



Corporate Peer Challenge London Borough of Southwark

16th to 19th November 2015

Feedback Report

1. Executive Summary

There is a great deal for the London Borough of Southwark to be proud of. The council is highly ambitious for the borough and there is a huge passion and pride for the place amongst everybody we met. This was both impressive and unusual in its extent. There are a number of good partnerships in place within the borough and there is a strong commitment demonstrated by the council and its partners to addressing inequalities.

The council demonstrates a real 'can do' attitude and confident approach. It has successfully met the financial challenge to date, achieving £156m savings since 2010 whilst simultaneously protecting frontline services. At the same time, significant investment has been made in infrastructure and amenities in the borough.

There is a clear strategy on the part of the council for exploiting the economic advantages of land values, particularly in the North of the borough. The challenge for the council is making sure that the opportunity is taken in a way that is seen to benefit all local people. Linked to this, we see the need for a clearer narrative around the future of the borough. It is important to be able to articulate more clearly the regeneration and housing ambitions and the challenges that they create and are intended to address.

The Leader and Chief Executive are held in very high regard and Cabinet and Chief Officer Team are respected and seen to work well together. The recent senior management restructure is seen by managers and staff as having had a positive impact. The streamlining that has been involved is felt to have established clearer accountabilities and provided greater focus. There are very clear organisational values within the council that are widely understood.

Across the three year period from 2016/17 to 2018/19, the authority faces a projected financial gap of £96m. With the economic advantages that the borough offers, the authority is in a position to adopt a strategic economic approach, based on exploiting land values, that in turn offers the opportunity to take a more strategic approach to its budget than it does at present. This sees the council being better placed than many to approach the financial challenge from a position of being able to invest where appropriate in order to secure savings further down the line and implement change over a longer period.

The financial modelling for the regeneration programme is coherent and the resources needed at this stage are in place. The council recognises the importance of carefully monitoring the position though. The financial modelling around the Housing Revenue Account (HRA) feels less robust. Given the scale of the ambition, the council needs to undertake the work necessary to be able to reassure itself that the current thinking remains right.

Southwark Council is seen as a good place to work. The council looks after its people and is keen to aid their development, reflected in the securing of the Investors In People (IIP) Gold standard. Performance management operates well at the level of the individual and within individual services. However, there is a need for a more systematic approach to performance management at the strategic level that drives organisational improvement,

which entails managing performance through more cross-cutting measures and linking the reporting of finance and performance together.

A strategic approach to organisational change and transformation needs to be developed. As part of this, and to ensure opportunities are maximised from change, we see the need for the council to outline a future operating model for the organisation, which would serve to inform modernisation and enable it to be taken forward in a strategic way. The model and the design principles within it should be used to inform all investment and rationalisation decisions and their design.

The council is a solutions focused organisation, particularly when looking at issues centred on the borough. This becomes more challenging for it when the priorities of other organisations and places need to be considered as well. The council would benefit from considering the extent to which it is willing to do things in a way that is more aligned to the needs and approaches of others. This is not to suggest that the council needs to water down any of its ambitions. Rather, it is about recognising that the best way of fulfilling Southwark's ambitions may be through considering things more broadly and looking at them as part of a wider set of collective priorities.

2. Key pointers

The following are 'key pointers' that the peer team provided at the end of their feedback presentation. These are the key aspects of the team's findings that we suggest would deliver the greatest benefit if the council were to focus on them:

- Further develop the narrative for the future of the borough - being clearer how the benefits of growth assist the most vulnerable residents
- Ensure that collaborations beyond the borough have flexible geography – determined by the nature of the issue being focused on and the nature of the opportunity
- Design a future operating model that will underpin the redesign of the council
- Develop the budget approach to take a longer term view and to enable the necessary organisational re-design and transformation
- Enable the new management structure to be fully capitalised upon – building relationships, enhancing corporate working and ensuring a further development in collective leadership

The detail of these is contained within the main body of the report.

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 in Southwark were:

- Adrian Lythgo, Chief Executive, Kirklees Metropolitan Borough Council
- Councillor Keith Wakefield, Portfolio Holder for Resources and Corporate Functions, Leeds City Council
- Tom Whiting, Corporate Director of Resources and Commercial, London Borough of Harrow
- Adrian Smith, Director of Strategy and Commissioning (Neighbourhoods), London Borough of Lambeth
- Sue Higgins, Executive Leader, National Audit Office
- Jonathan Owen, Executive Policy Officer, London Borough of Redbridge (shadowing role)
- Chris Bowron, Peer Challenge Manager, Local Government Association

Scope and focus

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

- 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?
- Leadership of place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
- 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?
- 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?

- Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

As part of this, the council asked the peer team to consider the following questions:

- Is our vision clear and understood?
- Are the right financial plans in place to ensure long term viability and is there evidence that they're being implemented successfully?
- Is political and managerial leadership effective and is it a constructive partnership?
- Is governance effective and are decision-making arrangements in place to respond to key challenges?
- Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?
- Is there more we could do in partnership to develop the right capacity and meet the financial challenges?
- Is the council well placed to capture opportunities for devolution?

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 focus. 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 is facing. The team then spent 4 days onsite in Southwark.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit. In presenting the feedback, they have done so as fellow local government officers and elected 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 Much to be proud of

There is a great deal for the London Borough of Southwark to be proud of. A huge passion and pride for the place exists amongst everybody we met. The extent of this was both impressive and unusual. Those same people also demonstrated a good understanding of the borough – its make-up, the way it is changing, the ambitions, the challenges and the opportunities.

There are a number of good partnerships in place within the borough, which see the council working well with the voluntary and community sector, business community, Southwark Clinical Commissioning Group (CCG) and the Metropolitan Police. There is a strong commitment demonstrated by the council and its partners to addressing inequalities. This is reflected in the council's 'Priority Areas' and 'Fairer Future Promises', which are outlined later in this report. The commitment and ambitions are leading to positive impacts, including improved educational attainment (Southwark is now in the top 20 of local authorities nationally for GCSE attainment), a significant and sustained reduction in the number of Looked After Children (from over 700 to around 500) and the supporting of local people into employment (over 2,700 since 2011).

The council demonstrates a real 'can do' attitude and confident approach. People are up for addressing the challenges being faced and not fazed by whatever is thrown at them. The council has successfully met the financial challenge to date, achieving £156m savings since 2010 whilst simultaneously protecting frontline services. Significant investment has been made in infrastructure and amenities in the borough, including new libraries and the refurbishing of a number of leisure centres. Since 2011, £250m has been invested in the council's existing housing stock through the 'Decent Homes' programme. The council looks after the people who work for it and is keen to aid their development, reflected in the securing of the Investors In People (IIP) Gold standard.

There is a clear strategy on the part of the council for exploiting the economic advantages of land values, particularly in the North of the borough. The challenge for the council is making sure that the opportunity is taken in a way that benefits all local people. This would include creating more employment opportunities for those furthest from the labour market, further linking jobs with local communities and ensuring that the delivery of the 1,500 new council homes that have been promised over the next three years is achieved.

4.2 Leadership of Place

The council is highly ambitious for the borough. This is reflected in the scale of the regeneration agenda, the 'Priority Areas' and the 'Fairer Future Promises'. The 'Priority Areas' include helping children to have the best start in life, providing people with access to quality affordable homes and establishing revitalised neighbourhoods. The 'Fairer Future Promises' include:

- 11,000 new council homes by 2043, with the first 1,500 completed by 2018

- More and better schools
- A guarantee of education, employment or training for every school leaver
- 5,000 more local people being supported into jobs and 2,000 new apprenticeships or training placements
- Revitalised neighbourhoods in Elephant and Castle, the Aylesbury estate and Old Kent Road

We heard several times during our discussions the phrase “If anyone can, Southwark can”. There appear to be two dimensions to this statement. The first is a justifiable confidence, based on the council’s track record of delivery to date and the many positive aspects of how the authority operates, that it can deliver the agenda it has set. The second is a recognition that both the borough and the council are in a good position with the economic advantages that the area offers and which can be exploited.

The council has a good track record of engaging and involving local people. Community Councils are well attended and are seen as important to local communities. The council’s good work around engagement and involvement was reflected in our discussions with tenants and residents representatives, partners and elected members. Going forward, we see the need for a clearer narrative around the future of the borough. We also see a need for equalities impacts within communities to be more clearly considered on a cumulative as well as a specific, project by project, basis. All of this is important in ensuring local people both are, and feel, well informed about where the borough is heading and can see what the impact is likely to be for them. There is a need to articulate more clearly the regeneration and housing ambitions and the challenges that they are intended to address but which they also create. This includes explaining how the council is using its influence and economic strategy to create employment opportunities for those furthest from the labour market. There is also a need to communicate better with those directly affected by the housing changes, with some people we spoke to feeling unclear about what would be happening to them as tenants or residents, for example around when and where they might be moving to whilst the areas they live in undergo change.

Linked to the above, we see a need for an over-arching analysis of the impact of the regeneration changes. At present, it is unclear what the demography of the borough is likely to look like as a consequence of the housing changes and economic ambitions. It is important for the council to be in a position to outline the likely demographic and equalities impacts of the changes taking place. Within all of this is an acid test that faces the council. This acid test is about delivering the 1,500 new council homes that have been promised by May 2018. Meeting this test will address any scepticism about delivery head on and hopefully switch people to acting as advocates for change.

4.3 Organisational leadership and governance

The Leader and Chief Executive are held in very high regard both within and beyond the borough. The role they play standing up for and pursuing Southwark’s interests is

recognised, and valued, by the business community, public sector partners and council staff. They operate in an open, transparent and engaging way which sets the tone for others to follow. Cabinet and Chief Officer Team are respected and are seen to work well together.

The council's governance arrangements are felt to be sound. Relationships between elected members and officers at all levels are positive, founded upon a mutual trust and respect. People are clear about their respective roles and responsibilities. Overview and scrutiny is seen to be independently-minded and effective, including by Opposition groups. That does not, however, disguise the fact that Opposition groups are unhappy that the majority group is now chairing overview and scrutiny. Innovative approaches to scrutiny can be seen, including the hosting of community events when considering the issue of female genital mutilation (FGM), and bringing in partner organisations, from the likes of health and education, to aid joined-up thinking. Scrutiny are currently undertaking a piece of work looking at the impact of the Housing and Planning Bill which is highly pertinent given the regeneration agenda.

There are very clear organisational values within the council that are widely understood:

- Treating residents as if they were a valued member of our own family
- Being open, honest and accountable
- Spending money as if it were from our own pocket
- Working for everyone to realise their own potential
- Making Southwark a place to be proud of

Staff that we spoke to at various levels of the organisation can recite these values in a way that, rather than just being words, demonstrates they know what they are about and that they believe in them. The staff survey undertaken this year revealed that 74 per cent of respondents understand the council's values. The way that they are clearly outlined and made relevant and meaningful to staff helps enormously in this. Eighty eight per cent of staff survey respondents understand how their role benefits Southwark residents.

The recent senior management restructure is seen by managers and staff as having had a positive impact. The streamlining that has been involved is felt to have established clearer accountabilities and provided greater focus. This now needs to be followed by ensuring individuals and cohorts at this level are supported and enabled to develop further. A key aspect of this is creating the means and the time to enable them to link together to build relationships and, through this, enhance corporate working. We believe middle managers would benefit from better networking opportunities and some shared development. There is also some work to be done around improving the visibility of senior management in the organisation. Progress has been made on this and there are some, including the Chief Executive, whose open and engaging approach

with staff is excellent. However, this needs to be more consistently demonstrated by all of the managerial leadership.

4.4 Financial plans

The council has managed its finances well to date and has saved £156m since 2010. At the same time as securing these savings, the council has continued to invest in priority services and amenities, including libraries and leisure. Looking ahead across the three year period from 2016/17 to 2018/19, the authority faces a projected further gap of £96m. The budget challenge process that has been running in recent months has identified how around £60m of that amount could be delivered.

We highlighted earlier in this report the phrase “If anyone can, Southwark can” and the recognition this reflects of the economic advantages that the borough offers. The authority is ahead of the curve as a consequence, being in a position to adopt a strategic economic approach, based on exploiting land values, that in turn offers the opportunity to take a more strategic approach to its budget than it does at present. This sees the council being better placed than most to approach the financial challenge from a position of being able to invest where appropriate in order to secure savings further down the line and implement change over a longer period. Being able to invest in the technology that is integral to delivering the council’s ‘digital by default’ ambitions would be an appropriate example. A further benefit for the council is that of being in a position to learn from others who have had to prioritise earlier in the economic cycle, in terms of the approach they have taken to disinvestment and avoiding the pitfalls they encountered.

There are different views within the council on how the remaining element of the £96m gap is best addressed. For some, a continuation of the existing incremental, year by year, service-based approach is preferred. For others, a cross-cutting and more strategic approach with transformation at its heart, offers better opportunities and would mean that, with new more transformative approaches identified and planned, some other potentially difficult service decisions may be able to be mitigated. Four cross-cutting themes have been identified through workshop sessions with senior managers, with each being led by a Chief Officer – demand management, multi-agency working, reducing duplication and digital by default. These have contributed to the current budget proposals to different degrees but it is recognised that none of them are acting currently as a real driver. The sense is that budget savings that are agreed will instead simply be ‘retro-fitted’ to reflect an alignment with the cross-cutting themes.

The future savings requirement, in the form of the remainder of the £96m and whatever may be required beyond 2018, will be much more challenging to deliver as a natural consequence of an ever-reducing range of options to pursue. The council’s ambitions and priorities need to be geared accordingly and this should be reflected in a much clearer Medium Term Resources Strategy.

The financial modelling for the regeneration programme is coherent and the resources needed at this stage are in place. The council recognises the importance of carefully monitoring the position though. The financial modelling around the HRA feels less robust. Given the scale of the housing ambition and an estimated £63m gap as a result

of changes to HRA funding, the council needs to undertake the work necessary to be able to reassure itself that the current thinking remains right.

4.5 Capacity and organisational design

Southwark Council is seen as a good place to work. The staff survey indicated 66 per cent of respondents would advocate the council as an employer. Seventy four per cent of respondents are proud to work for the council. There is a good track record of investing in people within the organisation, helping them to grow and develop – which is appreciated by managers and staff and is reflected in the IIP award.

The main council offices at Tooley Street are seen as a great place to be based, in terms of the quality of accommodation. With council staff working in a range of other locations throughout the borough, it is important to ensure the staff in those places feel similarly valued to those at Tooley Street. There are two aspects to this. One is ensuring their facilities are of a consistently decent standard. The other is concerned with the visibility of senior managers – which is an issue we have already touched on in this report.

The staff that we met indicated that they feel well communicated with and that they are involved and engaged. However, they also reflected that there is scope for greater consistency across the organisation and between the different tiers of management. This issue of inconsistency is borne out by the staff survey. Sixty five per cent of respondents indicated they felt their line manager would listen to their ideas and 67 per cent reported that their line manager would encourage them to find improved ways of doing things. However, only 44 per cent indicated they have the opportunity to approach and engage with senior managers and only 38 per cent felt they could be open and honest with senior managers about relevant issues. Fifty two per cent of staff indicated they feel sufficiently informed about what is going on within the council.

Whilst staff we met weren't specific in terms of examples, they indicated that they felt opportunities to work more effectively as a 'whole council' are being missed. A positive example, where the council is getting this right, and which involves also working with partners, is the joint enforcement team that is being established. It is important that other such opportunities of this type are identified and capitalised upon. As we have already highlighted, the recent senior management restructure needs to be followed by ensuring individuals and cohorts at this level are supported and enabled to develop further, including creating the means and the time to enable them to link together to build relationships and, through this, enhance corporate working. The organisational development activities being delivered by the council would also usefully be complemented by a clearer focus on collective leadership and management.

Performance management operates well at the level of the individual, with performance appraisals widely undertaken. The staff survey indicates 59 per cent of respondents regularly (as opposed to just once a year as part of an appraisal) review their learning and development needs with their line manager, whilst 66 per cent indicated they have access to the training needed to do their job well. Performance management within individual services is also seen to be good. However, there is a need for a more systematic approach to performance management at the strategic level that drives organisational

improvement that entails performance being managed through more cross-cutting measures and linking the reporting of finance and performance together.

We highlighted earlier the potential for the council to take a more strategic approach to the budget than it does at present. The current incremental approach to the budget absorbs significant time and effort managerially and politically and exacerbates staff anxieties about the future. The council is well-placed to approach the financial challenge from a position of being able to invest where appropriate in order to secure savings further down the line and implement change over a longer period than many councils. A quote that we heard during our discussions that we found particularly enlightening was:

- “Every year we find new ways to modernise”

On the one hand, this reflects the energy, enthusiasm and creativity shown by the organisation in finding answers to the budget challenge. On the other hand, it indicates that there isn't yet a strategic approach to organisational change and transformation in the council – with this resulting in the authority limiting its opportunities. To help with addressing this, we see the need for the council to outline a future operating model for the organisation, which would serve to inform modernisation and enable it to be taken forward in a strategic way. This model should articulate over-arching design principles that are consistently followed, in relation to topics such as:

- Commissioning of external partnerships
- Community capacity and behaviour change
- Internal modernisation and organisational development
- Access to services and channel shift

The model and the design principles within it should be used to inform all investment and rationalisation decisions and their design.

In order to help move change and transformation forward, the respective roles of Chief Officer Team and the Leadership Network relating to responsibility for re-design and transformation should be increasingly clarified. At present, whilst Chief Officers are responsible for leading the four cross-cutting themes highlighted earlier, such as digital by default and reducing duplication, which have change and transformation at their heart, members of the Leadership Network are also expected to be involved in delivering change. The current ‘fuzzy edges’ reflect the stage of development, with the senior management restructure just having taken effect and there not yet being a strategic approach to organisational change and transformation in the council. Clarity over respective roles and responsibilities can therefore be expected to become clearer over time.

There are several key functions that need to be enhanced to drive improvement and change within the council. IT represents a major issue in the organisation – not least with the lack of resilience in the infrastructure inhibiting people's ability to work effectively on a not infrequent basis. Greater programme management capacity is required to support an

organisational change and transformation programme by ensuring the work is planned, resources are coordinated and benefits are achieved across the council. Contracting and procurement is also an area that is felt could improve – although the newly established centralised procurement team is felt to be functioning well and making a good contribution. The quality of contracting is seen to be variable and the council should consider how to get the maximum effect from all contracts, including through more robust monitoring and management. Another area is commissioning, where there are opportunities to improve the use of evidence, needs based assessment, strategic options appraisal and post-completion evaluation.

Finally in this section, we want to highlight the need for the authority to be gearing up to address anticipated staff retention challenges. This relates to areas that many local authorities are struggling with, including Planning and social care, but the challenge within Southwark – not dissimilar to other central London boroughs – is exacerbated by what staff highlighted to us as growing anxieties about their ability to afford to be able to continue to live in the area.

4.6 Partnership and devolution

There are good partnerships in place in Southwark involving the council, voluntary and community sector, business community, CCG and police. Partnership infrastructures have been streamlined in order to aid efficiency and improve join-up. A key aspect of this is extending the remit of the secretariat function for the Health and Well-Being Board to also support the Local Safeguarding Children's Board, the Safeguarding Adults Board and the Safer Southwark Partnership.

A clearer approach to the council's strategic relationship management with the National Health Service is required. The council's relationship with the South London and Maudsley NHS Trust and King's College Hospital NHS Trust operates at several different levels – including local service provider, major local employer and influential organisation of international repute. The council needs to be clear who is best-placed to engage with them depending on the issues and circumstances.

A key focus for the council's engagement with health needs to be on ensuring the planned transformation and integration is achieved. This is starting to take shape but needs to be driven hard. Mental health is a major issue in the borough – this is recognised and moves are being made to address it but things are at a very early stage. It needs strategic focus. Public Health offers good opportunities for the borough that need to be capitalised upon by ensuring a shared understanding of the best way it can contribute is established amongst key stakeholders. A key test for the council that some people within the health sector see is the extent to which the Health and Well Being Strategy informs the council's forthcoming budget decisions.

The skills agenda in Southwark is a key area to be taken forward. Across Southwark, Lambeth and Lewisham, six per cent of local residents have never worked and 16 per cent have no qualifications. One of the council's 'Fairer Future Promises' is that by 2018 every school leaver will be guaranteed education, employment or training. The council is playing a key role in the creation of a construction skills academy in the borough, in order to enable local people to capitalise upon the employment opportunities offered by the

regeneration agenda. Something similar could potentially be explored for other sectors given, as an example, a local shortage of chefs. The extent of the small and medium sized enterprise (SME) sector in the borough means there is also significant potential benefit in looking at how to better link their skills requirements with local provision.

Further Education locally needs to be invested in as it has a vital role to play in enhancing the skills of local people and, to assist with achieving this, there is a need for clearer ownership of the issues it is facing in order to ensure they are addressed. The council has sought to play a role in this previously but no satisfactory outcome was achieved. The authority needs to look at the role the council might play going forward.

The council is a solutions focused organisation, particularly when looking at issues centred on the borough. This becomes more challenging for it when the priorities of other organisations and places need to be considered as well and shared priorities are developed that may need shared articulation. We believe collaborations beyond the borough should have flexible geography according to focus and opportunity – not least any devolution deal with government.

We also feel that the council would benefit from considering the extent to which it is willing to do things in a way that is more aligned to the needs and approaches of others. This is not to suggest that the council needs to water down any of its ambitions. Rather, it is about recognising that the best way of fulfilling Southwark's ambitions may be through considering things more broadly and looking at them as part of a wider set of collective priorities. This can be seen to be happening with the establishment of a joint committee with Lambeth and Lewisham to look at the employment and skills agenda – recognising the issues and the solutions extend beyond the boundaries of single boroughs. As another example, the case for the extension of the Bakerloo Line has the best chance of being won by looking to progress Southwark's interests as part of wider South London. These welcome collaborations are at an early stage of development and as such do not yet have the same level of maturity as the council's own ambition and programmes.

Following on from the peer challenge

Through the peer challenge process we have sought to highlight the positive aspects of the council and the area but we have also outlined some difficult challenges. It has been our aim to provide some detail on them through this report in order to help the council understand and consider them. The council's senior political and managerial leadership will therefore undoubtedly want to reflect further on the findings before determining how they wish to take things forward.

Members of the team would be happy to contribute to any further improvement activity in the future and/or to return to the authority in due course to undertake a short progress review. Heather Wills, as the Local Government Association's Principal Adviser for the region within which the council sits, will continue to act as the main contact between the council and the Local Government Association, particularly in relation to improvement and access to the LGA's resources and packages of support going forward.

All of us connected with the peer challenge would like to wish Southwark, both as a council and a place, every success in the future.

Chris Bowron
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