

Corporate Peer Challenge

London Borough of Newham

March 2013

Report

Background and scope of the peer challenge

On behalf of the team, I would just like to say how much we enjoyed spending time in Newham to work with you on the recent corporate peer challenge. The team very much appreciated the welcome we received, the openness and honesty with which people engaged in the process and the support provided in the lead up to, and during the course of, the challenge.

It is testimony to the confidence of London Borough of Newham that it commissioned the peer challenge. Peer challenges are managed and delivered by experienced elected member and officer peers. The peers who delivered the peer challenge were:

- Gillian Beasley, Chief Executive, Peterborough City Council
- Councillor Stephen Houghton, Leader of Barnsley Council
- Keith Hinkley, Director of Adult Social Care, East Sussex County Council
- Damon Palmer, Head of Social Care Integration, Department of Health
- Steve Broome, Director of Research, Royal Society for the Encouragement of Arts, Manufactures and Commerce
- Martin Powell, Head of Urban Development, Siemens
- Neil Shaw, Programme 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. 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 and transformation?
- ❖ Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

In addition, the council identified two significant issues for the team to explore:

- ❖ 'Building Resilience' – the new strategic direction
- ❖ The commissioning council

As you will recall, we undertook to write to you to confirm the team's findings, building on the feedback provided to you on the final day we were in Newham and, in particular, expanding upon those areas that we highlighted as likely to benefit from some further attention. This report sets out those findings.

Executive summary

Newham is a place undergoing significant change. Under the leadership of the Mayor - Sir Robin Wales - there have been a series of significant large-scale current and future developments, including; the Olympic Park, the Westfield Shopping Centre, Royal Docks regeneration and Canning Town redevelopment. For a borough with significant demographic challenges, it has also raised educational attainment to a level now higher than the national average. The council is also delivering a range of innovative flagship projects, including; Newham Volunteers, Every Child a Musician and The Skills Place.

Under the Mayor's leadership the council has developed a bold and ambitious vision to tackle Newham's significant challenges. The Mayor's vision for a different Newham is founded on 'Building Resilience' which outlines three policy ambitions: economic, personal and community resilience. There is widespread recognition in the organisation that the council needs to change its pivotal role.

The council is developing an approach to commissioning which is designed to deliver the outcomes of 'Building Resilience'. This is courageous and potentially transformative and not a model that many local authorities have embraced in such a comprehensive way.

The council has put in place some key building blocks to deliver the vision. This includes a well-resourced research function and a commissioning framework. It also has existing commissioning expertise upon which it can call.

In the next twelve months, the council's single largest challenge will be to move the strategic ambition of 'Building Resilience' more strongly from concept to delivery. The scale of the challenge should not be underestimated. This transition needs to be founded on a collective commitment to the vision, a sound delivery plan and the organisation having adequate capacity and capability in key strategic areas. This is currently a work in progress.

Getting greater commitment and support for the concept within the council will be crucial. The council needs to build on the understanding and commitment of some senior and middle officers and now spread this more widely so that there is a consistent and clear understanding of the rationale for 'Building Resilience' and the commissioning approach and how this is different from the existing methods of service delivery.

Although it is understandably difficult to describe the exact look of the organisation in the longer-term a more structured approach to programme managing the delivery of the vision should result in a clear delivery plan. The council needs to develop its capacity and capability in key areas such as strategic commissioning, procurement and developing more commercial skills to ensure the council has the skills to manage the transition.

Partner agencies potentially have a large role to play in contributing to and helping to co-produce a more resilient borough. A more wide ranging and coherent discussion needs to be undertaken with partner agencies, especially in health (both primary-GPs and secondary-acute NHS hospitals and community services), to explore opportunities to see the joined up contribution they can make to making Newham's people and communities more resilient.

The timetable for delivering the fourteen commissioning strands by April 2014 is very challenging and the council needs to manage the risk around this throughout the coming months.. It is important that the strands are developed thoroughly and resourced appropriately. It is also important in this process to strengthen the narrative around the rationale for the commissioning approach.

Effective and joined up political and managerial leadership will be central to delivering 'Building Resilience'. The council needs to ensure collective leadership of the delivery of 'Building Resilience'. The scale of the change and the impact on the organisation is very significant and the Mayor and Senior Management Team need to work together in a collective way to ensure it is delivered successfully. This should be complemented by ensuring the Commissioning Board structure is fit for purpose.

Overall, the council has some fantastic opportunities to more strongly and coherently translate 'Building Resilience' from its current development work into a strong programme which is design to transform Newham.

Detailed findings

‘Building Resilience’ – the new strategic direction

The council has developed a bold and ambitious vision to tackle significant demographic challenges. This is founded on ‘Building Resilience’ which outlines three policy ambitions: economic, personal and community resilience. Executive members and senior officers have been involved in shaping the vision. Senior officers are enthusiastic about transforming Newham and have good awareness of the concept of ‘Building Resilience’. Middle managers and some frontline staff also appear to have a reasonable understanding of the concept. Some parts of the organisation have a good understanding of what they do to contribute to strengthening resilience and have worked this through, for example, in adult social care.

The council’s significant investment in its Research and Policy function is one of a series of key building blocks necessary to design and deliver the new strategic approach. The council has placed an importance on policy being evidence based. Whilst it is challenging to gain a comprehensive evidential link between policy and outcome(s), this function is providing a developing evidence base on which to base major future strategic decisions to tackle major demographic challenges in the borough. It has also created a platform for evaluating how well activities contribute to delivering the outcomes of ‘Building Resilience’.

The council can point to a number of high profile interventions and activities that are already delivering positive outcomes which support the vision. This includes; Workplace (the council’s innovative programme which has got over 16,000 local people into work), Newham Volunteers (with around 7,000 local people volunteering), free school meals, borough-wide licensing of private rented accommodation, The Skills Place, improved educational attainment, support for micro enterprises and the housing allocations policy.

However, to move the strategic ambition of ‘Building Resilience’ from concept through to delivery and to close the gap between ‘aspiration’ and ‘implementation’ will be very challenging. The scale of the challenge should not be underestimated. This transition needs to be founded on a collective commitment to the vision, a sound delivery plan and the organisation having adequate capacity and capability in key strategic and operational areas. This is currently a work in progress and the scale and complexity of the future challenge should not be underestimated.

There is ‘buy in’ by senior managers to the concept of ‘Building Resilience’. However, there is varying buy into to how this is best delivered. Getting this commitment and support will be crucial to delivering the ambition. The council needs to build on the understanding and commitment of some senior and middle officers but spread this more widely so that there is a consistent and clear understanding of the rationale for ‘Building Resilience’ and the commissioning approach and how this is different from the existing pattern of service delivery. Despite considerable work being undertaken in this area in 2012, further work now needs to be done on getting commitment, clarity and challenge to ‘how’ ‘Building Resilience’ will be delivered.

Although it is understandably difficult to describe the exact nature and look of the organisation in the longer-term a more structured approach to programme managing the

delivery of the vision should result in a clear delivery plan. This should knit together the programmes and projects needed to deliver the vision in a coherent way. This plan should bring together the separate (and yet to be connected) programmes the council are working on in relation to commissioning, small businesses, organisational development (including behaviours) and financial planning. These should more clearly explain how financial, people and IT resources are aligned to the delivery of the ambition and the role individual services and functions will play – clarifying what this means for individuals and services. The council may also benefit from reassuring staff that there will be service reviews in which they will be involved before any fundamental changes to service delivery takes place.

This delivery plan should take into account all the work streams, dependencies and risks involved in this large-scale change. This should be supported by reinforcing the vision and delivery with staff on a regular basis to ensure it gets traction in the organisation.

The council is developing its capacity and capability in key strategic areas. It needs to continue to develop this in important areas such as commissioning, procurement and developing more commercial skills to ensure the council has the skills to manage the transition.

Partner agencies potentially have a large role to play in contributing to a more resilient borough. Well established partnership working exists at an operational level in a wide range of services such as community safety, children's and young people etc. A more wide ranging and coherent discussion needs to be undertaken with partner agencies, especially in health, to explore opportunities to see the joined up contribution they can make to making local people and communities resilient in Newham, including more extensive joint commissioning. Previous work in this area was developing positively prior to a restructure within health. This now needs to be revisited and maybe attractive to health partners such as clinical commissioning groups who may see this as a route to using some of the council's commissioning expertise and the local Foundation Trust which has just undergone restructure and reconfiguration.

If 'Building Resilience' really is to signal a departure from the existing way of delivering services this transition must be accompanied by cultural change across the council. This is recognised by the organisation. Some early thinking on this has taken place, but this must become an integral part of the programme management of the delivery to ensure the council becomes more flexible, dynamic, more empowering and less risk averse in some areas. This can be based around the delivery of the existing behavioural competency framework.

The commissioning council

The council has developed an approach to commissioning which is designed to enable it to deliver its goals of building resilience. This is bold and potentially transformative and not a model that many local authorities have embraced in such a comprehensive way. The commissioning approach is underpinned by a commissioning framework and fourteen commissioning strands. This is a further building block for delivering the ambition and provides a coherent approach to commissioning across the organisation.

The commissioning strands will have a strong evidence base supported the Policy and Research team. The commissioning strands are still being developed, but the first five have been shaped with clear ambitions/outcomes, supporting activities and performance measures. Importantly, these have been developed by working with senior officers across service areas, providing a cross-cutting approach and contain activities that senior officers support. These first commissioning strands are on track in terms of their delivery to enable this to feed into the 2014/15 budget cycle. The council is also committed to a model of evaluating the impact of these strands.

The council has some existing commissioning expertise, particularly in areas like social care, upon which it can further build. This is providing a solid base for the commissioning approach. The emerging community hubs provide a mechanism to engage local communities and they could play a role in shaping commissioning. The council has good relationships with private sector partnerships around economic development and regeneration.

However, the timetable for delivering the fourteen commissioning strands by April 2014 is very challenging and the council needs to manage the risk around this throughout the coming months.. It is important that the commissioning strands are developed thoroughly, based on sound evidence of 'what works', is shaped by members and officers and resourced appropriately. It is also important during this to strengthen the narrative around the rationale for the commissioning approach. This can be undertaken by balancing the pace of change with thoroughness, but needs to be given careful consideration by senior members and officers.

A more robust performance system to support the monitoring of the commissioning strands is not yet developed but existing work on performance management is a good base upon which to build on. This should include a strong mechanism for measuring outcomes, combining financial management and activity data. This needs to be undertaken to enable members and officers to track delivery as well cost-benefit analysis to support the delivery of the commissioning framework.

Opportunities for adding value by embracing partner agencies in joint commissioning may be missed if the commissioning strands are developed too rapidly, especially in health. Approaches which are really meaningful are already a characteristic in adult social care and enforcement. The council can continue to learn from these approaches.

More market testing of options will enable the council to get a better feel for what is the right approach for future service delivery and provide an informed view of the viability of more innovative commissioning. The council must have confidence in the commissioning model and trust that this will generate the most appropriate delivery option for services.

The council's commissioning and contract management capacity and capability need to be boosted and a better understanding (or criteria) of how value is added is needed, especially in areas like environment services.

There are examples of very good practice in the field of co-production in the council. These provide a framework for ensuring that the outcomes of resilience can be achieved

through the effective commissioning of services and resident's experience of the co-production process. This approach should be spread more widely across the council.

Leadership and governance

The Mayor provides clear and visible leadership. He is recognised throughout the borough and the organisation – right down to the frontline. The Mayor has provided the council with a clear overall direction. This is supported by Executive members and members have been involved in shaping the vision.

The council has reduced some layers of management within the organisation to support the delivery of the vision and to achieve an efficiency saving.

The council is also developing non-Executive members' community leadership role. Whilst this is still embryonic and is being shaped, this could be a good political leadership role for members, focused around the community hubs.

Effective and joined up political and managerial leadership will be central to delivering 'Building Resilience'. The council needs to ensure collective leadership of the delivery of 'Building Resilience' through strategic commissioning. The scale of the change and the impact on the organisation is very significant and the Mayor and Senior Management Team (SMT) need to work together in a collective way to ensure it is delivered successfully. It is for the council's political and managerial leadership to determine specifically how this can be achieved, but this is likely to be based on the Mayor and SMT meeting jointly more regularly to explore strategic issues and creating the right space and behaviours for the Mayor to set the direction of the council and its policies and empower senior officers and others within the organisation to deliver the vision.

Delivering on the commissioning strands will require a new kind of cross-cutting approach. The council has thought this through and established a governance structure to support this. This Council needs to ensure the governance structures are streamlined to ensure clarity on where accountability sits, for example through the Mayor being the Chair of the Commissioning Board.

The future role of non-Executive members needs further development. Members have a range of views on the community leadership role and how members should be involved in developing community hubs. It can include roles, for example, as a problem solver, advocate and local 'catalyst'. Clarifying the community leadership role more clearly should enable members to play a stronger leadership role whilst still allowing for a degree of flexibility in how members embrace this role.

Financial viability

Although the council did not ask for a specific focus on finance, this is a core component of the LGA's corporate peer challenge model. The council's current financial position appears sound. Last financial year the council managed its revenue spend with all services managing expenditure within their budget limits. There is a sound reserves position.

The council has made notable financial savings over the last three years (£68m) and has a requirement for further savings in the region of £114m up to 2015. Senior officers have a good understanding of the impact of the savings programme within their own areas and functions.

However, the council does not have a Medium Term Financial Plan. In reviewing future priorities and budgets it will be important for the council to continue to test resource allocations against priority outcomes and align financial planning to the delivery plan and fourteen commissioning strands to ensure financial management supports the commissioning approach more effectively.

Organisational capacity

The council has staff that are passionate about Newham and are generally supportive of a change in direction for the council as they can see the benefits for the borough. This is a real asset on which the council can build.

The council is using a shared service model for delivering a more enabling ICT function. The arrangements with London Borough of Havering will begin in Spring 2013 and will include shared IT infrastructure and staff. This should provide a better platform for IT. The council has a plan to evaluate the potential benefits of further shared services in 2014 to contribute to the efficiency plans.

However, the council has recognised the need to develop more robust business systems. The scale of the challenge is significant as a number of core functions are currently manually based, for example, financial reporting and the staff appraisal system. There is a need to consider the investment and capacity required to move this work forward at a pace which reflects the council's aspirations. Timely, accurate and robust management information will be central to the SMT making informed decisions.

It is important to ensure that the next phase of management organisational restructuring and revised management governance structures are fit for purpose and can deliver 'Building Resilience' through strategic commissioning.

It is also important to clarify how key enabling services such as human resources and asset management are being used to support transformation. Planned efficiency savings from the rationalisation of building assets have yet to be realised. The role of these functions needs to be considered as part of developing the overall delivery plan.

It is important through this period of substantial change that staff feel valued and are recognised appropriately. The council now need to implement the plans they have developed to recognise staff contributions.

Finally, we would like to thank colleagues and members at London Borough of Newham for their support in the lead up to the peer challenge and during the challenge itself. The council embraced the challenge positively and supported the process well.

We have discussed the benefit of a follow up visit from members of the peer team. This is aimed at building on the outcomes from the peer challenge and enabling the council to reflect on the outcomes from the challenge. The council is still in the process of determining the need or focus of the follow up visit and we will explore this over the coming months.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Gillian Beasley'.

Gillian Beasley
Chief Executive, Peterborough City Council
Lead Peer