

Corporate Peer Challenge **London Borough of Tower Hamlets**

19th – 22nd June 2018

Feedback Report

Final

1. Executive Summary

Following an independent inspection in April 2014 London Borough of Tower Hamlets was placed under Best Value Directions by the Secretary of State (SoS) for what is now the Ministry of Housing, Communities and Local Government (MHCLG) in December 2014. The Directions included the appointment of three Commissioners with decision making powers in the areas of Grants, Procurement, Property, Election and Communication. The Council developed a Best Value Strategy and action plans with 205 activities to deliver improvements across these areas. This, alongside effective engagement with the Commissioners and MHCLG, led to the transitional return of power to the Council with full control being given back and removal of the original Directions and departure of the Commissioners confirmed in March 2017. The Council was issued with revised Directions which will be in force until 30th September 2018.

One of the requirements was to set up an independent review of achievement against the Best Value Action Plans and Best Value Improvement Plan 2017-18 to be submitted to the SoS by 1st August 2018. To deliver this the Council asked the Local Government Association to run a Corporate Peer Challenge at the Council from 19th to 22nd June 2018. The LGA Peer Challenge Team were asked to review the following:

1. How the Council adequately addressed the directions issued by MHCLG and the expectations of the departed Commissioners
2. Whether the Council is adequately addressing its chosen priorities and delivering continued improvements to local residents and businesses?
3. Whether the Council is identifying key challenges and setting realistic and ambitious targets for the future?

In response to the scope questions put to the Peer Challenge Team, and having reviewed the work of the Council, the Peer Challenge Team can confirm as follows:

1. The directions from MHCLG and the expectations of the departed Commissioners were to consider improvement in the areas of: Grants, Procurement, Property, Election and Communication and Culture. In summary the peer team believe that there have been significant improvements in all of the areas identified. Explanatory comments are provided in detail in the report.

Of particular note is the obligation placed on the Council by MHCLG to address the concerns over the culture of the Council that initially led to the need for direct government oversight. In response, the Council has changed and improved the culture of the organisation through the hard work and commitment of Members and officers throughout the organisation. New values have been created and there is a concerted effort to publicise these and embed them in the systems of the Council to ensure new behaviours and ways of working are sustained over time. There is a clear recognition this has been driven by the leadership from the Mayor and Chief Executive who have set a new moral compass for the Council. A key example of this cultural shift is the Chief Executive, Will Tuckley's Roadshows for staff, with the support of other members of the Corporate Leadership Team, where the TOWER values are outlined and discussed with groups of staff. The staff positively welcome this method of engagement with them by the senior

leadership team. There is evidence of positive relationships between Members and senior officers where relevant issues are discussed in a collaborative manner and appropriate styles of challenge used.

2. The Council's set priorities were adopted from the Mayor's Manifesto following his re-election in May 2018. These priorities are now being incorporated in a refreshed Strategic Plan that the Council is working to achieve through a detailed Delivery Plan. It was clear to the peer team that the staff understand the Mayor's priorities and there is a developing awareness of their role in achieving them. From a position where partners were very reluctant to engage with the Council there is now a willingness to talk, and to develop partnership working with the Partnership Executive Group comprising all key stakeholders being chaired by the Mayor. However, aspirations that are made clear at a senior level within the Council and with partners need to be further implemented throughout the Council through heads of service, middle managers, team leaders and with all frontline staff. As this develops all concerned will be able to point to clearly achieved outcomes as the strategic intent is being delivered. If the Council continues to deliver its strategic plans there can be optimism that residents and businesses will benefit from these improvements.

3. The Council clearly understands its population, their needs and the challenges in addressing those needs. These are reflected in the revised Strategic Plan and in its improvement work. There is a Medium Term Financial Plan and the Council is prioritising a 10 year Capital Investment Strategy to help deliver its plan, and has adopted an Outcomes Based Budgeting approach to delivering efficiencies. There are good examples of the Council addressing residents and business needs holistically, such as the joint commissioning and integration between adult social care and health which have made a good start. As the Council increases in confidence it should ensure that targets for delivery are stretching. The issue for the Council, its staff and partners is not the identification or setting of the targets themselves, but the Council's approach to resourcing and delivering targets at pace. This is its immediate and future challenge and pace is critical to their early success.

Having covered the three questions of the Council's scope, there are other areas that the peer team identified which need strengthening, as with any other council involved in a corporate peer challenge. The Council needs to increase the pace of decision-making. It needs to be more forward looking and confident in addressing the barriers to sustainable change and in streamlining its decision making and governance. In order to correct past failings the Council rightly needed to put in place detailed decision-making and vetting processes (for instance in grant making and monitoring). The Council should gradually move to a more proportionate and risk-based approach with a strong use of internal audit to scrutinise compliance. The Council needs to modernise its HR practices so that they support organisational change and the Council should continue with the changes to ICT systems at pace as the current situation is hindering effective and modern ways of working.

To ensure that the Council moves forward quickly, there also needs to be an unrelenting focus on the areas of failure including those identified by Ofsted in Children's Services. The Council should maximise the potential, ability and enthusiasm of all Members, especially the large number of newly elected Members who come with knowledge, skills and experiences that the Council can identify and fully utilise in the decision-making and scrutiny processes. The Council needs to ensure that the whole Member cohort

understands, values and demonstrates good governance and behaviour. There is also the opportunity to further break down silos within the Council, and embed cross organisational working, and continue to promote, cascade and embed behavioural and cultural change by engaging the whole organisation. Other areas of focus that requires urgent attention includes the reform of services that are still perceived to be traditional and paternalistic in their approach, and where there may be opportunities for making savings too through efficient ways of working. It is also important to maximise the advantages of the Council's financial standing whilst instilling more robust financial discipline and delivery of efficiency and value for money.

The peer challenge team found Tower Hamlets to be a truly diverse and vibrant community with a rich heritage which has huge opportunities and potential. The Council is very fortunate to be in a healthy financial position and has an enviable asset base with the support of strong partners, and there is significant potential to invest and innovate. The task of the Council is to grasp these opportunities for all the people of the Borough.

2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations held on-site. Many of the suggestions were examples of best practice from other organisations. The following are the peer team's key recommendations to the Council:

- The Council now needs to grasp opportunities and drive the pace of change to achieve the potential of the place
- Be forward looking and learn the lessons of the past but not be fettered by them
- Be confident and bold about the Council's ability to be normal and even strive for excellence, review its risk appetite and take account of the role of Internal Audit in managing this
- Increase the pace of decision-making and implementation by removing bad bureaucracy whilst retaining good governance
- Address the barriers to sustainable change such as the over-use of interims and agency staff, some of the practices of the Human Resources department and the problems with the ICT systems
- There needs to be an unrelenting focus on the previous areas of failure including Children's Services
- Reform the services that are still traditional and paternalistic
- Maximise the potential, ability and enthusiasm of all Members
- Further break down silos and embed cross organisational working
- Continue to promote, cascade and embed behavioural and cultural change by engaging the whole organisation
- Maximise the advantages of the Council's financial standing whilst instilling more robust financial discipline and delivery of efficiency and value for money

3. Summary of the Peer Challenge approach

The peer team

Peer challenges are delivered by experienced elected Member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at the London Borough of Tower Hamlets were:

- **Mary Ney**, LGA Associate, ex-Chief Executive of the Royal Borough of Greenwich, Lead Commissioner Rotherham MBC and Non-Executive Director Ministry of Housing, Communities and Local Government
- **Ros Jones**, Mayor of Doncaster Metropolitan Borough Council
- **Kevin Davis**, Leader of the Opposition, Royal Borough of Kingston upon Thames
- **Robert Tinlin**, LGA Associate, most recently Chief Executive, Southend-on-Sea Borough Council
- **Gifty Edila**, LGA Associate, most recently Corporate Director of Legal, HR and Regulatory Services, London Borough of Hackney
- **Mark Bradbury**, Associate Director, Capital Assets, Southampton City Council
- **Marcus Coulson**, Programme Manager, Local Government Association

Context

Following an independent inspection in April 2014 London Borough of Tower Hamlets was placed under Best Value Directions by the Secretary of State (SoS) for what is now the Ministry of Housing, Communities and Local Government (MHCLG) in December 2014. The Directions included the appointment of three Commissioners with decision making powers in the areas of Grants, Procurement, Property, Election and Communication. The Council developed a Best Value Strategy and action plans with 205 activities to deliver improvements across these areas. This, alongside effective engagement with the Commissioners and MHCLG, led to the transitional return of power to the Council with full control being given back and removal of the original Directions and Commissioners confirmed in March 2017. The Council was issued with revised Directions which will be in force until 30th September 2018. One of the requirements was to set up an independent review of achievement against the Best Value Action Plans and Best Value Improvement Plan 2017-18 to be submitted to the SoS by 1st August 2018. To deliver this the Council asked the Local Government Association to run a Corporate Peer Challenge at the Council from 19th to 22nd June 2018.

Scope and focus

The London Borough of Tower Hamlets outlined three questions that are outlined below that they asked the peer challenge team to consider and provide feedback on. These

are mindful of the directions from the Ministry of Housing, Communities and Local Government (MHCLG) and their progress towards achieving them.

The Council would like the LGA Peer Challenge Team to review the following:

- **To explore how the Council adequately addressed the directions issued by MHCLG and the expectations of the departed Commissioners**
- **To review if the Council is adequately addressing its chosen priorities and are these delivering continued improvement to local residents and businesses?**
- **Is the Council identifying key challenges and setting realistic yet ambitious targets for the future?**

The peer team also considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:

1. **Understanding of the local place and priority setting:** Does the Council understand its local context and place and use that to inform a clear vision and set of priorities?
2. **Leadership of place:** Does the Council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. **Organisational leadership and governance:** Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. **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?
5. **Capacity to deliver:** Is organisational capacity aligned with priorities and does the Council influence, enable and leverage external capacity to focus on agreed outcomes?

The feedback to the Council from the Peer Challenge Team delivers a number of key messages, answers to the three scope questions above and also comments on the five core questions for CPCs. The answers to the first scope question refer explicitly to the directions issued by MHCLG.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to

complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it faces. The team then spent four days on-site at Tower Hamlets, during which they:

- Spoke to more than 186 people including a range of Council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 44 meetings, visits to key sites in the area and conducted additional research and reading.
- Collectively the peer team spent more than 245 hours to determine their findings – the equivalent of one person spending more than 8 weeks in Tower Hamlets.

The peer challenge team would like to thank councillors, staff, people who use services, and partners for their open and constructive responses during the challenge process. All information collected was on a non-attributable basis. The team was made to feel very welcome and would especially like to thank Sharon Godman, Divisional Director Strategy, Policy and Performance and the team of Afazul Haque, Daniel Kerr, Amina Ummeay, Shibbir Ahmed, Onyekachi Nosiri, Susie Quinn and Rosy Wilkie for their invaluable assistance and excellent onsite support to the team in planning and undertaking this peer challenge.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team on the last day of the on-site visit on 19th–22nd June 2018. In presenting feedback they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things the Council is already addressing and progressing.

4. Feedback

4.1 Key Messages from the Peer Challenge Team

The peer team gave the London Borough of Tower Hamlets feedback on some key messages that they need to address. Other feedback follows on the three areas of the scope and the five core questions used in every LGA Corporate Peer Challenge. Before this is outlined it is worth noting that the peer challenge process is based on being critical friends to the client and that information is collected on a non-attributable basis to encourage participants to be open and honest in their conversations with the peer team. It is also run on the basis of there being 'no surprises'. Therefore daily update meetings are held between the client and the peer team. In these meetings it was evident that at no time during these conversations was anything raised by the peer team a surprise or was unknown to the Mayor and Chief Executive. This suggests a high degree self-awareness of their strengths as well as the issues and challenges in the Borough. The peer team saw this self-awareness as a significant strength and gives reassurance.

The Council has been directed by MHCLG to address the culture of the organisation that led to the need for direct government oversight. As a result, the Council has changed and improved the culture of the organisation through the hard work and commitment of Members and officers. New values have been created and there is concerted effort to publicise these and embed them in the systems of the Council to ensure new behaviours and ways of working are sustained over time. There is a clear recognition that this has been driven by the leadership from the Mayor and Chief Executive who have set a new moral compass for the organisation. Will Tuckley, the Chief Executive, runs staff Roadshows with other members of the Corporate Leadership Team where the TOWER values are outlined and discussed with groups of staff. Staff welcomed this open and transparent style of engagement. There are positive relationships between Members and senior officers where relevant issues are discussed in a collaborative manner and there is evidence of appropriate styles of challenge being used.

The Young Mayor and his Deputies is a positive initiative bringing youth views to Council decision-making through participation in Cabinet, interview panels, the Health and Wellbeing Board and Scrutiny. The Young Mayor has chosen to use his delegated budget for work on such issues as safeguarding children, tackling knife crime and funding Youth Council events.

Many of the partners with whom the peer team had contact with spoke of good working relationships with the Council. Having initially started from a position where partners were very reluctant to engage with the Council under its previous Administration there is now a willingness to talk and to develop partnership working. As a result, partners are very interested in strengthening partnership working, are optimistic for the future and for the well supported Partnership Executive Group comprising all key stakeholders which is chaired by the Mayor. The Corporate Leadership Team understand that staff look to them to show leadership by demonstrating the TOWER values and staff now appreciate the open and positive culture that the senior leadership are championing.

Tower Hamlets is a diverse and vibrant community with a rich heritage which has huge potential and opportunities. The Council is very fortunate to have a healthy financial position, an enviable asset base, the support of strong partners and significant potential to invest and innovate.

The Council is on a positive trajectory and now needs to grasp this opportunity and drive the pace of change to achieve the potential of the place. To do this it needs to be forward looking and learn the lessons of the past but not be fettered by them. The Council, in everything it does, needs to be confident and bold about its ability to be normal and even strive for excellence in some areas of its aspirations. To correct past failures the Council rightly needed to put in place detailed decision making and vetting processes but it should gradually move to a more proportionate and risk based approach but with a strong Internal Audit capability which is valued and complied with.

The Council also needs to increase the pace of decision-making and implementation by removing the bad bureaucracy of which it is aware, whilst retaining good governance including conducting essential audits within the organisation. This can be achieved by addressing the barriers to sustainable change such the cumbersome HR practices, over use of interims and agency staff and continue to make changes to the unreliable ICT systems.

To ensure the Council moves forward there also needs to be an unrelenting focus on the previous areas of failure including those identified by Ofsted in Children's Services. Whilst the recent feedback from Ofsted is encouraging, the Council cannot afford complacency and has much to do to ensure that improved practice is thoroughly embedded and sustained in day to day working across all teams. It has challenges to reduce the numbers of agency social work staff and ensure the relentless focus on improvement is maintained at all levels"

There is a need to maximise the potential, experience, ability and enthusiasm of all Members, especially the large number of newly elected Members. There is an opportunity to further break down silos and embed cross organisational working and to continue to promote, cascade and embed behavioural and cultural change by engaging the whole organisation. For example, the Council can increase the visibility of its senior officers by encouraging them to 'walk the floor' more often and engage directly with staff. Other areas to focus on include the reform of services that are perceived to be traditional and paternalistic which also provides the opportunity for savings to be realised. It is also important to maximise the advantages of the Council's healthy financial standing whilst instilling more robust financial discipline and delivery of efficiency and value for money.

The Peer Challenge Team's response to the three scope questions set by LB Tower Hamlets

4.2 To explore how the Council adequately addressed the directions issued by MHCLG and the expectations of the departed Commissioners

The Council has been on an extensive improvement journey since 2014 when Commissioners were brought in by the SoS for MHCLG. These positive changes were evidenced by the return of decision making powers in March 2017. The directions from

MHCLG and the expectations of the departed Commissioners were to consider improvement in the areas of: Elections, Property, Procurement, Grants, Communications and Culture. The peer team therefore address these issues as follows.

Elections

The Returning Officer has successfully delivered six elections since 2014, built strong partnership arrangements with the Electoral Commission and the Metropolitan Police and has shown an ability to plan well for different eventualities. Greater experience has been brought into the election team and there are plans for further improvements to these overall arrangements. Electoral processes are now perceived as sound but continue to require robust management and communications to counter residual negative perceptions.

Property

There has been progress on regularising the management of the property portfolio. There is now the need to further develop the Asset Management Strategy to ensure the Council optimises benefit against strategic priorities.

Procurement

Considerable work has been done to ensure good governance and accountability in procurement processes. However, there is scope to streamline and speed up the decision-making process without jeopardising due process.

Grants

The Council has implemented a more robust and transparent process for decision-making and scrutiny. It has put into place improved administrative and monitoring arrangements and it now needs to enhance the role of Internal Audit in moving to a more proportionate risk-based approach. The priority is to move to commissioning and to improve trust, communication and support to the voluntary sector in achieving that transition.

Communications

The Council has a clear strategic approach which is driving internal communications and the approach to digital. However, the approach to external communications needs further development to make it relevant to Tower Hamlets the place, the Council's aspirations for the Borough and the role of Members as ambassadors.

Culture

The Mayor and the Chief Executive have set a new moral compass for the organisation. The Council has established a number of programmes to change the behaviours and culture of the organisation. Examples of these are the TOWER Values and the Chief Executive's staff Roadshows where the more open and listening style demonstrated is appreciated by staff. It is crucial that Members share and promote these values and that they are cascaded throughout the Council. A strengthened HR function will assist in driving organisational change.

4.3 To review if the Council is adequately addressing its chosen priorities and are these delivering continued improvement to local residents and businesses?

The Council's priorities are clearly stated in its Strategic Plan published after the May 2018 elections and developed from the Mayor's 2018 election Manifesto. These are now being incorporated in a refreshed Strategic Plan that the Council is working to achieve through a detailed Delivery Plan. The peer team saw evidence that the staff understand the Mayor's priorities and there is a developing awareness of their role in achieving them. From a position where partners were very reluctant to engage with the Council there is now a willingness to talk, and to develop partnership working and the Partnership Executive Group comprising all key stakeholders is chaired by the Mayor. However, aspirations that are made clear at a senior level within the Council and with partners need to be further implemented throughout the Council through heads of service, middle managers, team leaders and with all frontline staff. As this develops all concerned will be able to point to clearly achieved outcomes as the strategic intent is being delivered. If the Council continues to deliver its strategic plans there can be optimism that residents and businesses will benefit from these improvements.

4.4 Is the council identifying key challenges and setting realistic yet ambitious targets for the future?

The Council clearly understands its population, their needs and the challenges in addressing them. These are reflected in the Council's revised Strategic Plan and in its improvement work. There is a Medium Term Financial Plan and the Council is prioritising a 10 year Capital Investment Strategy to achieve its priorities and has also adopted an Outcomes Based Budgeting approach to delivering efficiencies. There are examples of the Council addressing needs holistically such as the joint commissioning and integration between adult social care and health which have made a good start. As the Council increases in confidence it should ensure that targets for delivery are stretching. The issue for the Council, its staff and partners is not the identification or setting of the targets themselves but the Council's approach to resourcing and delivering targets at pace. This is its immediate and future challenge.

The Peer Challenge Team's comments under the five core questions used by all LGA Corporate Peer Challenges

4.5 Understanding of the local place and priority setting

The Council's priorities are clearly stated in its Strategic Plan based on the Mayor's 2018 election Manifesto. These priorities are now being incorporated in a refreshed Strategic Plan that the Council is working to achieve through a detailed Delivery Plan that focuses on the areas of People, Place and Organisation. The Council clearly understands its population, their needs and the challenges in addressing them. The approach is reflected in the revised Strategic Plan and in its improvement work. There was evidence of the Council understanding how plans were seeking to address the

issues of the present and future population, the levels and location of employment patterns and how this links to the health and wellbeing profile of the Borough.

There is a Medium Term Financial Plan and the Council is prioritising a 10 year Capital Investment Strategy to deliver its stated goals. The Mayor and Chief Executive recognise that the crisis of the past has been dealt with and relationships between Members and senior officers are now good; that Corporate Leadership Team is stable and the future focus needs to be on consolidating this position and working towards being more outcome focused, both at a senior level and with partners and through the Council to frontline staff.

The areas of improvement that are presently required include the need for the Council to continue to tackle the School Place Planning issues and thereby address the concerns of some children having to travel some distance to school and deliver the Sufficiency Strategy in Children's Services. As we have commented Tower Hamlets has a rich diversity of cultures and faiths and in this context the Council needs to be clearer about how it responds to issues of faith and the Council's role in supporting faith and cultural practice. An example is the growing need for places of worship which may take up space in community facilities which already experience high demand and therefore impact on use by others. As its population grows and diversifies the Council needs to plan for these needs. It is also important that the Council develops a Growth/Economic Development Strategy that delivers the priorities of the place and this is addressed further in the next section.

4.6 Leadership of Place

The Mayor of the London Borough of Tower Hamlets John Biggs was re-elected to office in the May 2018 Mayoral election. In addition the local council election also held in May 2018, the Labour party gained 42 of the 45 seats and the Conservative party gained 2 seats, with another independent candidate elected. The Mayor is providing visible leadership and his Manifesto sets out his priorities for the place. There is stability at the top of the organisation both politically for the next four years and in the Corporate Leadership Team who are also working well together. The Mayor recognises the opportunities and the challenges of such a large political majority and he and his senior colleagues are alive to the need to foster sound scrutiny, from both the small number of opposition councillors and from within the majority Labour group.

The Council recognises the value of involving young people in decisions that affect them. All young people who live, work or study in Tower Hamlets can apply to be a part of the Youth Council, Young Mayor Programme and No Place for Hate initiative. The voice of young people is being heard through the Young Mayor and the Youth Council. The Young Mayor and his Deputy bring youth views to Council decision-making through Cabinet, interview panels, the Health and Wellbeing Board and Scrutiny. The Young Mayor has chosen to use his delegated budget for work on safeguarding children and tackling knife crime and funding Youth Council events.

The Council is being bold in pursuing a vision for Whitechapel with an agreed Master Plan and through this it demonstrates the power to be a catalyst for regeneration. As stated above in this report, partners are now willing to talk to the Council and this

partnership working is strengthening and focusing on the key concerns of residents. As emphasised throughout this report, a key challenge for the Council is to focus on achieving its set priorities on the ground and at pace. Some examples of ongoing partnerships drawn to the attention of the peer team are the Anti-poverty Action Plan which is a cross cutting initiative making good use of partnerships as well as the Safer Neighbourhood Forums that are bringing together relevant public bodies and local people enabling them to focus on areas of concern.

The Council needs to develop a Growth and Economic Development Strategy which should capitalise on the assets of the place and the needs of local people and businesses rather than being spatial planning led. This should consider, amongst other things the development of the visitor economy and the full use of the really significant heritage in the Borough such as The Tower of London, Tower Bridge, Brick Lane, Victoria Park and the historic markets. The Strategy should build on the relationships and opportunities that can be developed further, including businesses in Canary Wharf and the surrounding areas as well as with world class Higher Education and teaching hospital facilities. All these are significant assets that can be engaged with and used more fully by the Council to promote pride in the place, address issues of place branding and ensure the thriving local economy brings benefits to all residents. In pursuing community cohesion and harmony it is important that the Council addresses the issues of poverty and disparity of opportunity within the Borough.

4.7 Organisational leadership and governance

As has been mentioned elsewhere in this report, but it bears repeating, political and officer leadership is strong in the Council and is providing visible direction with the benefits of a four-year term. The political leadership embraces the need for succession planning in its development of councillors, levels of delegation and decision making in Cabinet. This will promote a positive future characterised by effective leadership that ensures a wide cohort of Members value and demonstrate good governance. The leadership also appreciates the benefits of the engagement of back bench Members on Scrutiny and Council Committees. The Mayor recognises the need for challenge given the political make-up of the Council is now 42 Labour Councillors out of 45 and the importance of the Scrutiny function and has extended a standing invitation to the Opposition Leader to attend Cabinet meetings. This demonstrates a thoughtful and open approach.

The Council recognises the clear need to change and embed a new organisational culture. In September 2017 after extensive staff engagement an active programme centred on the TOWER Values (Together, Open, Willing, Excellent, Respect) was launched. As well as an annual staff conference and staff awards presentation the values are key to the Chief Executive's Roadshows where they are discussed and considered by staff. The Council is looking to embed them in the annual Personal Development Review procedures and they will form an integral part of the staff recruitment processes, team meetings and action plans. There are also regular senior management development conferences and senior leadership team meetings to develop policies, services and drive delivery across the organisation. The Council has retained the Silver Investors in People (IiP) award, with clear support and recognition of

the change process by the liP assessor, and were the second council nationally to achieve the 'Excellent' rating for the Equality Framework for Local Government (EFLG).

Cabinet Members are active and involved in their portfolios and a number of thematic boards exist that are co-chaired by Cabinet Members and senior representatives from partner organisations. The political leadership also understands the importance of the need to focus on Children's Social Care and is addressing the issues of improvement. Governance has been strengthened by a review of the Constitution. This has also increased awareness of the importance of Members' declarations of interests. Further work is taking place to refresh the Scheme of Delegation supporting the Constitution, and also promotion of the Members' Code of Conduct by the Monitoring Officer. There is also ongoing work focusing on strengthening Legal Services' enabling role so it's not simply a regulator.

As a result of its recent past the Council is presently risk averse and it needs to review its risk appetite as part of improving the pace of decision-making and action to implement policy. As part of this cultural change, the Council needs to promote a more balanced and proportionate risk management approach to enable the Members and officers to become innovative, confident and ambitious for the Council, whilst still respecting and following good governance and Internal Audit recommendations. Comment has already been made on the scope for improvement within grant making, procurement and asset management.

The HR and Learning, Organisational and Cultural Development service has been reorganised to provide a greater focus on organisational and cultural development to lead the organisation through the transformation and embed new ways of working. However some of its practice needs transforming so that it is at the forefront of delivering change. This is recognised by the Mayor and Chief Executive who reflected on the need to make a strategic appointment that then addresses the issues in the required way. Whilst the peer team were on-site we heard about the previous attitude towards Internal Audit in the past where recommendations were not always complied with. It is now recognised that there is an opportunity for the role of Internal Audit to be valued and have greater credence and the recommendations from these audits to be taken seriously and implemented promptly. An example is the audits of Children's Social Care in 2016/17 which raised concerns about looked after children processes which were then not addressed promptly.

4.8 Capacity to deliver

The Council now has a stable senior political and officer leadership with a four-year term with clear political commitments to deliver. There is sound evidence of improved working with partners who are now willing to positively engage with the Council. The work of the Best Value Improvement Board has progressed well and addressed the issues in the original Directions. The peer team were made aware of the Council's strong financial standing which is available to support delivery of the Mayor's priorities and there was evidence that the Council is very willing to learn from a number of other organisations through visits and engagement with, amongst others; Leeds, Redbridge, Croydon and Hackney Councils on a range of issues as well as significant contacts with Lincolnshire and Islington Councils who are Children's Services practise partners.

There was also evidence that advice was taken from Greenwich Council and Greenwich CCG on how to establish joint working arrangements between Tower Hamlets CCG and Adult Social Care. Furthermore, new housing companies have been formed to deliver housing need together with a review of the Arm's Length Management Organisation (ALMO) to ensure it is delivering in the manner required.

The Council is in an improved position when compared to the recent past. However there is a need to pick up the pace of improvement in behavioural and organisational change or the Council will fail to deliver on its priorities and could regress. A sense of urgency is key to change and it was very evident to the peer team that this is crucial to future success. The Council needs to address its propensity to focus on process rather than action and review its risk appetite as referred to above. Both IT systems and HR practice function needs to be transformed and the appointment of a new Director of HR is critical to this.

Relationships with the voluntary sector are improving but the Council needs to ensure it delivers on its promises and supports the sector as it moves from a grants-based approach to one of commissioning, which will be a challenging process.

The peer team wish to recognise the improvements in Children's Services led by the Children's Services Improvement Board (CSIB) chaired by Sir Alan Wood. There have been three Ofsted monitoring visits in July and December 2017, and May 2018. The findings from these visits indicate a positive trajectory of change including the very important finding from the December 2017 visit that "no children were identified as being at risk of immediate harm". The letter also stated that "A relentless focus by senior leaders on ensuring compliance with statutory requirements, such as visiting children at home, is starting to change the culture in children's services" which the peer team commends the Council on. However a key player in driving improvement will be leaving the Council and therefore there is a critical need to maintain focus on safe practice and judgements and to tackle the important issues to be addressed. A new permanent Divisional Director will be joining very shortly to replace the departing interim director and it is essential that he is supported to continue the current level of focus and trajectory of improvement. These are in the areas of staff recruitment and retention and the related issue of the reliance on agency staff to deliver expertise and the pace of change. There is also the continued need to ensure compliance with statutory requirements and the development of safe social work practice. As the service looks forward, it is important that the funding of the present improvement process and then being able to transition to a sustainable budget is achieved, whilst also ensuring there is a robust system of honest self-awareness and monitoring to sustain that improvement. Lastly there is the need for the senior leaders in the Council to consider the reputational risk that would occur of not achieving the stated ambition of 'Good' by April 2019 and how to manage the potential impact on staff motivation, the confidence of service users and partners and for ongoing recruitment.

Following the conclusion of the onsite peer challenge work the peer team were made aware of Sir Alan Wood's letter to the Secretary of State for Education dated 27 June 2018 reporting on the London Borough of Tower Hamlets Children's Services Improvement. The peer team see it raises no issues to impact on our own findings.

4.9 Financial planning and viability

The Elected Members of the Council are being engaged by using Outcome Based Budgeting which has enabled a wider understanding of the Council's financial position, the challenges and the opportunities. Financial control continues to improve with overspends identified early and relevant adjustments and any necessary funding being identified and provided. However, there is a need to also focus on financial discipline within departments so that they are meeting their spending forecasts and targets. The Medium Term Financial Plan and 10 year Corporate Capital Plan are in place but prioritisation needs to be developed alongside investment to ensure sustainability and alignment with the Council's priorities. The peer team recommend that an Asset Management Strategy is created that covers all of the assets of the Council. The community use of fixed assets, including the Community Hubs initiative needs to be better defined to ensure a transparent, coherent and fair use of these limited resources in the long term.

In the immediate history of the Council the focus of the organisation has been on a number of very public issues, culture and behaviours. The stability brought by the re-election of Mayor Biggs for a four-year term, with a clear political mandate and a majority party in the Council, coupled with a high level of self-awareness from senior leaders, and a stable Corporate Leadership Team puts the Council in a position where it has the capacity and the opportunity to have a stronger focus on efficiency and value for money in all departments as it drives change at pace.

5.0 Quotes from those with whom the peer team spoke.

In any peer challenge it is important to listen carefully to the variety of people we engage with on-site. Included here are a few quotes from some of the people the peer team met that eloquently describes some of the past, present and future of LB Tower Hamlets.

"Excellent member induction"

"We now live and breathe data and QA"

"We like the Chief Executive, he is open and accessible. You can talk to him"

"Need 'Welcome to Tower Hamlets' signage"

"It's now stable at the top. The Mayor is a decent and honourable man"

"Ofsted saw green shoots of improvement which needs to be sustained"

"Internal Audit was too low profile and seen as a 'tick box' with managers not taking actions seriously"

5. Next steps

Immediate next steps

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

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement, and we would be happy to discuss this. **Alan Finch, Principal Adviser** is the main contact between your authority and the Local Government Association. His contact details are, email: alan.finch@local.gov.uk, Telephone: 07786 331467.

In the meantime we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide signposting to examples of best practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

Follow up visit

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next two years.

Next Corporate Peer Challenge

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every four to five years. It is therefore anticipated that the Council will commission their next Peer Challenge before 2021.

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On behalf of the Corporate Peer Challenge Team.