

London Borough of Tower Hamlets Corporate Peer Challenge

Feedback from the peer challenge team

18 – 22 September 2023

22 September 2023

The purpose of peer challenge

Corporate Peer Challenge is a robust and rigorous assurance and improvement tool managed and delivered by the sector, for the sector. It is designed to complement and add value to a council's own performance and improvement focus.

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. The team provide feedback as critical friends, not as assessors, consultants or inspectors.

The peer challenge team

- Lead Peer: Carolyn Downs CB, Former Chief Executive, LB Brent
- Independent Member Peer: Cllr Jim McKenna, Cornwall Council
- Labour Member Peer: Sir Steve Bullock, Former Mayor, LB Lewisham
- Officer Peer: Mark Wynn, Executive Director of Resources, Lancashire County Council
- Officer Peer: Tasnim Shawkat, Director of Corporate Services, LB Bromley
- Officer Peer: Ben Mosley, Head of Corporate Engagement, Bristol City Council
- LGA Principal Adviser (regional improvement lead) Claire Hogan
- LGA Regional Adviser: Harry Parker

The process of peer challenge

- Peers reviewed a range of information to ensure we were familiar with the council, the challenges it is facing and its plans for the future
- The peer team gathered information and views from more than 75 meetings, in addition to further research
- We spoke to more than 175 people including a range of council staff together with members and external stakeholders

Scope and brief for the peer challenge

We have considered the core components looked at by all corporate peer challenges, namely:

1. Local priorities and outcomes
2. Organisational and place leadership
3. Governance and culture
4. Financial planning and management
5. Capacity for improvement

Overall messages and observations

- The council has a clear set of priorities which are widely understood by members, officers and partners. The Mayor, members and officers should be commended for the delivery against these election promises to date.
- There is an impressive sense of ambition, with evidence of good practice – and lots of great people!
- The council's communications strategy for both internal and external comms is impressive.
- The council has gone through a period of significant change: a new Administration, Chief Executive and move to new council offices. The organisation is still adjusting to those changes.
- The new Administration has brought a fresh impetus and energy with a strong desire for delivering manifesto commitments and prioritising Tower Hamlets residents.
- Officers are committed to delivering on the Mayor's priorities and to ensuring the best outcomes for the residents of Tower Hamlets.

Overall messages and observations

- It is positive that the council is developing three-year financial plans which will enable the investment in services and priority areas once completed. However, the strategic vision needs to be set and the MTFS should reflect that strategy.
- The creation of the external Transformation Advisory Board is a positive step - the Chief Executive should report improvement against this Corporate Peer Challenge to that board.
- There is evidence to show that the working practice with the Mayor's Office and the corporate centre is creating a bottleneck, resulting in delays to decision-making. The council should look to remove unnecessary bureaucracy whilst retaining good governance.
- Trust is an issue. It is clear to the peer team that there is mistrust from both members and officers, and this undermines the delivery of the Mayor's vision.
- There is evidence of some very positive relationships with external partners (and some less so).
- As it would be in any council, it is concerning to see that there is no female representation on cabinet. This impacts on the views that women have of the council.



- The council has delivered on many of the Mayor's manifesto commitments, e.g. free school meals for school-age children and EMA.
- The current Strategic Plan 2022 - 2026 reflects the Mayor's priorities. This plan is complimented by annual delivery plans. A longer-term strategic vision for the council is required which should be a collaborative exercise by the council involving the community and partners.
- Children's Good Ofsted (2019); the important focus remains on delivering safe and effective Children's services. The educational outcomes and youth provision are clear priorities for the administration.
- Priority of insourcing services such as leisure and Tower Hamlets Homes is well understood. This is both an opportunity and a challenge. Important to learn lessons from insourcing of waste and ensure sufficient capacity (e.g. HR, facilities and comms).

- The borough has a good record on building homes. The council has set very ambitious plans for house building e.g. 1,000 social rent homes each year for the next four years.
- Encouraging findings from the 2023 Residents' Survey e.g. all services show an improvement in satisfaction from service users compared to 2019.
- To assist with the focus on delivery of the council's priorities the council should enhance the existing performance framework, making better use of data to inform decision making and policy development. Consideration should be given to how the impact of decisions and priority areas is captured.
- Level of corporate and political capacity being directed to the council's priorities must not deflect from the delivery of business-as-usual activity.

- Staff are passionate about working for Tower Hamlets and understand the Mayor's agenda, his priorities and their role in its delivery.
- We have met some extremely committed and capable senior managers.
- The Mayor is seen as approachable by both officers and partners.
- Cabinet are enthusiastic and passionate about delivering the council's priorities.
- Staff appreciate the Chief Executive's roadshows and acknowledge that positive steps are starting to be taken to develop ideas to improve the organisation at all levels e.g. Innovation Month.

- The mistrust between members and officers is problematic. Both need to be communicating in an open and collaborative fashion with clear and established pathways to decision making.
- Significant level of churn at the senior management level. Considerable number of agency and interim staff. Vacancies in key positions which need high quality permanent appointments.
- There is a desire for senior managers to be more visible to frontline staff.
- Review the approach to the council's corporate forward plan to allow for stronger collaboration between the political and managerial leadership.
- The council invests huge amounts of resource into mayoral and member casework but there is frustration from many members that it is not meeting their needs. Not a criticism of staff who are working very hard wherever they are based in the council, but they too have expressed their frustrations.

- The Mayor is very visible in the community e.g. meeting with around 450 residents each month.
- There is a dedicated voluntary and community sector in Tower Hamlets.
- The members we have met are community champions which brings strength to the council.
- Statutory and health partnerships are strong. Health partners in particular have referenced the excellent working relationships that are in place with Adult Social Care. The impact of this can be demonstrated with the exemplary performance on DToCs.
- Some business partnerships are very strong, but space needs to be created on a regular basis to have more strategic conversations and wider engagement.
- The council's community safety work is considered "*sector leading*". And the partnership between the council and the police is highly valued by the police.
- Meetings which are organised with partners need to happen as planned in order to retain strong relationships.

- Governance is an area of great sensitivity for TH. There is evidence that the council want to get this right and it is understandable that control and decision making has been centralised. However, the council needs to achieve the right balance between control and timely decision making.
- It is very positive that the three statutory officers meet regularly to consider governance issues. This arrangement could be further strengthened by direct discussion with the head of internal audit.
- We have heard consistently there are ‘two councils’ in operation and this directly links to the issue of trust. Whilst priorities are being delivered it is detrimental to the delivery of the council’s wider business and needs to be addressed as a matter of urgency.
- Internal board structures need urgent review as bottlenecks have developed due to the expectation that the Mayor or Chief Executive have to have sight or sign off on all issues. This is not sustainable nor desirable.
- The council should consider best practice in relation to the chairing, membership and cross party working in and of key committees such as Overview and Scrutiny and Audit. And including Full Council. External training for these committees should be arranged.

- The council has conducted a comprehensive grant review process and a clear framework established for the implementation of the Mayor's Community Grants. Internal and external auditors have given assurances regarding the robustness of the processes. A similar process now needs to be established for the implementation of the Small Grants Programme and the Emergency Grants Fund
- Despite the new processes some third sector organisations do not feel they have been properly involved in the co-design effectively and as a result their confidence is low. This needs resolving and you have an opportunity to address this in development of the further grant programme design.
- In common with some other councils the annual accounts have not been signed off and as a result the annual governance statement (AGS) has also not been signed off. This needs addressing urgently as the AGS should be prepared and signed off regardless of the position regarding the accounts.
- The council statutory accounts from 2018/19 onwards remain unsigned due to an outstanding technical issue. Again, this needs addressing urgently.

- The majority of officers and members the peer team have spoken to have described a welcoming and friendly culture and are passionate about delivering quality services to the residents of the borough.
- Annual staff awards are well received, and the celebration of staff achievements is good to see.
- Unions report that to resolve issues they have to go direct to members. This is an unusual way for the unions and a council to interact and indicates that the relationship needs resetting.
- Some staff are feeling demotivated about the manner and use of language about the justifiable need to improve the pace of delivery. They perceive new governance arrangement as disempowering and frustrating their ability to deliver at the required pace. It's clear that the administration and staff want the same outcomes for residents and therefore it is imperative to build a relationship of trust both ways.



- EDI agenda is well supported and is valued as a recognised priority by the members, workforce and the community, particularly in the context of recognising and celebrating the diversity of Tower Hamlets.
- Your staff networks feel well supported by the council and particularly value the senior management sponsorship.
- We have heard from numerous sources that equal levels of respect need to be afforded to all members and officers regardless of gender or other protected characteristics.
- The council has a laudable ambition that its workforce and service provision reflects the diversity of the borough. It would be good practice for Overview & Scrutiny to be given responsibility for overseeing performance against this ambition..
- In order to deliver against this priority within the workforce there needs to be an understanding that this will take time and the council needs to consider investment in its own workforce through proactive talent management and associated development programmes

- Maximise the advantages of the current financial standing whilst retaining a robust financial discipline and delivery of efficiency and value for money.
- The council's financial position has improved due to changed financial assumptions on the timing of government changes to the business rates model. In this context a 3 year MTFS plan is being developed which is no more challenging than the challenges being faced by most other councils within the sector at present. Regular comparisons are undertaken with other London Boroughs.
- It is imperative that the council delivers on the savings assumptions contained within the MTFS and they release the funds for the growth plans across the Borough. Specific Governance has been put in place to identify, approve and deliver these savings
- The risk management framework needs further development and to be reviewed regularly. Corporate ownership is very important.

- There needs to be 'one narrative' about the financial picture facing the council and its coordinated response to delivering it aligned to the strategic plan, annual delivery plan and the workforce strategy i.e your transformation strategy
- Need to guard against a blurring of member and officer roles and responsibilities. For example, it is understandable members want to carry out deep dives into budget lines. However, this is not sustainable and can be damaging.
- The council should look to introduce standard contract terms and conditions for its contract awards.
- It is imperative that the development of the annual audit plan is representative of the key financial and governance risks fact in the council and is developed collaboratively between the internal audit team and senior managers within the council and signed of by audit committee
- An external review of the HRA is being undertaken to accommodate financial pressures associated with inflation, interest rates, stock condition and planned housing growth of 800 houses. The HRA review is reviewing all financial assumptions against affordability constraints. It is important the council has a clear view on the prudence of any changes to these assumptions and the associated borrowing costs on the HRA business plan. The council should review the external report when it arrives.

Capacity for improvement

- There is evidence that Tower Hamlets is a learning council e.g. Innovation Month and commitment to external reviews, peer challenge and the Transformation Advisory Board. As issues have been raised this week, the council is actively responding which is positive.
- There is a clear communications strategy to ensure residents and staff are well informed. Further work is needed to ensure the communications channels reach across the entire workforce.
- A member development programme is in place. There is a need to introduce dedicated training and support for lead members in their particular roles, such as Cabinet Members and committee chairs. Members have engaged in the sector training offer which is positive.
- A co-ordinated workforce strategy is required. Considerable churn at senior level which often happens following the appointment of a new Chief Executive. Need to ensure that you recruit the best available and retain your excellent staff. Staff must feel valued, trusted and empowered.

Capacity for improvement

- The 'People First' programme at present is underdeveloped. An overarching transformation plan is essential. There are numerous different projects running concurrently and the council needs to bring these together into a coherent strategy with a clear narrative.
- There needs to be clear alignment between the 'People First' programme and the emerging MTFs, given the latter relies on savings from the transformation programme.
- There is clear evidence to show that the working practice with the Mayor's Office and the corporate centre is creating a bottleneck, resulting in delays to decision-making.
- Corporate support services should be strategic enablers. At present, these services and their processes are largely transactional and that is causing frustration for staff
- Invest more in technological solutions to streamline processes, improve efficiency and make best use of resources. E.g. Just fix your Wi-Fi which will relieve so much organisational stress!
- The council should consider further investment in online digital services, for those residents that have the ability to access services this with. E.g. 2021 Census suggests 97 per cent have digital access and over 130,000 have a digital council account. This investment should sit alongside the Resident Hubs in a complimentary fashion.

Some other key quotes ...

“officers go out of their way to help us”

“need to trust people to do the right thing”

“real focus on education from the Mayor and his team”

“The Mayor has an inspirational vision for the borough”

[innovation month]
“affirming that the organisation was open to new ideas and to change”

“I know my job inside out, but I have to check with the Mayor’s office”

“you can have bad bureaucracy or good governance”

“everything can’t be a priority”

“the Mayor’s priorities make it an exciting council to work for”

“Wi-Fi is awful”

“I haven’t seen the quality and sophistication of TH [community safety] officers elsewhere”

“ultimately push back and challenge is respected”

Recommendations

1. **Strategic vision** – develop a more comprehensive longer-term strategic vision for the borough and the council which is co-produced in partnership with the community.
2. **Medium Term Financial Strategy**– develop a MTFS, including the HRA, which can demonstrate the future financial sustainability of the council, and which is aligned to the longer-term strategic vision of the council once developed.
3. **Performance management** – to assist with the focus on delivery of the council’s priorities the council should enhance the existing performance framework, making better use of data to inform decision making and policy development. Consideration should be given to how impact of decisions and priority areas is captured.
4. **Workforce strategy** – develop a refreshed workforce strategy to address recruitment and retention challenges. This is particularly important given the current vacancies in key senior management positions and the Mayor’s stated priority of the workforce representing the community.

5. **Mayor's Office** - review the roles, functions and deployment of officers within the Mayor's Office. This should be done to ensure streamlined decision making, removing barriers and duplication elsewhere in the council.
6. **Internal governance** – conduct an urgent review of the internal governance arrangements including the board structures to ensure focus on the delivery of priorities, clarity of reporting and clear lines of accountability. This should seek to speed up decision making, and delegate business-as-usual decisions to an appropriate level.
7. **Working with partners** – To ensure more effective partnership working the council may wish to consider reviewing current partnership governance arrangements.
8. **Grant allocation** – building on the framework for the Mayor's Community Grant scheme introduce a robust process for the Small Grants Programme and the Emergency Grants Fund; demonstrating links to the corporate priorities, ensuring openness and transparency and reset relationships

9. **Cabinet Member responsibilities** – to speed up the pace of decision-making consideration should be given, as part of the constitutional review, to reviewing the delegated responsibilities from the Mayor to both Cabinet Members and officers.
10. **Membership of committees** – the council should consider best practice in relation to the chairing, membership and cross party working in and of key committees such as Full Council, Overview and Scrutiny and Audit. External training for these committees should be arranged.
11. **Member development** - the existing member training and development offer should be strengthened with support initially focussed on Cabinet members and committee chairs.
12. **Diversity** – given the composition of the ruling administration consideration should be given to how the voices of women and those from different backgrounds are directly influencing policy through their lived experience. The team would strongly recommend that the council actively promote the LGA's 'Be a Councillor Campaign' to promote the opportunity for women and people from underrepresented groups across the borough.

- 13. Annual governance statement** – prepare and publish the Annual Governance Statement.
- 14. Outstanding accounts** – outstanding financial accounts going back to 2018/19 need to be resolved as a priority.
- 15. Organisational capacity** - develop the corporate centre so that it is genuinely a strategic enabler and provides the appropriate management information to support the transformation of the organisation.
- 16. Responsiveness** - review the council wide approach to handling member enquiries, complaints and FOI requests to ensure less duplication, faster responses and greater efficiency.
- 17. ‘People First’** - accelerate the ‘People First’ transformation programme and develop a clear narrative to ensure a common understanding. (This should be entwined with the development of the strategic vision)

Next steps

- O&A now.
- Report to be sent to the council 20/10/23
- Council to publish the report no later than 15/12/23 (In the spirit of openness and transparency)
- Report will be published on LGA website
- Action plan to be published by the council by 08/02/24
- Progress review to take place - July 2024
- Progress review report to be published by the Council - September 2024