

| <b>Overview &amp; Scrutiny Business Panel</b> |  |             |                  |
|---|--|-------------|------------------|
| <b>Title</b>                                  | Lewisham Peer Challenge:Key Points, Response and Action Plan |             |                  |
| <b>Wards</b>                                  | All  |             |                  |
| <b>Contributors</b>                           | Chief Executive  |             |                  |
| <b>Class</b>                                  | <b>Part 1</b>  | <b>Date</b> | 17 February 2015 |

### **Introduction**

1. This report summarises the outcome and key learning points from the Local Government Association (LGA) Peer Challenge. The final LGA Peer Challenge report is attached at Appendix A. A suggested action plan is attached at Appendix B.

### **Recommendations**

2. The Mayor is asked to:
  - i) note the contents of this report
  - ii) note the LGA Peer Challenge report at Appendix A
  - iii) note the attached areas for action and agree the suggested action plan at Appendix B
  - iv) note the role of the Lewisham Future Board in taking forward actions
  - v) refer to Overview & Scrutiny for their observations and comments

### **Policy context**

3. Lewisham is home to some 290,000 residents, about one in four residents are aged 0 -19, whilst one in ten are aged 65 and older. The borough's population is ethnically diverse and over the next 20 years will be amongst the fastest growing in London.
4. Across the borough, the Council plays a key role in promoting the social, economic and environmental well being of local residents, taxpayers and service users. In 2014-15 the Council will oversee the expenditure of some £1.2bn across the borough. Of this some £268m, is revenue spend covering the provision of services as diverse as adults & children's social care, Council Tax collection & housing, libraries & leisure centres, street cleaning & waste disposal, street lighting & crime reduction.

5. Since the onset of the Coalition Government's spending cuts programme in 2010, the Council has achieved revenue budget savings of some £95m. However, up to 2018 a further £86m in budget savings is required (nearly a third of the Council's current revenue budget).
6. Over the coming years, the Council faces tough choices. These choices are made tougher by the need to balance improving the quality of life and life chances for all, with the need to support some of the most vulnerable residents in the community. Furthermore, these choices will be made against a backdrop of unprecedented national policy reform that has seen the introduction of new legislation on welfare, social care, housing allocation, schools and local government finance.
7. Going forward, the Council priorities as well as the Mayor & Majority Party's manifesto provide the policy framework within which choices and decisions about the future will be made. Together these describe the specific contribution that the Council will make towards delivery of the Sustainable Community Strategy through the following themes:
  - community leadership and empowerment
  - young people's achievement and involvement
  - clean, green and liveable
  - safety, security and visible presence
  - strengthening the local economy
  - decent homes for all
  - protection of children
  - caring for adults and older people
  - active healthy citizens
  - inspiring efficiency, effectiveness and equity

## **Background**

8. Between 2000 and 2010 much of the system wide approach to local government performance management and improvement effort was subject to rigorous external assessment through the Audit Commission. At one time the Audit Commission brigaded the external appraisal of Councils with the Government's other service specific regulators (including both Ofsted and the Care Quality Commission). These arrangements came to an end in 2010, when the new Coalition Government announced its decision to abolish the Audit Commission. This left the Ofsted and the CQC regimes as the principal means of independently appraising service delivery and outcomes - albeit that these applied to only one-half of Councils' functional responsibilities and expenditure.
9. In 2011, the Local Government Association created a "Peer Challenge" programme to enable honest, independent and helpful peer appraisal to Councils. The peer challenge programme is now part of the LGA's broader sector-led improvement strategy and it aims to assure effective self-regulation and self-management across the local government

community. This sector led approach is broadly effective although it has to be noted that it is based on the participation of “the willing” and relies upon Councils being open to external enquiry and challenge.

10. Few London Councils had taken part in this process up to 2014 and the London region lagged well behind Councils in other regions. Lewisham became one of the first London authorities to actively engage with the peer challenge process; although now several others have scheduled peer challenge sessions.
11. At the time of Lewisham’s Peer Challenge in September 2014, nearly 130 councils had been through the programme. Lewisham was one of the 50 councils due to go through the on-site assessment this year. The members of the LGA Peer Challenge team for Lewisham were as follows:
  - Michael Coughlin, (then) Executive Director of the LGA
  - Cllr Claire Kober, Leader of Haringey Council
  - Joanna Sumner, Assistant Chief Executive of Hackney Council
  - Max Wide, Strategic Director of Business Change, Bristol City Council
  - Andrew Winfield, Peer Review Programme Manager
  - Lisa Williams, LGA Peer Support Officer

### **Scope and coverage of the Peer Challenge**

12. The LGA Peer Challenge process is structured around a series of questions designed to test organisational and business resilience. These questions are as follows:
  - 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?
13. It has to be said that most external assessment is about the past and the present. Mostly, external assessors advise on what has happened and they describe the strengths and weaknesses of current arrangements. We wanted the team to look to the future and offer us advice on future direction, to comment upon Lewisham’s readiness for change and our appetite for the challenges ahead. We realised that this was a tall order

for the team but we wanted to use the opportunity of this assessment to help us shape our future changes rather than simply describe our past. In particular, we asked them to comment on two additional areas as follows:

- governance, community partnership and community engagement at a time of significant demographic growth and budget pressures
  - how is the Council getting to grips with the scale of the savings to be made?
14. Prior to their arrival on-site, the Council provided the Peer Challenge team with a list of documents for the purposes of orientation and desk-top analysis. Once on-site the team undertook a wide-range of activity including a tour of the borough, observation of various meetings and interviews with over 90 people including the Mayor, Councillors and Council officers. Others included representatives of partner organisations, the business community, neighbouring councils and the local press.

### **Key findings**

15. At the end of the four day Peer Challenge the team highlighted a number of key findings. The point of reflection here is that these findings are not comments or evidence based observations from professional inspectors. Instead they offer us external insights from expert political and managerial practitioners in our sector. We should therefore consider them in this vein. The main points are set out below, with full details contained in the final report attached at Appendix A.
16. In summary, the Peer Challenge team noted that Lewisham continues to be a strongly performing Council. We were advised that in their view the team considered us to be a “four star” Council (the highest level) if they had to appraise us against the old Audit Commission” star rating” standards. In drawing these conclusions, Peers referenced the specific contribution made by the Council’s overall political and managerial continuity and stability.
17. Commenting on the Council’s approach to change, the team noted that Lewisham’s progressive, pragmatic, structured and incremental approach had served it well. The team noted that Lewisham had a good understanding of its past and a clear awareness of the challenges that required focus and attention going forward. The team also commented positively on the Council’s adaptability, capacity for innovation and focus on delivering positive outcomes for residents and businesses.
18. In addition to the above, the team highlighted the strong directorate based approach to managing service delivery while suggesting that this might need to alter in the future. The team also commented on the highly positive sentiment in which the Mayor is held across the community. The team commented that they found, “*a remarkable consistency in positive views of the Council amongst partners and staff.*” This, according to the team, provides powerful levels of goodwill towards the Council in the

public's understanding of the implications of spending pressures on local government and support to the Council in changing its working arrangements to respond to the scale and pace of this challenge.

### **Peer Challenge team's suggestions for our consideration**

19. The team offered a series of future focussed suggestions for the Council to consider. They all focus on our managerial and governance stance for the future. They include:

#### ***governance & community engagement***

- i) review the governance relations between the Mayor, Cabinet Members and Scrutiny to respond to the new political and financial environment
- ii) ensure a greater focus on place and locality when determining priorities and budgets
- iii) reconsider the role of Local Assemblies having regard to the changing nature of the relationship between residents and the Council
- iv) develop, clarify and support councillors to develop their roles as community leaders
- v) adopt an asset based and capacity building approach to work with voluntary organisations to shift the relationship and reduce dependency over time
- vi) adopt a more proactive and co-ordinated approach to community capacity building, supported by a personal commitment from Mayor and Chief Executive

#### ***management***

- vii) communicate more innovatively, assertively and consistently throughout the organisation, the community and with partners
- viii) invest in capacity to drive the Lewisham Future Board programme, service transformation and wider change across the Council
- ix) ensure greater consistency of management of staff
- x) adopt a more robust approach to managing underperforming individuals
- xi) ensure that senior officers model the behaviours and changes required arising from the soon to be introduced Balanced Scorecard approach to their appraisals; to lead and drive those changes through the organisation

## Response

20. The Peer Challenge has been very useful to the Council. We now have an independent, honest and reliable assessment of the effectiveness of our overall approach to improving life and life-chances in Lewisham. The team's comments on our strengths and weaknesses are recognised and acknowledged. And the team's challenge to us about our future work is fully accepted.
21. The suggestions for review of the Council's governance and community engagement merit detailed consideration by the Mayor and Council. The suggestion for review of the relations between Mayor, Cabinet and Scrutiny merit consideration both for this Administration as well as over the medium term.
22. The Council has a clear governance framework which includes the Mayor's scheme of delegation; Mayor & Cabinet decision making; formal decision making by Council Committees; and scrutiny that is engaged in policy development as well as searching enquiry of public decision makers locally. The essence of the Mayoral model of governance is the mayor's visible accountability to the wider public. Retaining a wider Council to agree policy priorities and budget setting helps to ensure that Mayoral decisions are consensually based. However, Members may wish to consider the scope for streamlining governance and reducing the possible overlap and duplication for considering issues across the Council. For as the Council's responsibilities and budgets are being reduced substantially, so the Council needs to consider how to improve the overall cost-effectiveness of its governance.
23. Moreover, the approach we have adopted for Local Assemblies is very useful in placing ward councillors at the centre of place based community leadership. Of course there is a degree of variety in the effectiveness of our 18 Local Assemblies in respect of their community engagement. But the Assemblies display very many examples of excellent practice of engagement between local councillors and civil society. That noted, Members may want to reflect further on the effectiveness of this approach for both governance and community engagement purposes.
24. The managerial aspects of the Peer Challenge's comments are broadly accepted. We need to be stronger at internal communications; have a more consistent approach to managing people and their performance; refresh our strategic approach to service redesign; and update our stance to service performance management. Moreover, the general commentary about the need for us to adopt a more corporately driven approach through the Lewisham Future Board is also accepted. Steps have already been taken to implement these managerial changes (the action plan for these changes is attached).

25. The Peer Challenge team were right to point to the level of future uncertainty that the Council faces. And they were right to suggest that stronger communication (both internally to staff and externally to partners and stakeholders) is required on how the Council is to shape its future. However, since the time of the Peer Review the Autumn Statement (in December 2014) has solidified the fiscal challenge facing local government even further. The National Audit Office, among several others, have pointed to the nature of the service pressures and uncertainties facing the whole of the local government sector. Given the scale of uncertainty in the policy and funding landscape in this General Election year, the Council's pragmatic approach to organisational leadership needs to be developed further. The Council's organisation needs to be more flexible and agile if it is to adapt successfully. The scale of the fiscal challenge (a £95m reduction in our net revenue budget over the next three years) requires a step-change in our general approach.
26. In conclusion, the Council remains positive about its future vision for the borough as a place. It is recognised that this vision needs to be more clearly articulated and that the whole organisation of the Council needs to be more adaptive. Steps have already been taken in respect of clarifying our communications and the Lewisham Future Board is addressing the issue of organisational change.

### **Legal implications**

27. There are no specific legal implications for this report, save for noting that the Authority's choices and decisions about the future will need to be compliant with the principles and provisions of the Equality Act 2010.
28. The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
29. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - advance equality of opportunity between people who share a protected characteristic and those who do not.
  - foster good relations between people who share a protected characteristic and those who do not.
30. The duty continues to be a "have regard duty", and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

31. The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions.
32. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>
33. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
  1. The essential guide to the public sector equality duty
  2. Meeting the equality duty in policy and decision-making
  3. Engagement and the equality duty
  4. Equality objectives and the equality duty
  5. Equality information and the equality duty
34. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

### **Financial implications**

35. There are no financial implications arising from this report.

### **Crime and disorder implications**

36. Section 17 of the Crime & Disorder Act (1998) places a duty on partners to do all they can to reasonably prevent crime and disorder in their area. The level of crime and its impact is influenced by the decisions and activities taken in the day-to-day of local bodies and organisations.

37. The responsible authorities are required to provide a range of services in their community from policing, fire protection, planning, consumer and environmental protection, transport and highways. They each have a key statutory role in providing these services and, in carrying out their core activities, can significantly contribute to reducing crime and improving the quality of life in their area.

### **Environmental implications**

38. There are no environmental implications arising from this report.

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### **Background documents to this report**

The LGA 'Peer Challenge' Final Report appears at Appendix A.

### **Contacts**

For further information about this report please contact Paul Aladenika, Head of Policy and Partnerships on 020 8314 7148.



## Appendix A: LGA 'Peer Challenge' Final Report

Barry Quirk  
Chief Executive

London Borough of Lewisham  
Executive Office  
Laurence House  
SE6 4RU

26 November 2014

Dear Barry

### **London Borough of Lewisham - corporate peer challenge**

On behalf of the peer team, thank you for your invitation into Lewisham Council to deliver the recent corporate peer challenge. The team felt privileged to be allowed to conduct its work with the helpful support of you and your colleagues who were open and engaged with the process. It was clear that a significant amount of effort had been committed by the Council in support of the peer team.

You asked the peer team to provide an external view of the Council and to give recognition of progress made; and supportive challenge and feedback on what it could do better, do differently and the appetite for change.

In particular you asked the team to provide specific feedback by testing the Council's thinking on the following:

1. Governance, community partnership and community engagement at a time of significant demographic growth and budget pressures
2. How is the Council getting to grips with the scale of the savings to be made?

In addition the peer team considered the ability, resilience and capacity of the Council to deliver its future ambitions by looking at:

- o Understanding of local context and priority setting: does the Council understand its local context and has it established a clear set of priorities?
- o Financial planning and viability: does the Council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?

- o Political and managerial leadership: does the Council have effective political and managerial leadership and is it a constructive partnership?
- o Governance and decision-making: are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
- o Organisational capacity: are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

The background reading, along with the Council's opening session presentation (which described Lewisham Council's phases of development since 1994), and early on-site work suggested to the team that the focus of the review should be largely forward looking with an assessment of likely continued future success in light of the challenges faced. The Council agreed with this approach.

Consequently, the structure of our feedback is to describe the current characteristics, activities and new ways of working that we believe will underpin the future Council (which we have called 'Future Lewisham'). This is followed by the more traditional and, in some cases, less effective ways of working that may hinder or undermine progress, and future success (which we have called 'Past Lewisham') and may require re-modelling. Finally, to identify the Key Issues which the Council will need to be aware of and, in our view, act upon.

It is important to stress that this was not an inspection. Peer challenges are improvement-focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement plans. The peers 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.

This letter provides a summary of the feedback that was presented at the end of our recent on-site visit. (Also attached are a set of slides that summarise the peer challenge feedback. The slides are the ones used by the peer team to present its feedback at the end of the on-site visit.)

In presenting this the peer challenge team has done so as fellow local government officers and members, not professional consultants or inspectors. Our intention is to provide recognition of the progress Lewisham Council has made in recent years while also stimulating debate and thinking about future challenges.

### **Overall message**

The Council's consistently high performance over the last twenty years is underpinned by senior managerial and political stability, and the matching of high ambition with adaptability to shifting circumstances and available resources.

It is clear to the peer team that Lewisham continues to be a strongly performing Council, which approaches local government delivery and practice in an innovative way, with a focus on positive outcomes to residents and businesses.

This is supported by a remarkable consistency in positive views of the Council amongst partners and staff. This provides powerful levels of goodwill towards the Council, in understanding the implications of public spending pressures on local government, and to support the Council in changing its working arrangements to respond to these pressures.

In recent years the Council's "progressive pragmatism" approach to change has served it well and has avoided the management-speak of visions and mission statements. Instead its approach has been one of structured and focused incrementalism that has adapted, as required, over time. The Council has a good understanding of its past development through previous phases and of the priorities that will inform the next iteration.

At the same time the Council is keenly aware that significant financial pressures are going to reshape it for a new phase. Some of the features of these changes are already emerging while others remain to be determined.

There is a widespread understanding of the financial pressures that the Council is facing. The Council has a strong record of savings achieved and has devised a new programme for delivering future savings. The Mayor asked the peer team to consider whether or not the Council would be able to change at the pace and scale needed to address the unprecedented financial pressures now faced. This is addressed in more detail later in this letter.

These pressures include the budget savings of £85m required over the three years 2015-16 to 2017-18. The scale of financial savings is presenting significant difficulties for councils in England where Children's and Adult services require a large and increasing proportion of total council spend. Lewisham told us that 48 per cent of the Council's net spend is on 8,000 children and adults in the borough from a population of 286,000. The Council has defined a challenge for the next phase as redesigning the "next generation of public services" for 150 other core services that can support the priorities of residents and businesses, whose relevance and benefit to the wider community can be readily recognised.

A challenge for the Council is there are many voices, inside and outside the organisation, that remain uncertain about the future council, what this will look like and whether the way it has worked in the past will be sufficient. This may require the Council to set out how the next phase Lewisham Council will be developed, what this might look like and the new styles of working that might define this.

In summary, Lewisham Council is a strongly performing council with a well-developed understanding of its recent past and with plans to guide its future. The remainder of this letter seeks to offer supportive feedback on what the Council might do better and differently to meet the challenges ahead. There is no question of the organisational awareness of the need for change but the appetite, capacity and capability can be greatly enhanced by stronger communications and increased consistency in management practices.

### **Local context and priority setting**

The council is facing major demographic pressures. The current population of 286,000 grew by 28,000 between 2001 and 2011 and is projected to rise to 332,000 by 2030. The current population is amongst the most diverse in London and has high levels of deprivation, being 31<sup>st</sup> out of 326 councils nationally.

Land values are lower in Lewisham comparative to the rest of London and this provides potential for the Council, working with partners, to lead in shaping future growth. However, land values are increasing in the north of the borough and there is pressure across the capital for development land. This will require continuous oversight to balance growth ambitions with the resource levers that the Council is able to deploy.

There is an impressive record of regeneration across the borough; planned around defined 'regeneration and growth areas' designated in the Council's adopted Core Strategy. This is primarily located in the northern corridor, incorporating Deptford/New Cross, Lewisham and Catford. In particular there is a major development planned at Convoys Wharf. At 40 acres, Convoys Wharf is the single largest development site in the borough, with plans including: up to approximately 3,500 new homes (over 500 of which would be affordable); a hotel, shops, restaurants, cafes; public open spaces and public transport improvements.

Transport infrastructure is an important element for the current and future economy. There are 136,000 working residents in Lewisham but most of these (an estimated 60 per cent) are travelling to work in other parts of London. Given London's projected future growth this is a key factor for lobbying, with other London Boroughs, for an extension of the Bakerloo line.

Housing is a priority for the Council to both meet need and to seek to balance the housing market and with plans to build more than 17,000 homes between 2012 and 2026. Rising house prices, increasing labour mobility, the growth in the buy-to-let market, reduced level house building and more single person households, have contributed to the growth of the private rented sector, which now constitutes 30 per cent of households in the borough; up from 14,100 in 2001 to 28,000 in 2011. For the Council this includes a programme of house building, through the arm's length management organisation (ALMO), being the first new build Council homes for nearly than 30 years and an innovative programme of re-deployable housing to provide temporary accommodation on vacant development land.

The Council has a strong understanding of the borough and its interdependence with the rest of the capital. It is clearly understood that the London economy is key to Lewisham's future and the opportunities this presents to improve the life chances of Lewisham's residents. This is complemented by a strong and caring community focus, emanating from the Mayor that permeates the place and Council.

This understanding is transposed into a good alignment between local context, priorities and commitments set out in the Council's ten 'enduring' priorities. Lewisham's vision is: 'Together, we will make Lewisham the best place in London to live, work and learn'. This vision, 'enduring' priorities and values suggest stability and continuity.

However, these priorities and commitments may not be sufficiently focused for the next phase of the Council's progress. The strategic priorities of the Sustainable Community Strategy (SCS) were developed before 2008 and predate the financial collapse of that year and the subsequent public service austerity programme. Although these priorities are 'enduring', there will be a need to focus on fewer of them in light of the forthcoming and ever more acute financial pressures.

### **Future Lewisham**

The focus for the Council continues to be to improve the lives and outcomes for people who live and work in the borough. One telling comment to the peer team was that Lewisham partnerships work by slow build with the implication that partnerships are built over time to provide resilience and durability.

In defining the next phase of organisation the Council is already developing some key features. These seem to the peer challenge team as some of the characteristics that will shape the future Council.

There are innovative models of partnership working that are developing partnership capacity and achieving efficiencies. An example of innovative partnership transformation is the pilot Whole Place Community Budget initiative with Lambeth, Southwark and Jobcentreplus in addressing local delivery of universal benefits support, employability and skills and pathways to employment. The triage arrangements provide early assessments and improved arrangements for directing residents to appropriate support.

The Lewisham Health and Wellbeing Board has recognised the importance of pace and scale of integration to improve user experience and outcomes but also to achieve savings across the partnership with the Council, Lewisham Hospital and the Clinical Commissioning Group. This has led to multi-agency integrated, neighbourhood based health and social care with the aligning of the four General Practitioner (GP) neighbourhoods and future provider units (Community Connections); establishing single multi-disciplinary teams at neighbourhood level bringing together a range of

services in a unified and collaborative system, for example Health Visitors, Children's Centres; social workers, community development, etc.

There are some examples of emerging co-design and rich community engagement, for example the provision of children's nurseries – with volunteer parents taking on service delivery, Generation Play Clubs and youth services provision via an employee-led mutual and a local 'food bank plus' model. Despite these examples this approach does not yet appear to be well supported or co-ordinated across the Council.

The relationship with Lewisham Homes – the ALMO that manages the Council's housing stock – is refreshingly entrepreneurial. With the national reform of council Housing Revenue Accounts (HRA), Lewisham Homes has worked closely with the Council on how they might contribute to meeting local housing needs and has assembled a land and finance package in readiness for house building 500 units over a five year period. This will include a mix of market and social housing, with derived income to stimulate a continuing programme of building. This commercial outlook is an important facet of the new Council model for working in partnership.

This is mirrored in the new strategic approach to obtaining revenue income from assets. Shifting from the traditional approach of disposing of assets for a capital receipt, the Council is moving quickly to more commercial land use to derive income. It has purchased land of strategic value and is open to future purchases. This is important at a moment when land values are comparatively lower than other parts of London and where the Council can use this, not only to support the delivery of its priorities on housing, economic growth and enabling local employment, but also to create an income stream. This change of approach in asset use is scheduled to deliver £5.7m of income/savings by 2021.

Transformation of place is evident across the borough and no clearer than the Deptford town centre and High Street and illustrates the significant level of place making the Council is facilitating, in partnership.

The Deptford Lounge complex is an impressive, multi-award winning community hub that provides a wide range of facilities and services to residents in one place, including: public library, computer labs, study and performance areas and café. The Lounge's programme of events is managed by Albany Theatre. The Deptford Lounge is co-located with a new Tidemill Academy primary school for 480 children. The £27m build cost was funded from an assembled partnership, including Transport for London, the Council, Section 106 monies for market housing development and Government funding. This exemplifies the Council's approach to working with the community on the transformation of place and with developers and housing associations to structure a viable financial package.

The Council's library service is another example of working with communities to deliver change. In response to a Mayoral Commission the

Council transferred five library buildings to the community and established a sixth community library. Activity has moved to varied usage, including: work clubs, business start-up advice sessions, computer training, etc. This led to savings of £1m while, at the same time, increasing resident satisfaction – from 62 to 74 per cent from 2009 to 2012. This deployment of new service models to achieve savings is founded on working with and involving communities in change proposals and change delivery while, at the same time, achieving savings and improved services.

The Lewisham Future Board is a principal vehicle to strategically oversee the shaping of the next council phase in response to budget savings. This will not only refashion the high spend services of children and adult social care, and how they are provided, but also the other 150 core services that are important for the people and businesses of Lewisham. The Council established the Lewisham Future Board in 2013 and this is chaired by the Chief Executive and comprises the executive management team (EMT) as well as a number of other senior officers with particular financial and transformation responsibilities. This is an important inclusive and co-ordinated approach, which recognised that a new methodology would be required, following the savings achieved since 2010, to achieve future savings targets.

For example, this approach is entirely open on what may emerge from service savings reviews. These have been given a carte blanche to consider any service delivery options that can deliver savings and, so far as possible, maintain services although these may be in a different form, for example via mutual, social enterprise/voluntary sector delivery, community asset transfer, co-operative models etc.

A report to Cabinet states that, "...we cannot approach changing all of the Council's 150 or so services in the same way. We need radically to reform and redesign our services and functions in ways that are appropriate to their purposes." This means the new model of achieving savings will be a profound driver in the configuration of future Council services and the shape of the future Council will emerge from these wide-ranging reviews.

Despite the changes wrought in recent years to achieve financial savings the peer team encountered high levels of loyalty to the Council, low levels of staff turnover and very committed middle managers. These are important organisational strengths that, allied with high levels of pride in working for the Council and an appreciation that it has a record of innovation and flexibility, will be important for making the transition to the next organisational phase. However, it will be important to ensure that workforce development builds on this strength to ensure that future skills and competencies can be developed to support change and equip staff to deliver this.

## **Past Lewisham**

The Council has historically emphasised the importance of working with the voluntary sector and these links are strong, in particular with the umbrella body Voluntary Action Lewisham. The work with the voluntary sector is an important means of engaging with community interests and is highlighted in the work of the Local Assemblies. The peer team were told how the councillor role on the Assemblies was important to have ward level contact and visibility as a community leader. This relationship is also important for exploring opportunities for future joint working arrangements, for instance the earlier example of achieving savings while supporting community groups to lead on library service delivery.

However, in the future the council should consider shifting the balance of this relationship. Until now the relationship appears to have been almost one of dependency rather than a mature discourse of working together to deliver shared priorities. In many respects the former relationship has been reinforced by a generous Grant Aid programme of £5.9m which has been unaffected by cuts hitherto. However, this is expected to change significantly for 2015-16 with programme cuts of 25 per cent proposed and a requirement that funding is prioritised for those bodies that are aligned to the Council's social values and priorities and can demonstrate growing self-reliance and independence from the Council.

This provides an important opportunity for the Council to refashion its relationship with the voluntary sector to a more mature one of co-working, co-design and co-delivery. This will enable it to develop voluntary sector capacity, skills and confidence during transition to new ways of co-working.

There has been only limited work on co-working and co-delivery with neighbouring councils. An exception is the employment and skills work with Lambeth and Southwark programme referred to earlier. There can be very good reasons for this with councils working to different priorities, contracts working to different times, and political sensitivities. These uncertainties are evident in the Future Lewisham programme where an expected £12m of savings are expected from shared services but there is no detail on how this is to be achieved. Councils in London will need to consider and be ready to respond to the prospects of increased devolved powers in England, following the recent referendum in Scotland, and the form(s) that this might take in London.

The Council is working well in strong Directorates and providing high quality services to residents and businesses. The obvious examples are safeguarding and looked after children services judged as 'Outstanding' in recent Ofsted inspections (2012). The peer team saw evidence of excellent services being delivered across the council, from award winning parks and open spaces, the bold regeneration programmes being implemented, the parking policy review, paying the London living wage etc. However, while there certainly are examples of effective cross-Directorate working, in particular around planning, asset management and housing, the peer team did not gain a strong sense of strategic, cross-

cutting work across Directorates. This would be an area to develop through the Lewisham Future programme, which is certainly one of its intentions with themed reviews and service cross-cutting projects.

The Council's performance management arrangements seemed to reflect a 'CPA mind set'. The current monthly report is a sizable document of 71 pages of performance data and key performance indicators that must require considerable effort to collate. It was unclear who the audiences were for this and questioned by some on the value provided. The Council would benefit from considering: the different audiences for performance data, their different needs and manage a shift to a more qualitative set of key performance indicators (KPIs) to measure performance against Council priorities.

Partners and staff don't feel the Council is articulating its future direction well enough. The Council's approach of strategic and focused pragmatism has served it well in the past and is a key feature of the Lewisham Future programme, with the future form of the Council emerging. However, staff and partners told the peer challenge team that they would value a clearer articulation of the future direction so that they could work with this. The Council's priorities and Mayoral commitments set out the 'why' and 'what' of the future, but less is obvious about the 'how'. Those the team spoke with would find this helpful in order that they can better align with, and work alongside the Council, on the behaviours, activity and processes that will support the achievement of the shared priorities. Although some work has been done on this with the Council's paper on 'Lewisham Future Direction to 2020' this needs further development and much wider communication.

The peer team were impressed by the positive progress made on improvements to the Revenues and Benefits service achieved by the investment and implementation of information technology and supported by changed working practices. This achieved savings of £500k in the first year and led to a move from face-to-face transactions of 2,000 per month to just two. However, across the Council it was acknowledged that not enough progress had been made to make the most of technology internally, or to fully exploit the opportunities afforded by social media in communicating and/or providing services to the public.

Information and Computer Technology (ICT) support to the Council is within the final two years of an externalised contract. This provides an important opportunity to consider future options. This would include an organisational evaluation of how ICT can: extend and support innovative ways of service delivery; promote community engagement; and contribute towards savings targets. This would then inform future delivery options, including shared service arrangements with neighbouring councils.

The team felt that the lead time for some of the more ambitious savings plans is not sufficient at present to allow for detailed planning and risk management, particularly as not all savings required for 2015-16 are fully

derived and finalised. There is a risk that insufficient time could lead to shortfalls in savings targeted and/or decisions made on new forms of delivery that may not be successful due to insufficient planning.

The peer team were told of inconsistent management practices across the organisation. These included:

- although we met staff who regularly receive personal development reviews (PDRs) just as many said that there had been a significant gap or had none at all
- staff who received directed and supported training and development for new ways of working, while others did not
- some frontline staff felt engaged in service reviews while others did not
- flexible working arrangements for some but not others
- intra-Council communications were effective for some but not all
- some staff acknowledged that although the Council was 'open, honest and fair in all we do' for residents and service users that this did not always apply for staff
- and many didn't think that senior managers were visible enough to provide the level and type of personal communication that they would find helpful (and reassuring).

This consequence of inconsistent management practices is that although a good number of staff appreciate working for Lewisham and feel valued, not all do and this weakens the ability of the Council to take all staff with it during a time of change. Many of the above points chime with findings from the most recent Talkback 2012 employee survey and reinforce the need for corrective actions.

These are important elements of communication, workforce planning and managing performance that are not applied consistently in all parts of the organisation. For example, there is a high level Framework for Engagement strategy 2013-2015 and an Annual Communications Plan but these are comparatively simplistic and could be more ambitious and reflect current best practice. For instance, they merge internal and external communications and seemed to the peer team to be insufficiently focused at a time of great change. The peer team felt that there would be benefit in separating these elements so that there is a dedicated focus for each.

## **Key Issues**

### **1. FINANCE**

The Council has an impressive record of savings during the public spending austerity programme with £93m savings over the five years 2010-11 to 2014-15. For this period the Council launched a Change and Save programme, involving staff and providing team development sessions and workshops to support this.

However, the challenge ahead continues with a further £85m savings required over the next three years (2015-16 to 2017-18). Although 95 per cent of the savings target of £20.9m for 2014-15 has been achieved there is still the remaining 5 per cent to be achieved in year.

A recent budget pressure has been the no recourse to public funds (NRPF) families. This work has led to a service overspend for 2013-14 and the Council is currently overspending at £5.4m but is coordinating work across four boroughs, with expenditure monitored by EMT, with the expectation that spend for the year will be contained within budget.

The Medium Term Financial Strategy (MTFS) sets out a number of areas from which major savings will be drawn, with targets for these, including shared services, health and social care integration and early intervention. There were differing views, and levels of confidence, within the Council as to whether these will deliver required savings. For example, the shared services option is targeted to deliver savings of £12m yet there is no detail on how this will be achieved and, in some quarters, reservations that this is achievable.

Despite the fresh approach initiated by the Lewisham Future Board, the 2015-16 budget savings approach is still largely departmentally and 'cuts' focused, although most of the savings required have been identified. This provides some leeway for the Council to prepare and adapt its approach for 2016-17, which will need to be driven by sharper priorities and greater risk appetite. This will also require a greater emphasis on cross-cutting and thematic savings, if the scale of reductions and the relevance of the Council's spend of its remaining funding is to be optimised.

Specific capacity to drive the change required is not adequate to meet the challenge the Council faces. This will need a good understanding within the Council of the service and corporate capacity and competency to support such reviews commissioned by the Lewisham Future Board. Corporate capacity is limited to two officers, which to the team appears insufficient, while there seems to be a mixed picture of how successfully the Council was identifying and providing training and development in the skills/competencies to support change. The Council should give consideration to bringing in additional support to drive the extent of transformation required, as well as ensuring that responsibility, capacity and competencies for transformation are shared and spread more widely amongst the body of staff (and not seen to be just located in the corporate team).

## **2. GOVERNANCE**

The Mayor is highly respected and valued within the Council and the community. This provides an important focus and authority that can be used to address the number of critical issues faced by the Council. This could be used beneficially to set the agenda for: savings, new forms of service delivery and partnership engagement; recasting community leadership and engagement and discussing the future form of the Council to serve the community.

Related to this are the Council's governance structures that were designed and established at a very different time to that which local government now finds itself. The world has changed greatly since the mayoral model was introduced in 2002 and there would be benefit to review these arrangements so that the council can satisfy itself that the potential of all Councillors as community leaders is fully harnessed, within the context of the future Council.

Local Assemblies are held in affection by those involved and they are considered to have provided an important means for the Council to engage with local communities, social enterprises and the voluntary sector. The disbursement of the £15,000 of allocated funding devolved to each of the 18 Assemblies is a means of promoting community engagement and partnership activity.

The peer team recommends that it is timely for the Council to review its approach to community engagement, to ensure maximum effectiveness, impact and value for money. For example, the Council acknowledges that it needs to catch up with the community adoption of digital technologies and the extended development of information technology to support 'channel shift', new ways of working and community engagement.

## **ISSUES FOR CONSIDERATION**

As agreed with you on-site, we have collated a number of issues arising from the peer challenge into some firm and quite specific issues for your consideration. These fall, almost by default, into the categories of 'Leadership', 'Governance' and 'Management' and are intended to act as prompts for action by the Council, in pursuit of continued Council development and success.

## **LEADERSHIP**

Residents, staff, elected councillors and partners would value greater clarity and communication about the future direction of Lewisham and the role(s) of the Council. This is not to close off strategic intuition, that is a feature of organisations moving through change, but to set out in more detail the approaches that might underpin future working, for example increased social entrepreneurship in service delivery, greater community involvement in supporting children's and adults services, speeded up progression of health and social care integration etc. The team suggests that the Council, at the same time, sets out how the other 150 core Council services will look different to the way they do now but how they will continue to serve residents and communities in new ways.

Given the significant and highly regarded personal position of the Mayor it would be helpful to restate his commitment, in relation to the challenges the Council and Lewisham faces and the journey it is on, as the next phase of Lewisham Council is being defined.

This letter has mentioned that the savings for 2015-16 have been largely achieved. This provides an important opportunity to use the next 12 months to plan, prepare and initiate an evolutionary (as opposed to revolutionary) programme of change, building on the foundations and successes to date. This will be an important platform to support shaping the future Council.

It will be important for the Council to be alert, proactive and agile in response to opportunities that might be developed around Combined Authorities and increased devolution to London councils.

## **GOVERNANCE/ENGAGEMENT**

Review the governance arrangements between the Mayor, Cabinet Members and Scrutiny Committees, to respond to the new and future political and financial environment.

Ensure a greater focus on place, as opposed to Council and/or budget savings, when determining priorities and budgets. It will be essential that the role and relevance of the Future Council is evident to all and not seen as simply managing decline.

Reconsider the Local Assemblies having regard to the changing nature of the relationship between residents and the Council.

Develop, clarify and support Councillors in their role as local community leaders.

Adopt an asset-based and capacity building approach to work with voluntary organisations to shift the relationship and reduce dependency over time.

Adopt a more proactive and co-ordinated approach to community capacity building, supported by a personal commitment from Mayor and Chief Executive.

## **MANAGEMENT/CAPACITY BUILDING**

Communicate more innovatively, assertively and consistently throughout the organisation, the community and with partners.

Invest in capacity to drive the Lewisham Future Board programme, service transformation and wider change across the Council.

Move beyond 'service redesign' to resident-centred innovation and transformation.

Ensure greater consistency of management of staff.

As positive are the Council staff working relations the peer team were told that underperformance of some was tolerated and that this can cause ill will. The

Council should adopt a more robust approach to managing underperforming individuals.

Ensure that senior officers model the behaviours and changes, required arising from the soon to be introduced Balanced Scorecard approach, to their appraisals; to lead and drive those changes through the organisation.

### **Next steps**

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership before determining how the council wishes to take things forward.

As part of the peer challenge process, there is an offer of continued activity to support this. The LGA's Principal Adviser will be pleased to work with the council to address any and all of the other issues mentioned in the letter.

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. Heather Wills, Principal Adviser is the main contact between your authority and the Local Government Association. Heather can be contacted via email at [heather.wills@local.gov.uk](mailto:heather.wills@local.gov.uk) (or tel. 07770 701188) and is willing to help the council address any and all issues mentioned in the letter and can provide access to our resources and any further support.

In the meantime, all of us connected with the peer challenge would like to wish you every success going forward. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

Yours sincerely

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On behalf of the peer challenge team:

- Michael Coughlin, Executive Director for Workforce, Leadership and Productivity, Local Government Association
- Councillor Claire Kober, Leader, London Borough of Haringey (Labour)
- Max Wide, Strategic Director of Business Change, Bristol City Council
- Joanna Sumner, Assistant Chief Executive, London Borough of Hackney

- Lisa Williams, Programme Support Officer, Improvement Support, Local Government Association (shadowing role)
- Andrew Winfield, Peer Challenge Manager, Local Government Association

## Appendix B: LGA 'Peer Challenge' action plan

| Ref | Area for action   | Lead  | Deadline for completion |
|-----|---|---|-------------------------|
| 1.  | Set out how Council services will look different to the way they do now and how they will continue to serve residents and communities in new ways.  | Lewisham Future Programme Board (LFPB) report to Mayor & Cabinet/ Overview & Scrutiny | April/ May 2015         |
| 2.  | Communicate more innovatively, assertively and consistently throughout the organisation, the community and with partners.   | LFPB  | April 2015              |
| 3.  | Invest in capacity to drive the Lewisham Future Board programme, service transformation and wider change across the Council.  | LFPB  | April 2015              |
| 4.  | Ensure greater consistency of management of staff and adopt a more robust approach to managing underperforming individuals.   | LFPB  | April 2015              |
| 5.  | Ensure that senior officers model the behaviours and changes, required arising from the soon to be introduced Balanced Scorecard approach, to their appraisals; to lead and drive those changes through the organisation. | LFPB  | April 2015              |
| 6.  | Restate the commitment of the Mayor, in relation to the challenges the Council and Lewisham faces.  | Mayor of Lewisham   | Mayor's AGM             |
| 7.  | Use the next 12 months to plan, prepare and initiate an evolutionary programme of change, building on the foundations and successes to date.  | LFPB report to Mayor & Cabinet/ Overview & Scrutiny                                   | October 2015            |

| <b>Ref</b> | <b>Area for action</b>   | <b>Lead</b>   | <b>Deadline for completion</b> |
|------------|--|---|--------------------------------|
| 8.         | Remain alert, proactive and agile in response to opportunities that might be developed around Combined Authorities and increased devolution to councils in London.   | LFPB report to Mayor & Cabinet                                    | October 2015                   |
| 9.         | Review the governance arrangements between the Mayor, Cabinet Members and Scrutiny Committees, to respond to the new and future political and financial environment.   | Mayor & Cabinet/ Overview and Scrutiny                            |                                |
| 10.        | Ensure a greater focus on place, as opposed to Council and/or budget savings, when determining priorities and budgets. Ensure that the role and relevance of the Future Council is evident to all and not seen as simply managing decline. | Mayor & Cabinet   | October 2015                   |
| 11.        | Reconsider Local Assemblies having regard to the changing nature of the relationship between residents and the Council.  | Mayor and Council   |                                |
| 12.        | Develop, clarify and support Councillors in their role as local community leaders.   | Council (as part of a review of the Member Development Programme) | October 2015                   |
| 13.        | Adopt an asset-based and capacity building approach to work with voluntary organisations to shift the relationship and reduce dependency over time.  | LFPB report to Mayor & Cabinet/ Overview & Scrutiny               | October 2015                   |
| 14.        | Adopt a more proactive and co-ordinated approach to community capacity building.   | LFPB report to Mayor & Cabinet/ Overview & Scrutiny               | October 2015                   |

| Ref | Area for action   | Lead | Deadline for completion |
|-----|---|------|-------------------------|
| 15. | Move beyond 'service redesign' to resident-centred innovation and transformation. | LFPB | January 2016            |