

Corporate Peer Challenge **South Tyneside Council**

Dates: 2nd – 5th October 2017

Feedback Report

1. Executive Summary

South Tyneside Council is a high performing and ambitious organisation with a track record and reputation for the delivery of outstanding examples of regeneration projects. The passion for the local area and the communities within it is strong and is clearly shared by elected Members, staff and the Council's strategic partners. This passion and pride drives the organisation's ambitions and is demonstrated by the tangible examples of the work being done on the ground.

In many ways South Tyneside is leading the way in transforming services and outcomes through regeneration. It can use this experience to influence the future shaping of Local Government and service delivery.

The very strong focus on economic regeneration fuels a desire to develop a new economic future for South Tyneside which will have significant social and economic benefits. This is clearly articulated and prioritised by Members, staff and partners. Everyone understands the agenda for South Tyneside and is clear about the plans to deliver that vision on the ground. To make further improvements, we would recommend the Council to strengthen the relationship between strategy and benefits to local communities by promoting a consistent yet simplified message which clearly spells out the benefits for people. This should be backed up by an 'all ages' skills and employment strategy and development of robust outcome targets against the ambitions. Delivery should be monitored and performance managed against these outcome targets.

The long standing political and managerial leadership provided by the Leader and the Chief Executive is widely seen as a core strength and this has made a huge difference to the sustainable and confident delivery of the Council's vision for South Tyneside. There are strong and respectful Member and officer relationships focused on collective outcomes. Members use advice from officers to make quality decisions. The peer team found elected Members to be passionate about their communities and the place. They have a good understanding of local issues and the peer team was impressed in the way they were addressing these through the Community Area Forums (CAFs), in partnership with their local communities.

The Council is making every pound count and is making a very challenging financial position work for itself. It is evidently demonstrating that it is 'punching above its weight'. In going forward the peer team felt that financial resilience is a risk for the Council. Though financial management is robust, is focused and major Capital programmes are delivered in innovative ways - and despite having managed high levels of Adult Social Care demand over the past few years - in-year pressures may prove challenging for the Council. The peer team would therefore recommend that the Council further reviews its financial resilience to mitigate against future risks and consider increasing level of reserves to provide further financial stability.

The peer team found South Tyneside Council to be a very open and honest organisation that listens and acts upon feedback. The culture of the organisation is welcoming, passionate and engaging and people are working together to get things done and solve problems for their local communities. Staff are well motivated, resilient, empowered and

adaptive. In order to harness this energy into the future the peer team would recommend a more strategic approach to organisational development that recognises success and achievements and celebrates these together. There is a strong external focus on the delivery of services, and rightly so. But now may be an opportune time for the Council to reflect on its internal capacity and further develop the organisation in the same systematic way that it has done with its services. There are also opportunities for increasing productivity through more investment in new technologies and mobile working.

In terms of service transformations and achieving real benefits for local communities the Council is leading the way for the sector with regeneration projects such as The Word, Haven Court, Haven Point, Jarrow Hub and Hebburn Central. In terms of adult social care the Council recognises the challenges it faces and is systematically trying to address these through transformational change. Although this may be in the early stages of the journey there is a strategy and plan in place and there is confidence in systematically delivering change.

The peer team thinks the Council is in a good place with its transformation agenda and would encourage it to promote its achievements across the local government sector so that others can learn and benefit from these achievements.

2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions. The following are the peer team's key recommendations to the Council:

- 1) Review financial resilience to further mitigate against future risks and consider increasing level of reserves.
- 2) Be clear about outcomes and how you are monitoring the delivery of your vision.
- 3) Focus on bringing all your communities on your journey by raising awareness of the opportunities and how they can access them.
- 4) Strengthen your skills offering for all age groups to support the regeneration ambitions and the accessibility of new jobs to the local population.
- 5) Consistently market your vision so everyone understands what you are trying to achieve and how they fit into the success story.
- 6) Develop an Organisational Development Strategy to improve organisational capacity.

3. Summary of the Peer Challenge approach

The peer team

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

- **Nathan Elvery** (Chief Executive at West Sussex County Council)
- **Councillor Anne Western** (Former Leader and Leader of the Labour Group at Derbyshire County Council)
- **Tom Stannard** (Director of Economy & Skills at Oldham Council)
- **Gillian Quinton** (Executive Director for Resources at Buckinghamshire County Council)
- **Satvinder Rana** – Programme 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:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected Members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, the Council asked the peer team to consider/review/provide feedback on its plans to successfully achieve its economic goals.

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 at South Tyneside Council, during which they:

- Spoke to more than 60 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 36 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 250 hours to determine their findings – the equivalent of one person spending around 7 weeks in South Tyneside Council.

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 (2nd – 5th October 2017). In presenting feedback to the Council, they have done so as fellow local government officers and Members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things the Council may already be addressing and progressing.

4. Feedback

4.1 Understanding of the local place and priority setting

South Tyneside Council is a highly ambitious organisation with a track record and reputation for the delivery of outstanding examples of regeneration projects. There is absolute clarity about its ambitions and focus among Members, staff and partners. Members have been engaged in developing the vision and strategy and the strong passion for place and communities is evident everywhere. People love South Tyneside as a place, they are passionate about making a difference and they want to see it thrive and become even better.

The ambitions for the place and local communities is backed up with a shared vision, plans for improvement and tangible delivery on the ground. The drive for place shaping in infrastructure development terms and community shaping through the delivery of services comes out loud and clear.

There is a continually improving offer for children and adults in South Tyneside. This is clearly working and has been demonstrated through the Council's achievements for children and the transformational plans it is developing for adults. The Council recognises the challenges around adult social care and is systematically addressing these through transformational change.

There is a very strong focus on economic regeneration and growth and this is a key driver for the Council and its partners. Relationships with strategic partners and the Local Enterprise Partnership (LEP) are good, with the Council having secured substantial Local Growth Fund support to deliver its ambition for the International Advanced Manufacturing Park (IAMP) joint venture.

Relationships between strategy and benefits to local communities could be strengthened and the vision communicated more consistently. There are a lot of documents talking about the vision and ambitions, but these should be condensed down into simple messages. This will help local communities to better understand, in simple form, what it is that the Council and its partners are trying to achieve and how they are investing in local areas. This will enable the Council to demonstrate much more clearly how joint efforts and investments translate into local areas and into the lives of local communities; and it will also enable local communities to see the benefits that investments in the infrastructure and the transformation of services will have on them. This will require strengthening outcome targets and performance management against ambitions to demonstrate how the vision and transformed services are delivering outcomes for local communities.

There has been heavy investment in the 'hard' infrastructure projects such as buildings which is clearly visible. However, there appears to be relatively low level investment in the 'softer' aspects of infrastructure such as skills and employment support and progression. The Council, together with its partners, is creating huge opportunities into the future through new jobs and new opportunities for skills for local people through, for example, IAMP. But what is yet not clear is how local people can connect into those opportunities and what that should look like. For example, how can a young person in Jarrow find out about his/her pathway to new skills and a job at the end. Making this connection clearer will ensure that local jobs are more likely to be better accessible to local people.

The peer team would therefore encourage the Council to now begin the process of sharpening its focus into this 'softer' infrastructure so that it can demonstrate the tangible impact it is making on improving the quality of life of local people. For example, there is an opportunity to develop a strategy to address the housing needs of older people to complement the adult social care transformation approach that is being worked through. By making this connection the Council should be able to, more effectively, alleviate some of the problems around housing and an ageing population. This may mean looking at the organisation not just in

terms of the delivery of discrete services but in terms of the outcomes being achieved across the Council's core responsibilities and those of its partnerships. The peer team understands that work on this has already started.

In terms of the Council's broader relationships across the region and sub-region, its strategic partners are keen for the Council to continue collaborating across the region for the benefit of the area even if it is outside of the Devolution agenda. They recognise the strength in the work it has done so far (which is actually ahead of some of the opportunities that might come as a result of Devolution) and they are keen to work with the Council to maintain the pace and ensure that emerging regional opportunities for South Tyneside are achieved.

4.2 Leadership of Place

There is strong leadership of place in South Tyneside. The inspirational and longstanding political and managerial leadership provided by the Leader and Chief Executive is widely seen as a core strength and a key ingredient to the successful delivery of the Council's ambitions. This is recognised right across the board among Members, staff and partners.

The Council is very ambitious for the place and is delivering tangible and ambitious regeneration projects. This is clearly articulated and prioritised by Members, staff and partners. All partners understand the agenda for the place and are clear about the plans for delivery and their place within these plans. There are some outstanding examples of plans to deliver economic prosperity and the Council's leading-edge strategy of developing property and landholdings to influence economic prosperity via, for example, IAMP and Holborn, is impressive.

The strategy to drive social and economic benefits through regeneration is now starting to be seen and positively felt in communities. The improvements in the infrastructure are starting to raise community aspiration because people can see new buildings and facilities in their areas and they see the opportunities these improvements offer. The peer team saw examples of how services are touching and improving the lives of people and how new buildings and services are benefiting and enhancing the quality of life of local people - whether that's young children gripped by a story telling session at The Word or a rejuvenated older person coming out of an early morning swimming session at Haven Point.

The peer team found elected Members to be passionate about their communities and the place. They have a good understanding of the issues within their communities and it was impressive to learn about the way they were addressing these through the Community Area Forums. The peer team heard about some of the bold decisions, such as community asset transfers, Members were driving through in their communities and using the Community Area Forum to provide a focus for community and neighbourhood service improvements.

Partnership working is very strong in South Tyneside and strategic partners are fully aligned to the ambitions of the Council. They are keen to work even more closely with the Council to help develop more creative ideas for the place. Their

offer is for the Council to lean on them more because there is more they can do for the Council and the people of South Tyneside.

The peer team would recommend the Council to use community groups and the third sector to help further develop an already strong position around 'civic pride' and aspiration within communities. This will enable ownership of the vision for the place to be strengthened across the local population and will enable the Council to demonstrate what it all means for residents on the ground and in their local areas.

4.3 Organisational leadership and governance

There are positive and respectful relationships between Members and officers. The way the political and managerial teams work together to deliver the vision for South Tyneside is commendable. Members demonstrate clear place leadership and have a strong and determined economic and social vision for the borough, whilst also respecting the proper Member/officer relationship that supports quality decision making in local government. This is visible and gives confidence to partners and to local communities that the ambitions for South Tyneside are being delivered and those they can invest in the local area.

There is a committed and motivated workforce with a strong sense of pride in the organisation. The Council has very good ambassadors in its workforce which can be used even more effectively to send positive messages out into local communities and start making that link between what is being delivered on regeneration and the opportunities this presents to local communities.

The Council is seen as a caring, empowering and trusting employer by staff. It is an open and honest organisation that listens and acts upon feedback, and cares about the wellbeing of its employees. The peer team found the culture of the organisation to be welcoming, passionate, engaging and saw evidence of people pulling together to get things done.

Both formal and informal governance arrangements are working well because there are good relationships between Members and officers leading to strong formal decision making mechanisms across the council. Around the edges of the formal processes the Council has effective informal processes which help to create a collegiate culture. There is respect for the formal processes and respect for when things need to be done through a more flexible, collaborative and collegiate style.

The peer team found staff to be respectful of the political and managerial leadership and proud of the organisation they work for. They did however indicate that, after the upheaval of the Town Hall refurbishment and the return to the building, they would like to see more of the Leader and the Chief Executive. They would also value more formal and informal interactions with the leadership through, for example, 'all staff days' and informal ad-hoc conversations with their teams. Increased visibility of the Leader and Chief Executive will be key to supporting the future aspirations of the Council and its partners.

The peer team would also recommend that the Council strengthens the communication of its vision and develop a clearer organisational development strategy. There is a lot that is happening in the Council but it needs to be systematically pulled together into an organisational development programme which should consist of a strategy, a plan and monitoring of the impact on the workforce.

There is also room to strengthen the 'golden thread' in relation to service delivery performance by more robustly showing the link from the vision to the impact being made in local areas and communities. The vision is strong, the strategy is strong, the policy is strong, and delivery is strong; but now the Council needs to be able to demonstrate the impact this is making on the ground through clearly measured outcomes in local communities.

Furthermore, the peer team would encourage the Council to celebrate success more because there is a lot it should be proud of and a lot it should promote externally. This means not only celebrating successes within the Council, but also with partners, the community and more widely within the public sector.

4.4 Financial planning and viability

The Council is prudent in the use of resources and is making every pound count by making a very challenging financial position work for itself. Financial management is robust and focused and major Capital programmes are delivered in innovative ways. There is good financial planning in place and the Council has been achieving a balanced budget position in recent years.

There is also some creative thinking about income generation through commercial opportunities, and there will be opportunities which the Council can capitalise on to help improve its financial position. Furthermore, the changes that are being made in adult social care are also starting to make an impact.

However, high dependency on savings from adult social care needs carefully monitoring because this is the very area where future challenges will come from due to demand increases. So whilst the Council's transformational programme around these services is impressive, any savings made will have to be balanced with anticipated increases in future demand. Although alternative savings have been brought into account to offset these cost pressures, in some cases these have been one-off and not necessarily sustainable in the longer term.

Furthermore, like local government generally the Council has been managing unprecedented Adult Social Care pressures over past few years, and has historically had access to relatively low levels of general reserves, although earmarked reserves are more substantial. The council has a rolling 5 year financial plan with 2-3 years of delivery certainty. However, the Council could be vulnerable if there was a major financial shock. Looking ahead, the Council's future forecasts are dependent on the continued achievement of significant savings plans each year. Any slippage could have a major impact given the level of reserves the Council carries.

The peer team would therefore recommend that the Council continues to review its financial resilience carefully so that it remains fit for the future. Financial planning for 2018/19 is already well underway and the peer team would encourage the Council to take a further look at the wider risks of its plans and decide whether financial resilience is in place to deal with that risk.

4.5 Capacity to deliver

There is an incredible sense of purpose and public service among Members and officers at all levels in South Tyneside Council. This is helping to harness and deploy capacity to deliver against a very ambitious agenda.

The skills in the organisation are being used flexibly to provide additional capacity and this can be enhanced even more through a well-developed organisational development plan so that the approach is managed and remains sustainable into the future. The leadership in the Council is good at recognising talent and moves that talent around to maximise capacity. The peer team would therefore encourage the Council to put in place processes to enable everyone to see the opportunities that may be emerging so they can develop their skills to benefit from those opportunities.

The high profile of the Leader and the Chief Executive is a strength in the organisation and the peer team would encourage the Council to give more thought to developing broader leadership capacity within the organisation. This will provide opportunities for leadership development among the next tiers of Members and officers and enable partners to see examples of more distributive leadership emerging from across the organisation.

To increase capacity further, the Council should consider investing in more modern Information and Communication Technologies (ICT) to enhance workforce productivity through, for example, more mobile and flexible working whilst continuing to adhere to Government security standards. Council staff have indicated that current ICT in the organisation is restrictive and can be counter-productive.

Strategic partners are also up for doing more to help the Council to develop creative solutions; but they need to know how. So the peer team would encourage more open conversations with them on what needs to be done and how they can help to deliver.

Finally, the peer team would recommend that the Council should put a stronger focus on outcomes so that resources are targeted more effectively by enabling it to pin-point people, communities and areas where interventions are needed to improve the quality of people's lives. This will help to ensure that the right amount of resources are deployed in the right place and in the right way to help achieve the outcomes which reflect the aims and the challenges faced by local communities.

4.6 Economic goals

The Council has a very strong focus on economic regeneration and is leading the way in transforming services, communities and places through ambitious and tangible regeneration projects such as The Word, Haven Court, Haven Point, Hebburn Central, Jarrow Hub and IAMP.

The vision for regeneration and economic prosperity in South Tyneside was launched with the '*South Shields 365*' vision as a major project, which has strong partner support but which was developed at the outset of the current regeneration strategy - now over five years ago. Whilst there is absolute clarity on the economic focus, what this vision now represents within the wide range of priorities and projects that are in place could be articulated more clearly; for example, Town Centres, IAMP, the emerging priority on skills and the accessibility of new local employment opportunities to the resident population.

Nevertheless, the peer team noted that the emerging vision for economic prosperity of the area was being given greater coherence in the new draft 'Economic Strategy 2017-2031'. There seems to be consistency around this vision articulated as four key areas of focus:

- a) Smart economic growth
- b) A council prepared to intervene to drive growth
- c) Town centre regeneration
- d) Infrastructure and housing

The peer team thinks the four priorities can be fine-tuned further and better expressed as priorities focused on South Tyneside residents which might see 'Smart economic growth' translating into 'more, better jobs for residents'.

The task now should be to fine-tune the strategy and communicate it among staff, partners and the community to ensure wide and deep buy-in to the new vision, which is critical. The Council's workforce should be seen as critical to the communication and promotion of the vision and strategy given the proportion of Council staff who are local residents and thus capable ambassadors for the Council.

Part of the Council's success in delivering its regeneration programme has been the strength of partnerships it has in place. Strategic partners have absolutely bought into the vision for South Tyneside and are focused on delivery. They feel the Council backs individual schemes and the regeneration strategy, reflecting the intervention policy driving the Capital programme. Strategic partners, major employers and developer partners hold this approach in high regard as a mark of a determined Council that is easy to do business with and gets things done.

There is a positive, forward looking pipeline of major projects which are fully funded with a Capital programme of relatively large scale for an authority of South Tyneside's size. The impressive range of town centre development schemes in the pipeline gives a positive sense of progress, delivery and confidence in future

aspiration. However, there is a general consensus that the Capital programme is now “working at its limit”. Therefore, any future stress and/or risk injection in the delivery of the programme could be considered a significant risk to the Council. The peer team thus recommends that Capital Projects continues to feature prominently in the Council’s Key Performance Indicators (KPIs) and that these risks are tracked and managed at the corporate level by the senior management team.

There is also a clear opportunity for the Council to ensure better public and staff engagement in the future programme by building on the ambassadorial workforce model and by ensuring the local community is well engaged and taken along on the next phase of delivery. This will mean managing any emerging new community risks associated with growth and the formation of new communities and neighbourhoods. The scale of the residential aspiration at Holborn and the future mix of affordable housing in this neighbourhood as well as other housing schemes will be a useful test for this approach.

The Council has an impressive grip on housing need, delivery strategy and its coherent position on land supply. It has an impressive delivery record of circa 400 units per annum coupled with the new council owned housing development company, Centaurea Homes, providing a strong platform for future delivery. The Council is aware of the affordable homes challenge given its levels of relative deprivation and housing needs. It is working towards a 25% delivery target for new affordable housing which it is actively promoting in new developments.

The peer team would encourage the Council to maintain focus on delivery of a compliant new Local Plan and to continue maximising the opportunity for housing delivery, given the current absence of a spatial planning framework for the North East Combined Authority region.

The IAMP is a very exciting and an ambitious project that has widespread support and buy-in. It is regarded by employers as “seamless” despite it being a cross-border scheme. Major employers see the project mobilising as one scheme and not the two local authorities managing it; this is a major asset to delivery and reflects well on the joint venture with Sunderland Council being invisible to the delivery of this ambition in the eyes of investors and target employers. However, the skills agenda in relation to this project is a source of potential risk. This is because the pressure on delivery timescales and the lead-in times for training programmes remains likely to result in a requirement to import some skilled labour in the early phases of the project. To the Council’s credit this issue is recognised and there is an ambition to now tackle this more proactively in a new skills and employment strategy.

The peer team would therefore encourage the Council to consider supporting development of this strategy in part by moving its currently strong partnerships across the skills, Further Education, and employment support areas on to the next level. It can do this by building on the recent college merger and the emerging consensus on skills and employment as a major strategic intervention area for South Tyneside over the 2017-2031 period. Provider relationships are strong and

an asset to build on in further improving labour market accessibility and mobility for the local resident working age population.

The skills issue is also a bigger undertaking than control and/or influence over the Adult Education Budget that may in future years be offered under Devolution deals, meaning the Council should not see the Devolution debate in this area as either a distraction from, or worse still as substitute for the need to better understand and influence existing relationships across the skills and employment ecosystem at a local level.

The skills profile of South Tyneside is clear and well understood. As noted above, the lead-in time for training new labour market entrants and/or re-training existing staff to fill potential IAMP vacancies is seen by partners as an area of shared concern. The Council will also need to continue to carefully consider future inward investment priorities in its currently less well represented/less visible business sectors and how best to target and manage these relationships to maximise local employment gain in relevant supply chain sub-sectors arising from IAMP and other local employment opportunities.

Whilst there is good and sector-relevant 'spot commissioning' of employment support programmes tailored to employer needs, South Tyneside currently lacks a comprehensive infrastructure of employment support providing a 'universal offer' to support residents that national employment programmes currently lack.

A major strategic challenge is the "missing middle" i.e. working age residents with either poor, inadequate or no qualifications affecting the future eligibility for new jobs the Council is actively creating. There is no obvious national intervention strategy to support working age adults with low skills but high progression potential. The peer team would therefore suggest the Council should consider scoping and establishing a relatively low revenue cost brokerage intervention programme that could operate in this space by bringing together improved adult Information, Advice and Guidance, job readiness "on top" and funding brokerage across the skills development system. This programme should be actively marketed to the core "missing middle" cohort of working age adults.

In terms of culture and tourism, South Tyneside has much to offer its residents and visitors. For example, The Word, Ocean Road, Foreshore, Haven Point and other such schemes in the pipeline is adding to the destination offer for South Tyneside. The Council has acknowledged the need to continue to build demand in the local visitor economy for overnight stay visits, and for this to support future demand analysis to build the business case driving a better quality of hotel development in the borough.

In order to capitalise on its assets as a destination for visitors, the Council should consider developing a clear destination marketing strategy and audience analysis to support the delivery of the regeneration programme, and to keep this under review in tandem with the staged delivery of the regeneration programme.

Next steps

Immediate next steps

We appreciate you will want to reflect on these findings and suggestions with your senior managerial and political leadership in order to determine how the Council 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. Mark Edgell, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). His contact details are: Tel: 07747 636 910 and Email: mark.edgell@local.gov.uk

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this report to help inform your ongoing consideration.

Follow up visit

The LGA 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 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 12-24 months.



Satvinder Rana
Programme Manager

(On behalf of the peer challenge team)