

LGA Corporate Peer Challenge – Progress Review

London Borough of Havering Council

23rd May 2024

Feedback



Corporate Peer Challenge



Contents

1. Introduction	3
2. Summary of the approach	3
3. Progress Review - Feedback	4
4. Final thoughts and next steps	10

1. Introduction

The council undertook an LGA Corporate Peer Challenge (CPC) during November 2022 and published the full report with an action plan.

The Progress Review is an integral part of the Corporate Peer Challenge process. It is designed to provide space for the council's senior leadership to:

- Receive feedback from peers on the progress made by the council against the CPC recommendations and the council's RAG (Red Amber Green) rated CPC Action Plan.
- Consider peers' reflections on any new opportunities or challenges that may have arisen since the peer team were 'onsite' including any further support needs.
- Discuss any impact or learning from the progress made to date.

The LGA would like to thank the London Borough of Havering for their commitment to sector-led improvement. This Progress Review was the next step in an ongoing, open, and close relationship that the council has with LGA sector support.

2. Summary of the approach

The Progress Review at the London Borough of Havering took place onsite on 23rd May 2024.

- Peers reviewed a range of information and evidence, particularly the corporate peer challenge action plan and update.
- The peer team gathered information and views from 20 meetings, in addition to further research, speaking to more than 30 people.

The Progress Review focussed on:

- Each of the recommendations from the Corporate Peer Challenge
- The Council also asked the peer team to provide some thoughts on the productivity plan the council is preparing, as required by the Government.

For this Progress Review, the following members of the original CPC team were

involved:

- Chief Executive Peer – Paul Najsarek, former Chief Executive, Ealing Council
- Independent Member Peer – Cllr Julian German, Cornwall 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

3. Progress Review - Feedback

Context and challenges

The peer challenge team heard from the council about the very difficult challenges and context in which the organisation is operating: needing to bridge a significant savings gap; receipt of a capitalisation direction; an Ofsted Inspection judgement of 'Inadequate' for Children's Services; increased demand for services; and demographic changes.

The peer challenge team noted that:

- The Minister has indicated that he is inclined to agree to £54m (£22m for 2023/24 and £32m 2024/25) of capitalisation to address the budget gap. This £54m includes the interest amount need to pay for the loan element of the capitalisation direction.
- The outturn figures for 2023/24 showed an improved position of £18.2m and to date (May 2024) the council has not yet utilised any of the capitalisation directive.
- The Council has made £164m of savings since 2010.
- The Council has sold assets totalling £160m.

The council states that they need to ensure the organisation is delivering the £15m of savings agreed in 2024/25 and will be undertaking steps to identify further savings for

2025/26 and onwards.

The peer challenge team read the recent Ofsted Inspection report of Children's Services as part of the pre-reading and evidence pack for the progress review. In discussions with the council, it was noted that the Ofsted report highlighted that the lack of funding was a key reason for lack of capacity and the abnormally high social worker caseloads (double the average caseload). The council estimates that the Children's Improvement plan is likely to cost £4.7m, the peer challenge team noted that the council have approached the Department for Education (DfE) regarding additional funding for this area.

The peer challenge team were very concerned to hear that council are of the view that they will not balance the budget in 2025/26 and future years unless there is additional external funding awarded. The peer challenge team noted that the council has a clearly articulated narrative on the financial challenge. The council also shared data with the peer challenge team showing that the area has the fourth fastest growing children's population and some of the lowest unit costs in the country.

The peer challenge team were also concerned that the 'Inadequate' judgement from Ofsted presents a significant challenge for the council that needs to be urgently addressed to ensure Children's Services are improved, and that this will also place an additional financial burden on the organisation.

Feedback and action plan progress

The peer challenge team reviewed the action plan and the original recommendations from the CPC. The peer challenge team found that there was some good progress on key recommendations and actions. Out of the CPC's 11 recommendations, the council's RAG rated action plan reports that 7 of 11 CPC recommendations are RAG rated Green by the council, and the remaining 4 CPC recommendations are RAG rated Amber by the council. All of the actions are either completed or in progress.

Many of the original recommendations in the CPC focussed on the budget gap and the financial challenges of the council.

The peer challenge team found that the council has a clear narrative on the financial challenge it is facing and noted that conversations on funding are ongoing with the

Department for Levelling Up, Housing and Communities (DLUHC).

The peer challenge team was concerned that a reliance on additional government funding is very risky. The proposed data centre and the potential revenue from business rates, particularly if this site becomes part of a Freeport and the council retains more business rates from the site, is positive, but there are also significant risks. The peer challenge team was also concerned that there would a long lead-in time before benefits from the data centre could be realised. The council acknowledges this long lead-in time and the risks involved in the data centre project.

The peer challenge team believes that the council needs to control its own destiny in so far as is possible. Therefore, the council should find a route to a sustainable financial future that relies less on third parties.

The peer challenge team is also of the view that the council needs to balance its focus on the wider context and challenges it faces due to what it would describe as structural underfunding, with the need to get on with things and deliver with the resources it has available now.

The peer challenge team reviewed progress on reducing the budget gap. The team found that there are still some savings to be made and opportunities to grow income that do not yet appear to have been fully explored, for example: full cost recovery, bin collections, libraries, parks, car parking charges, council tax and digital transformation. In discussions on this, the council stated that even if all these changes were made the council would still be facing a significant shortfall.

In discussions with senior officers and Cabinet Members, the peer challenge team discussed the financial challenge and heard that the council are continuing to use a 'star chamber' process, this process has helped the organisation to achieve £160m of savings in the last 14 years. This is an opportunity to progress re-basing the budget at pace.

In interviews with staff the peer challenge team found that there is increased awareness amongst staff of the financial challenge. The team also considered information on consultation and local media and found that there was also increased awareness of the financial challenge amongst residents. The peer challenge team noted that a Panorama programme focussed on Havering's financial challenges, has also brought awareness nationally to the financial issues the council faces.

With regard to the council's work on resources and investment, the peer team found that this is an area that the council needs to continue to focus on. Effective use of resources and investment remains important.

There needs to be a consolidated view on buildings and assets. For example, what is the plan for the library buildings, are there any opportunities for multi-use or conversion of these buildings?

The peer challenge team urges the council to move swiftly to actualise the proposed savings, to help address the budget gap.

Given Ofsted's judgement that Children's Service are Inadequate, the council needs to address capacity issues in children's services with urgency and at pace. The council's senior leadership and management are fully aware of how serious this is and have identified changes in their improvement plan. The plan needs to be implemented swiftly so that changes to the service are made as soon as possible.

In interviews with senior staff at the council, the peer challenge team noted that DfE funds are being sought (as is the case for other councils in this scenario). Additional funds from DfE are unlikely to cover the cost of the improvement plan for Children's Services. The peer challenge team believes there are several areas where the council needs to undertake significant change and transformation in order to tackle the financial gap and address Ofsted's Inspection report. This will be very challenging for the organisation given current capacity and resources.

In interviews, the peer challenge team discussed the improvement work for Children's Services and found that enablers in children service improvement are being put in place. The team also found that improvement in performance in the service is happening, but there is more to do. Workforce and recruitment in the service, and particularly recruitment of social workers, remains a significant risk for the organisation and could inhibit improvement and progress.

The council is addressing some of the demand issues for the organisation, such as creation of new school places.

There is evidence of stronger member and corporate ownership and support of Children's Services, this will be important in delivering the transformation that is needed.

The peer challenge team noted that following the original recommendations, that the decision to move some services out of the shared service arrangement with Newham Council (OneSource) has been made. This decision will have some impact on the speed of transformational activity, as the council needs to build up IT capability to accelerate the digital transformation. There are also some opportunities to take a new approach to commissioning, including in areas of high demand such as Children's and Adult Social Services.

The peer challenge team considered digital and transformation. The team found that the pace of IT changes could be better. However, there are opportunities for savings and efficiency, particularly following the OneSource decision, for example: software, hardware, AI, and digitisation.

The peer challenge team noted that the Target Operating Model (TOM) has now been implemented and that the staff restructure was completed in March. This does not appear to have resulted in financial savings for the organisation thus far, but it may improve efficiency. The process was designed to improve strategic capacity.

In interviews the peer challenge team heard that staff engagement and community engagement is positive. There was evidence of some good consultations. The team are also of the view that the new approach to consultations with children is positive.

The peer challenge team reviewed evidence on customer service improvements. The team heard in the interviews that some improvements have been made in customer services, however, they found that there is still more to do.

The peer challenge team noted that since the CPC a new waste contract has been introduced for the borough. The team heard in interviews that this has improved residents' experience.

The peer challenge team interviewed Cabinet Members and senior staff. The team found that there had been an improvement with Cabinet Members being more strategic and having better oversight. Cross-party working has also improved which helps the organisation to tackle some of the strategic issues it faces.

Since the last peer challenge a new Corporate Plan has been agreed and adopted. The peer challenge team considered governance and found that it has improved through the theme boards that the council has put in place.

Productivity plan

The council asked the peer challenge team to provide some thoughts on the productivity plan the council are preparing (as required by the Government). The following are some areas for consideration and feedback for the council on the productivity plan.

The peer challenge team considered the approach to digital and AI (Artificial Intelligence) and found that the council needs a more comprehensive and strategic approach. The team are also of the view that more could be done on resident empowerment, including self-service and more use of digital services. In particular, there are further improvements to be made to the self-service model.

The peer challenge team considered commissioning and procurement at the council and found that there were some new opportunities to explore here.

The team found that there is some good work being done in partnership with the local NHS. The integrated teams are very positive and that there are more opportunities to explore joint working, commissioning, and procurement.


On assets, the peer challenge team considered the consolidation and sales underway, the team found that there was more that could be done, and that there were opportunities to do this at greater pace.

In discussions with the council on the productivity plan, the area-based review was mentioned, the peer challenge team encourages the council to complete and implement the area-based review.

The peer team challenge team considered the project and programme management function at the council and discussed this function in interviews. The peer challenge team queried whether the Project Management Office (PMO) is sufficiently resourced to deliver the productivity needed by the organisation.

The peer challenge looked at the businesses processes at the council and are of the view that business process improvement, and more use of business analysis, could streamline processes and create efficiencies for the organisation.

Regarding the consolidation of support services, the peer challenge team are of the view that it may be possible to do more of this. Particularly as the decision to



withdraw the delegation of some services from the OneSource shared service arrangement with Newham Council has been made.

4. Final thoughts and next steps

The LGA would like to thank the London Borough of Havering for undertaking an LGA CPC Progress Review.

We appreciate that senior managerial and political leadership will want to reflect on these findings and suggestions in order to determine how the organisation wishes to take things forward.

Under the umbrella of LGA sector-led improvement, there is an on-going offer of support to councils. The LGA is well placed to provide additional support, advice, and guidance on a number of the areas identified for development and improvement and we would be happy to discuss this.

Kate Herbert (Principal Adviser) is the main point of contact between the authority and the Local Government Association (LGA), and their e-mail address is:

kate.herbert@local.gov.uk