible or making exaggerated claims. It is about letting people in a range of spheres know what is going on in Hackney. This is important in helping to attract further investment and growth in the borough and to recruit the best people to work for the council.

### **3.7 'Two Hackneys'**

- There are tremendous opportunities in the borough that are both contributing to and emanating from the regeneration and growth that is taking place, in a way that is self-reinforcing. Contributory factors include the increasing availability of land for re-development, improving transport links and accessibility to and from the borough, the increasing desirability of the borough as a place to live and the growing cultural, retail and entertainment offer. The opportunities that are arising include the growth in jobs, the chance to regenerate the social housing stock on the back of increasing land values and the potential to deliver a transformation in the life chances of people in the borough from more deprived backgrounds. The council deserves significant credit as a catalyst, enabler and shaper around all of this – from the improvement in schools and the readiness of children to move into work to the enhanced transport infrastructure and the spatial plans for the borough.
- Alongside the opportunities though, there are challenges emerging around the benefits of regeneration and growth. One of these is the detrimental impact of the night-time economy, in terms of noise and nuisance levels for nearby residents and the waste and other environmental and logistical issues that the council ends up having to deal with. Another is the increasing cost of housing, especially in the private rented sector, and the general availability of affordable housing. This is reflective of a much wider issue – what many people we spoke to highlighted as the existence of 'different worlds' within the borough or 'two Hackneys' – on the one hand those communities that are experiencing high levels of deprivation with more limited life chances and at risk of being increasingly disenfranchised and on the other hand those areas and communities that are becoming more and more 'gentrified' and where there is significant affluence and opportunity.
- Not tackling this 'divide' (which in reality is much more complex socially, economically and geographically than we have sought to reflect here) successfully

risks exacerbating the underlying social issues in the borough rather than addressing them. The council and its partners are very alive to the issue – indeed ‘sustainable growth and change’ sits at the heart of the ‘Next Chapter’. The opportunity and the challenge are one and the same – harnessing the opportunities in a way that ensures they benefit local people, particularly around jobs and housing.

- There is a real commitment to turn this into a reality and there is a wide range of activity taking place in an effort to realise the goal, ranging from the regeneration of social housing and the delivery of highly effective social care to the ‘Ways into Work’ programme and creation of apprenticeships. However, and as we have already touched on, we see the need for a clear narrative that helps people understand the challenge and the objectives and how what is taking place and being delivered links local people to opportunities. The emerging growth strategy, which we have seen, would logically contain that narrative as well as the underpinning plans that are designed to fulfil the objectives.
- To fully realise the opportunities for local people requires the drive and focus of the strategic leadership. Delivering on this agenda needs to form the central pillar of the council’s work, with its resources and energies skewed towards it. It needs the continued attention and focus of the Mayor and the Chief Executive to supplement the efforts of others. It also requires greater link-up across the contributory activities, including the likes of health care, social care, housing, schools, apprenticeships and business support. As an example, there could be a more structured approach through which existing activities across the spectrum of low skills and workless-ness are joined together to form a continuum along which the long-term unemployed progress in preparation for entering the world of work.
- The recent structural changes regarding the Regeneration Team, which have seen the function transfer to reporting to the Chief Executive, provides clear focus and leadership and this is entirely appropriate. However, there is a risk that it becomes disconnected from other functions that are integral to achieving the council’s ambitions. As an example, in order to enable regeneration opportunities to both arise and be shaped in the right way, the spatial plans of the borough need to be right. There needs to be effective dialogue between the council’s Planning function, Regeneration Team and developers/businesses. At present, such three-way dialogue is less extensive and effective than would be ideal and this situation cannot risk being exacerbated by the structural changes that have happened. It is vital, for example, in ensuring there is appropriate balance between risk-taking and due diligence around what is being progressed with developers. Similarly, regeneration based around business and economic growth cannot be separated out from Housing Regeneration – especially in the light of what we have outlined regarding the ‘Two Hackneys’ challenge.

Through the peer challenge process we have sought to highlight the many positive aspects of the council but we have also outlined some key challenges. It has been our aim to provide some detail on them through this report in order to help the council consider them and understand them. The council’s senior managerial and political leadership will

therefore undoubtedly want to reflect further on the findings before determining how they wish to take things forward.

Members of the team would be happy to contribute to any further improvement activity in the future and/or to return to the authority in due course to undertake a short progress review. Rachel Litherland, as the Local Government Association's Principal Adviser for your region, will continue to act as the main contact between the council and the Local Government Association, particularly in relation to improvement. Hopefully this provides you with a convenient route of access to the organisation, its resources and packages of support going forward.

All of us connected with the peer challenge would like to wish the council and the borough of Hackney every success in the future.

Yours sincerely

Chris Bowron  
Programme Manager – Peer Support  
Local Government Association