

Corporate Peer Challenge London Borough of Islington

20-23 March 2018

Feedback Report

1. Executive Summary

The London Borough of Islington is a vibrant, energetic borough. The council has a strong reputation with its residents, community groups and partners for championing fairness and providing opportunities for everyone in the borough to realise their potential. Services are generally well run, and highly valued according to the most recent resident survey. Political leadership is clear in its vision of delivering excellent services for all. There is however a need for clearer prioritisation, more rigorous performance management and tighter allocation of resources towards agreed priorities. This clearer prioritisation and tighter corporate grip would allow the council to deliver its agenda at pace. The council recognises much of this, and this report suggests ways the council might address this.

The council is at a crossroads where it needs to navigate a path that will allow it to continue to deliver on its agreed fairness agenda with a reducing budget, whilst demand for its services rises. The council has recognised that its current approach to service design and delivery is not sustainable in the longer term and the leadership must now steer the council, its staff and partners through a period of transformation whilst continuing to target support where it is most needed and has the most positive outcome.

The moves towards more explicit medium term financial planning has sharpened minds to consider what kind of fundamental change will be needed. The need for change is almost universally recognised, but the council does not currently have a strong enough approach to prioritisation and delivery of corporate priorities meaning that the process, design and mechanisms for change remain unclear. There is also an immediate need to ensure that the core services within the council are working effectively and able to support change.

2. Overall messages

The peer team found a council that is undoubtedly a great place to work and has provided many exciting and innovative approaches for its residents, as well as its staff. The organisation's commitment to fairness acts as the heartbeat of the organisation and its impact is palpable. The organisation is largely aware of its strengths and challenges with staff able to articulate that the council needs to change the way it designs and delivers services. The council's values are felt strongly throughout the organisation by staff, many of whom are long serving, and deeply committed to the organisation.

Great effort has been put into establishing, and continuing to grow, strong universal services. This is particularly notable in the strength of the council's offer to young people, who form a higher than average proportion of the population. Schools in the borough perform well, young people are supported to maximise cultural and educational opportunities and are supported into employment.

Leadership at the political and senior officer level is both thoughtful and unified – the Leader and Chief Executive are seen as providing clear direction to the workforce. Partners value the efforts made by the leadership to engage them in discussions about the future of the borough. Partners trust the leadership to understand and tackle issues in the borough in a consultative and collaborative way.

All the above means that the borough is trusted to be the convenor of partners, the leader of place and the facilitator for solving problems in Islington. The council must build on this and enhance the capacity of the community and partners to ensure they can play a greater role in the future shape of services. Not only is this critical for the leadership to deliver on its stated aim of fostering greater resilience, it is also fundamental to ensuring future financial sustainability.

2a. The council's key challenge

To help direct the organisation towards a different model of supporting the community and residents – and deliver on the fairness agenda – there is a need for a fully integrated strategy and delivery plan that encompasses all service areas. Elements of this are visible in places but they need to be brought together and communicated more clearly. A credible delivery plan delivering agreed priorities embedded in the medium term financial strategy is required to enable all the delivery mechanisms to be pulled together and co-ordinated at a senior level.

The peer team suggest that the leadership, capacity and skills exist within the organisation to do this but capacity and resource needs to be re-oriented with a greater focus on programme and project delivery. Resource at the corporate level needs to be more focused on ensuring that projects are delivered and outcomes tracked and reported on. There are already creative programmes in place within the organisation to move towards supporting a more resilient community, such as the corporate SPARK programme and the early efforts to establish Outcome Based Budgeting. It is not clear yet how these will allow the council to successfully manage rising demand, and further redesign of services will be needed to make this happen.

The organisation must focus its resource on ensuring that its core services act as enablers to change. Currently the basics of the IT infrastructure and the council's digital services and digital offer to customers is significantly behind where it needs to be and risks the delivery of future strategy as well as the council's reputation. These 'basics' need remedying immediately.

3. Key recommendations

There are a number of observations and recommendations within the main section of the report in addition to the conversations onsite. The following are the peer team's key recommendations:

- Develop and implement a **clearer approach to prioritisation**
- Once priorities are agreed **resource them** at the appropriate level
- Introduce programme management capacity to **strengthen corporate grip**
- **Systematically use data** to monitor performance, inform decision making, evaluation and service redesign
- **Deliver at pace** within clear timescales overseen by a corporate approach to delivery

- **Make your values shine through** in everything you do from people strategy, procurement, social value policy, communications, engagement

3a. Detailed recommendations

Clearer prioritisation:

1. Focus the council's role as community leader on enhancing community and partner capacity to shape and deliver future services
2. Be clear about the process for moving from a pilot towards a fully funded and evaluated corporate priority
3. Define rigorous corporate performance measures that focus on delivering 'fairness' and drive performance against them

Shaping the future of the borough:

4. Develop the next iteration of a Fairer Islington including a clear set of priorities and how you will measure their impact
5. Set a date for the next Islington Fairness Commission
6. Build on existing practice and re-energise community engagement – reaching out to hear new voices where needed
7. Build on the strengths within your communities to enable them to shift power downwards and be more resilient
8. Outline how you will shift power from the Town Hall to communities – and in doing so deliver fairness
9. Be bolder and more explicit about the change you want to see in the borough to empower communities
10. Be clear about how you will work with the voluntary sector going forward
11. Move quickly to appoint a clear system lead on health – to go further and faster on delivering your stated aims on resilience for individuals
12. Re-assess how you can deliver your ambition with your business community - invest appropriate capacity and creativity in business engagement and create opportunities that join businesses with schools and focus on future work opportunities. This could include the running of collaborative events around work discovery.

Allocating and managing resources:

13. Truly understand your costs and where the money is spent against agreed priorities
14. Track and report on the delivery of existing savings to avoid reliance on one-offs
15. Translate the financial challenge into clear options to allow informed decision making – articulate where 'trade-offs' and tough decisions may need to be taken and use data to inform those decisions
16. Strengthen your reserves to give you choices in the future

17. Clarify the process and timeline for implementing Outcome Based Budgeting and communicate it consistently throughout the organisation
18. Accelerate Outcome Based Budgeting to the next level of detail within a 3 year MTFS for your 2019-20 budget
19. Develop a broader approach to capital spend and public estate management – using it to deliver your vision on fairness and place
20. Maximise social value through capital spend and consider how it can better support your ambitions for the borough

Driving through change:

21. Strengthen the approach to commercialisation and income opportunities to deliver your ‘fairness’ agenda
22. Complete and implement your People Strategy, to align workforce skills, talent, policies and performance with Council vision and provide clarity about the role of managers in delivering this
23. Invest in member induction and development opportunities including community leadership
24. Equip staff with the skills they need to build resilience in individuals and communities
25. Define clear accountable officer roles around leading elements of the SPARK programme
26. Create space for creativity and transformation from frontline staff engagement
27. Bring in external stimulus to help with transformation – learn from others
28. Use behavioural insight tools to manage demand and build resilience

4. Summary of the Peer Challenge approach

It is important to stress that this was not an inspection. Peer challenges are improvement-focused and tailored to meet individual councils’ needs. They are designed to complement and add value to a council’s own performance and improvement plans. The peers used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

This report provides a summary of the peer team’s findings. In presenting this report the peer challenge team has done so as fellow local government officers and members, not professional consultants or inspectors. It builds on the feedback presentation provided by the peer team at the end of their on-site visit 20-23 March 2018. By its nature, the peer challenge is a snapshot in time.

Peers reviewed a range of information to ensure we were familiar with the Council, its challenges and plans for the future. We have spent 3.5 days onsite during which we have:

- Spoken to 130 people including a range of council staff together with councillors and external stakeholders
- Gathered information and views from 50 meetings, visits to key sites and additional research and reading

- Collectively spent more than 280 hours to determine our findings – the equivalent of one person spending around 8 weeks in Islington

Feedback was provided to an invited audience of staff and councillors on day four of our visit and this report will be accompanied with the offer of bespoke follow up. Some of the feedback may be about things you are already addressing and progressing.

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 were:

- Joanne Roney, Chief Executive Manchester City Council
- Cllr Lib Peck, Leader LB Lambeth
- Giles Perritt, Assistant Chief Executive Plymouth City Council
- Sarah Reed, Director of Strategy, Partnerships and Transformation, Sunderland City Council
- Dr Henry Kippin, Director of Public Service Reform, West Midlands Combined Authority
- Liz Bruce, Director of Adult Social Services LB Richmond and LB Wandsworth
- Lynne Ridsdale, Director of HR and OD, Manchester City Council
- Clare Hudson, LGA Peer Challenge Manager

Scope and focus

The peer team 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. 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?
3. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?
4. Political and managerial leadership: Does the council provide effective political and managerial leadership through its elected members, officers and constructive relationships and partnerships with external stakeholders?

5. Governance and decision-making: Is political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change to be implemented?

In addition to these questions the Councils asked the peer team to consider:

Place and partnerships: Does the council have strong understanding of place and work effectively with external partners and residents?

Feedback on this issue is provided throughout the report and particularly referred to in section 6, Leadership of place.

5. Understanding of local place and priority setting

*‘We know our communities –
when something goes wrong we are not meeting them for the first time’*

The council is recognised as the ‘leader of place’ and the recent residents’ survey makes it clear that residents value the approach the council has taken. Great efforts have been placed in spending time with different elements of the community to understand how the council can best engage with them, and what the fairness agenda means for their communities. Community engagement is a clear priority and the council is flexible in how it approaches this. Most recently this helped the council to engage immediately with the community impacted with the Finsbury Park terrorist attack.

The council’s focus on fairness is the thread that runs through everything the council does and staff are rightly proud to work towards this ambition. The fairness agenda has established a compelling narrative and set the foundations for future strategy. The next iteration of a ‘Fairer Islington’ vision needs to be developed on a longer-term timescale with a clear set of priorities and clarity on how you will measure their impact.

Ideas and creative initiatives are abundant but how ideas and initiatives transform into policy and delivery is less clear, and too reliant on individuals. Equally there is not a tight enough corporate grip on agreeing performance frameworks and monitoring outcomes. Within this performance management framework greater consideration needs to be given to how to measure delivering ‘fairness’.

6. Leadership of place

‘We want to support our community, but we need to learn how to turn off the tap without letting the bathwater get cold.’

Through extensive engagement with residents and partners the council has established itself as the ‘problem solver’ and direct provider of services in the community. The pursued model has been to deliver services directly and to intervene when a need arises. There are already some excellent examples, particularly in youth engagement. The peer team would commend the extensive and creative energy put into engaging young people and growing their ambition and capacity. Similarly, the peer team were impressed with the innovative ways that the council seeks to promote fairness, such as

providing free school meals and the ambition for all children to receive 11 cultural opportunities by the end of year 11.

The council must now invest greater capacity in considering how to move the balance towards one where residents and community groups are empowered to act for themselves, and even deliver services to the community. In doing so the council should be bolder about what it expects from communities and partners, notably the voluntary sector. Leaders talk convincingly about this but it is not clear how the council will help guide this move to empower the community and enable them to shift power from the Town Hall.

Externally the leadership of the council is perceived as clear and strong. Given this the council could do more to reinforce this with visible messages about the future direction of the council. The council needs to accelerate its internal communications on priorities and then extend that to messages about the future role of the council and its position within the community and economy.

Partners are ambitious to go further and faster in joint working, moving beyond existing pooled resources and joint arrangements into simplified new models of service delivery and social change. The local health system is a clear example of this and is ripe for deepened partnership working. There are well established pooled budgets and multiple joint commissioning posts across adults, children's and health services, with matrix style working across organisational boundaries providing a good foundation for faster integration.

Supporting communities and individuals to be more resilient cannot be delivered by the council alone, which has been recognised, and relationships with the local health system are broadly positive. However, the peer team feel that there could be clearer and more ambitious leadership around transforming and integrating the local health and care system. This could allow you to go faster in delivering early help and greater resilience in communities. Once this is accelerated, the council and Clinical Commissioning Groups should collectively agree what health and care activity should be carried out at what spatial level. Delivering agreement on these geographical footprints is a key conversation and task that should be done as quickly as possible.

There are a range of positive examples where the council has intervened and changed services to make a difference to the opportunities facing residents – particularly young people. Working directly with children with asthma was cited as a positive example. There is already evidence of upstream prevention work under the name of CHINS (care and health integrated networks) bringing together community health, social care and the voluntary sector. The Clinical Commissioning Group has also invested additional new monies to create a ten pound spend per head on what is essentially early intervention work, the users of which would not be eligible for statutory social care.

The local health system is using data to profile and inform their approach to residents with severe multiple disadvantage – this could be used to inform further measures on early intervention and population based health programmes. In addition, an integrated locality care network supporting hospital admission avoidance and care closer to home is established across primary care, adults and community health including additional social

workers in this locality integration. The council should explore how to extend and embed this data led approach to decision making throughout the organisation.

It is not just with health partners that the council has focused its efforts on engaging partners. The council has a solid track record of engaging with business but the peer team would question whether this engagement is currently delivering on your corporate ambition. The council should reassess how engaging and working with business can deliver the fairness agenda. Senior resource should be invested in driving this forward.

The partnerships that the council has invested effort in have both strength and depth rooted in the council's commitments to fairness. Partners praise the senior commitment and openness to new joint ways of working. There is a risk however that these are reliant on individual relationships and the council needs to consider how it can ensure the longevity of partnerships by investing in broader senior level engagement.

The council should look at how to incorporate well-established partnerships into its corporate governance and architecture. This does not necessarily mean formalising partnership approaches and potentially stagnating them – rather that partnerships would benefit from a more solid grounding in the governance framework. This in turn could foster a more rigorous approach to managing the performance of partnerships and whether they are delivering against their stated aims and contributing to the corporate ambitions on fairness.

The borough is one of contrasting prosperity and poverty and is the 24th most deprived borough in the country. In continuing to promote fairness the council should ensure it maximises positive opportunities for development. Where development has taken place the council is increasingly ensuring it contributes to the fairness agenda by targeting profits by developers towards enhancing the lives of the most deprived. The Leader speaks clearly about mainstreaming this approach but there was not substantive evidence of this being a fully implemented corporate policy.

Islington will grow – and there is further opportunity to strengthen the narrative about how growth can help communities and further enhance the assets of the borough and its reputation. The leadership is able to articulate how they envisage this happening. The focus should now be on translating this goal into corporate policy and action and making social value part of the modus operandi of the council.

In many ways the council is much clearer about its social policy than its economic and commercial policy. This reflects the focus on fairness but risks the council not maximising the potential that commercial income and growth could have in delivering the fairness agenda. The council should establish a stronger equilibrium between these core policies and be clearer about the interdependencies between them.

7. Financial planning and viability

‘Moving towards a different style of budgeting and apportioning resources is now needed’

The council has adopted an annual budgeting approach within a rolling Medium Term Financial Strategy which has delivered balanced budgets to date. In 2017-18, similar to other councils, there has been an overspend in the two core areas of children’s services (£5.57m as of quarter 3 2017/18) and adult services (£0.94m as of quarter 3 2017/18). The council has tended to deal with such underlying demand-led pressures by injecting one-off resource into the directorate budgets for these areas. There is recognition at the senior level that this is not sustainable. Leaders speak clearly about understanding the ‘trade-offs’ that the council is now facing – and how that will impact on the future model of the council and delivery of its services. The council needs to articulate this more clearly and communicate this to support data-led, informed decision-making.

Budget monitoring has predominantly been undertaken in directorates and there is a recognition that a deeper corporate understanding and grip on spend is needed. The peer team did not find evidence that budget monitoring is consistently looking at the level of detail needed to understand the genuine costs of services, and where savings could be found. This will need to become a core feature of budget monitoring if the council is to progress the move towards Outcome Based Budgeting. The recent efforts to introduce this approach provide a creative and strong platform for moving beyond this siloed approach to budgeting and should be expedited.

The council has focused its budget spend on revenue expenditure with a relatively modest capital programme mainly within the Housing Revenue Account. In reviewing the council’s approach to budget, the peer team questioned whether the council has maximised the impact that capital expenditure could have on the wider corporate ambitions of promoting fairness and economic prosperity for all. There are likely further opportunities for capital spend to contribute to place-shaping and tackling inequality.

The council is operating with a general fund balance of £8.7m which is low for a council of its size and complexity. If the council continues to use one-off injections to plug overspends this balance would be rapidly depleted. The council recognises that its reserves levels are low and currently offer minimal headroom and buffering for unexpected shocks or overspends. A clear strategy and process for rebuilding reserves must be a crucial element of the emerging medium term financial strategy.

The council’s expenditure is funded largely through council tax, business rates and revenue grant with a variable and modest income stream generated by council activities. The council’s strategy on income generation and commercialism is immature and lacks a clear ambition. There are many further avenues to explore, such as creating social value through the council’s supply chain. The wealth of creativity and talent within the workforce and leadership means the council should be well placed to be more ambitious about generating income.

8. Organisational leadership and governance

‘Sometimes there is too much of an over-familiarity, functioning too much like a family. We need to ensure we challenge each other positively’

The council is led by an experienced and ambitious Executive who are confident in the ability of the council to deliver a refreshed model delivering fairness which is financially sustainable. Executive members are impressive, know the detail of their portfolios, and can articulate the kind of borough that they want to lead. In every sense this is a strongly member-led organisation. The Executive must ensure it provides adequate opportunity for challenge across portfolios with members regularly, and collectively, challenging each other.

Members see their role as leading the council but also as advocates within their communities. Engaging with residents and customers is clearly a priority and there is breadth and variety in how this is undertaken. The lack of prescription around the format of ward partnerships was felt by many to be welcome, but there is a recognition that this approach may need refreshing in certain areas.

Members feel well supported by the democratic services team to acquit their roles and value the freedom this gives them to focus on getting to know their communities. Staff also value the engagement they get from senior leaders – members and officers – and this again reflects the council’s values of fairness and equality. The council’s values are deeply held and provide a strong foundation and a solid grounding for future change.

The peer team were told about but did not have sight of an evolving People Strategy which should further deepen the impact of the council’s values on service delivery. This needs to be completed with a view to mirroring the experience that staff have as employees with the Council's strategic vision for the community. It should address staff skills, performance and resilience; build talent (with a foundation from your excellent apprenticeship programme); strengthen equalities; modernise policies to devolve management decision making; and enable staff to self-serve their employee record through responsive ICT provision.

The People Strategy is urgently needed to make the fairness agenda real – inside and outside – the organisation. The Council's training provision is well regarded but there is a need for structured development plans throughout the organisation to ensure every member of staff is equipped with the skills that they will need to build resilience in individuals and communities. Further, clarity about the performance framework for staff and in ensuring a "golden thread" of objectives for every member of staff to contribute to community outcomes will deliver greater impact in delivery. Line managers have an important role to play in managing their resources and ensuring the contribution of their teams to meeting Council aims is maximised, through the performance, engagement and development of their staff.

The People Strategy must also provide sufficient opportunity for members to grow their skillsets and talents including comprehensive member induction programmes. Members should be afforded regular opportunities to develop their engagement and advocacy skills to continue to drive the ward based partnerships and to strengthen community leadership roles.

To underpin the council's ambition a broad organisational development and transformation programme under the term 'SPARK' has been introduced. This has widely permeated the council and its aims are well understood. The programme has significant potential to help realise the change that senior leaders articulate and tight programme management will be critical to ensuring that it remains transformational rather than simply transactional. To aid this there needs to be greater clarity around lines of accountability for leading the SPARK programme.

9. Capacity to deliver

*'This is a well-run council with significant intellectual capacity'
'The biggest challenge for us is capacity to transform'*

The council is now setting a future direction to enable it to deliver on its ambition with lower levels of grant funding. The council needs to be clearer about defining its outcomes and priorities – and resourcing against them. The Outcome Based Budgeting approach should support this approach.

The council's ambition of delivering fairness is well rehearsed, and there is an understanding that this will mean more prevention and early help. However, capacity has not been uniformly re-oriented towards these priorities and the method for agreeing the right capacity in the right place against agreed priorities is now needed.

Greater pace to affect change is needed. The council needs to update its processes and systems to be more streamlined and productive. To deliver transformation and sustain pace the council must urgently improve its support functions, which are currently a barrier to change. Fundamentally the council needs to inject urgency into its culture, build pace, improve productivity and be clearer about lines of accountability for delivering transformation.

Alongside pace the peer team recommend that the council's transformation journey would benefit from further internal and external stimulus. Many councils have had to transform to a much greater extent than Islington to date and much can be learnt from their experiences. Similarly, frontline staff engagement could contribute more regularly and actively to transformation plans than currently appears the case. The council's reputation is strong and affords the opportunity to create space for creative ideas to be formed and aired.

As the plans for delivering early help and intervention roll out, attention should be paid to managing demand, as the key risk area for the council's medium term budget. The council should consider use of tools such as behavioural insight and digital platforms and tools to do this.

10. Looking to the future

The council has just faced an election and welcomes a cohort of 13 new councillors. These will no doubt add further talent, skill and vision to a council that is already extremely capable and well respected. The council is well placed to:

- **Tighten prioritisation** and corporate grip
- **Resource** corporate projects and programmes to deliver priorities
- **Mainstream** the emerging plans for a new budgeting model and service delivery model rooted in early help, prevention and resilience with decisions taken by data-led intelligence
- **Maximise** the skills and capacity of new members and ensure a robust member development programme
- **Be creative** and utilise the experiences and creativity that is abundant
- **Deliver at pace...**

12. Next steps

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions to 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: 07786331467

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 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 2 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 4 to 5 years. It is therefore anticipated that the Council will commission their next Peer Challenge before 2022.

On behalf of the peer team:

- Joanne Roney, Chief Executive Manchester City Council
- Cllr Lib Peck, Leader LB Lambeth
- Giles Perritt, Assistant Chief Executive Plymouth City Council

- Sarah Reed, Director of Strategy, Partnerships and Transformation, Sunderland City Council
- Dr Henry Kippin, Director of Public Service Reform, West Midlands Combined Authority
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