

# LGA Corporate Peer Challenge – Progress Review

London Borough of Newham

Wednesday 16<sup>th</sup> October 2024

Feedback



**Corporate Peer Challenge**



# Contents

- 1. Introduction ..... 3
- 2. Summary of the approach ..... 3
- 3. Progress Review - Feedback ..... 4
- 4. Final thoughts and next steps ..... 24

# 1. Introduction

The council undertook an LGA Corporate Peer Challenge (CPC) during 28 November – 1 December 2023 and promptly published the [full report with an action plan](#).

The Progress Review is an integral part of the CPC process. Taking place approximately ten months after the CPC, it is designed to provide space for the council's senior leadership to:

- Receive feedback from peers on the early progress made by the council against the CPC recommendations and the council's CPC Action Plan.
- Consider peers' reflections on any new opportunities or challenges that may have arisen since the peer team was 'on-site' including any further support needs.
- Discuss any early impact or learning from the progress made to date.

The LGA would like to thank Newham Council for their commitment to sector-led improvement. This Progress Review was the next step in an ongoing, open and close relationship that the council has with LGA sector support.

# 2. Summary of the approach

The Progress Review at Newham Council took place at the council on Wednesday 16<sup>th</sup> October 2024.

The Progress Review focussed on each of the recommendations from the Corporate Peer Challenge, under the following theme headings:

- **Local priorities and outcomes**
  - Recommendation 1 – Prioritisation
  - Recommendation 8 - Performance and programme management
- **Resetting relationships and positive culture change**
  - Recommendation 2 – Relationship reset

- Recommendation 6 - Culture change and workforce strategy
- **Governance**
  - Recommendation 3 - Delegations of responsibility
  - Recommendation 9 - Scrutiny
- **Temporary accommodation**
  - Recommendation 11 - Temporary accommodation
- **Financial planning and management**
  - Recommendation 4 - Medium-Term Financial Strategy
  - Recommendation 5 - Assets, capital and investment
- **Capacity for improvement**
  - Recommendation 7 - Equality, diversity and inclusion (EDI)
  - Recommendation 10 - Member development

For this Progress Review, the following members of the original CPC team were involved:

- Andy Donald, Chief Executive, London Borough of Haringey
- Mayor Paul Dennett, Elected Mayor, Salford City Council
- Cath Shaw, Interim Chief Executive, London Borough of Barnet
- Mark Maidment, Former Chief Executive and Director of Resources (S151), London Borough of Richmond and London Borough of Wandsworth
- Harry Parker, LGA Peer Challenge Manager

### 3. Progress Review - Feedback

Newham Council accepted all the recommendations made during the LGA CPC and subsequently produced an action plan outlining the steps the council would take to respond to these recommendations. This was [published in May 2024](#) and has framed and guided a programme of activity across the whole organisation.

Newham Council have positively engaged with the CPC process throughout. Internal mechanisms were established to monitor progress of delivery of the CPC action plan, with the actions integrated into the quarterly performance reports to Cabinet. This reflects good practice and demonstrates a commitment to tracking delivery of progress and responding to the recommendations. The peer team felt this practice should continue, especially as the council increasingly moves towards the implementation phase of a greater number of the actions.

Both the peer team and the council acknowledge that this Progress Review serves as an early milestone in what will be a sustained, long-term effort to fully implement several of the more strategic recommendations. However, the peer team was concerned that while Newham have clearly initiated activity against several of the actions, progress in some areas has been slow and the timeline for implementation for many of the actions remains unclear.

The scale of the challenges Newham face remains significant; with key pressures relating to the council’s financial sustainability growing, particularly in relation to demand-led services such as homelessness support (temporary accommodation specifically), Children’s Social Care and Adult Social Care. Given the pressure Newham are under, the council is currently in discussions with the Ministry of Housing, Communities and Local Government (MHCLG) regarding Exceptional Financial Support (EFS).

**Local priorities and outcomes**

No.	Recommendation - Prioritisation	Council RAG
1	An exercise of clarifying the short-, medium- and long-term nature of the council priorities is required. This will involve making difficult choices about what the council can, and cannot, do – and then committing to the decisions. It must include a focus on getting the basics right. It will be important that this is communicated across the organisation and to partners.	On track

During the CPC, the peer team concluded that Newham had an abundance of priority areas but with limited resources (both in terms of organisational capacity and financial constraints) this imbalance has led to a lack of prioritisation. Resources were dispersed too thinly, resulting in perceived inaction and delivery challenges. A key recommendation from the CPC urged the council to consolidate and refocus its Building a Fairer Newham (BaFN) Corporate Plan, a process that is underway and thus remains incomplete. The peer team raised concerns regarding the pace of progress, noting that the BaFN still contains 132 high-level commitments. There remains a continued need to prioritise to provide the organisation with clarity on which priorities can be paused or removed entirely.

Given the council's financial pressures, the need to establish a streamlined BaFN is now even more pressing; with a clear focus needed of a set of core 'must-do' objectives. Senior members conveyed an understanding that constrained resources will require difficult decisions to be taken, with fewer council priorities but with the objective to execute these more effectively. The council has recognised the critical need to link the Corporate Plan refresh to the MTFS budget planning process, both of which are expected to conclude by February 2025. Consequently, it is noted that the council is actively considering the positive and negative impact that changes to the corporate plan will have on resourcing and budgets by managing these processes jointly as part of the budget setting process underway for the 2025/26 financial year and MTFS period.

Positively, several workshops have been held with the Cabinet and Corporate Leadership Board (CLB) to discuss a refined and refocused BaFN framework with processes in place to bring forward an updated plan in line with the 2025/26 budget-setting process. There is an opportunity now for this work to progress at pace, with clear milestones and reporting back to the wider organisation and partners. It is noted that proposals developed to support these workshops include proposed steps to reduce the scale and scope of the BaFN which is being considered through this process. As mentioned earlier, the peer team see this reduction in the number of council priorities as crucial.

In August 2024, the Cabinet approved the Transforming Newham for the Future Plan,

a three-year strategy outlining eight priority areas for change, each with specific actions and milestones. The transformation programme includes key targets, such as implementing a new Target Operating Model projected to save £13m. Phase one of the programme includes optimising the council’s call centres – consolidating eight separate centres into a single, unified access point – and integrating a centralised business support function, bringing together over 250 roles to enhance collaboration and efficiencies. The transformation programme also sets measures in place for a reduction of between 10-12 per cent of staffing levels.

While establishing a single organisational transformation programme is a positive step, the true challenge lies in the transition to the implementation phase. Achieving the set milestones and projected savings will require clear, organisation-wide communication of timelines and objectives.

During the Progress Review, the peer team found that while there was strong awareness of the transformation strategy across the council, engagement in its design and implementation had been limited, particularly among Cabinet members and the Senior Leadership Team (SLT). Many expressed a feeling that the transformation strategy was being done *to* them rather than *with* them. Addressing this requires focused engagement at all levels, with a priority on involving Cabinet and SLT members more actively. Their input and ownership are vital for effectively driving and embedding the transformation programme, leveraging their capacity and expertise to ensure its successful delivery across the organisation.

No.	Recommendation - Performance and programme management	Council RAG
8	Review the differing approaches to performance management across the council, including the cabinet accountability model, with a view to establish a single performance and risk framework which covers key performance indicators, capital delivery, savings programme delivery and transformation programme delivery.	On track

An officer-led review of performance management approaches has been undertaken, resulting in the establishment of a single performance and risk framework. This streamlined framework integrates key performance indicators (KPIs), capital delivery, savings programme progress, and transformation programme delivery, all of which are reported to Cabinet on a quarterly basis.

With the planned refresh of the BaFN in February 2025, there will also be a need to update performance metrics and KPIs. This refresh offers a valuable opportunity to engage members in assessing the effectiveness of the current performance framework in demonstrating service performance and supporting informed decision-making.

Cabinet members and senior officers described to the peer team a productive change to the Cabinet Accountability Model (CAM). As part of the new governance framework, the CAM meetings have reduced in frequency and now operate as monthly Cabinet Member – Corporate Director meetings.

The Cabinet Accountability Forum (CAF) has also evolved, now functioning more as a forum for Cabinet and CLB to meet collectively to discuss emerging issues and set strategic direction. However, during the Progress Review, the peer team received feedback suggesting that CAF meetings often become sidetracked by operational issues, losing sight of the more critical strategic challenges. Consequently, CAF is not consistently perceived as addressing the council’s most complex and urgent issues, and this is creating gaps in the development of proposals and emerging policies. This limitation places additional pressure on other forums, such as the Overview and Scrutiny Committee, to step up and address unresolved issues, and provide the level of challenge that should ideally be managed within the CAF structure.

**Resetting relationships and positive culture change**

No.	Recommendation – Relationship reset	Council RAG
2	Relationships at a senior level between politicians and senior officers, between the Mayor and Cabinet and other members, and within CLB urgently require resetting. This	Amber



	<p>should be done in such a way as to create a 'one team' culture focused on delivering the best outcomes for Newham. This should include explicit clarification of the respective roles of the Mayor, Cabinet, scrutiny, and chief officers, and this should be agreed and written down. Relationships between members and officers should be strengthened by creating time and space for members and officers to interact outside of formal meetings to understand each other's roles and responsibilities and build trust.</p>	
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As highlighted in the CPC, effective organisations are built on strong relationships between the managerial and political leadership. During the Progress Review, the peer team heard a range of differing perspectives about the state of relationships, ranging from 'they have improved', 'they're about the same as at the point of the CPC' to 'they're worse than ever'. The peer team observed that significant room for improvement remains in strengthening these key working relationships and establishing a level of trust. Some concerning examples were shared with the peer team which suggest some relationships remain very difficult and unconstructive, which could lead to a further breaking down of relationships if action is not taken.

However, it is positive that steps have been taken to address these relationship issues. Dedicated facilitated workshops for the Cabinet and CLB have been held to define shared values and reinforce the common purpose of serving and delivering for Newham's residents. Members and officers whom the peer team engaged with acknowledged the value of these sessions. The foundations laid through these workshops present an opportunity for ongoing improvement, which could be further solidified through regular joint development sessions. The peer team would encourage the council to communicate more openly across the organisation about these efforts, highlighting the steps taken to enhance and strengthen these critical working relationships.

It is also positive that the members at varying levels of seniority the peer team spoke with recognised the ongoing need to improve working relationships across the

council and there was a shared commitment to continuing with and progressing work in the space. A good example includes the establishment of a cross-party working group who in part will be exploring this ‘relationship reset’.

The CPC recommendation to clarify and document the respective roles of the Mayor, Cabinet, scrutiny, and chief officers has not yet been implemented. The peer team continues to see this as an important step. Instances of blurred roles and responsibilities between members and officers were once again highlighted to the peer team, underscoring the need for a clearly defined framework to enhance accountability and support effective collaboration.

No.	Recommendation – Culture change and workforce strategy	Council RAG
6	The council should develop a clear approach to culture change and organisational development. This should include the introduction of a new workforce strategy to address issues such as recruitment, retention, induction, EDI and performance management.	On track

It is positive that the council’s workforce strategy has been developed and is in the process of being embedded. The strategy was launched in May 2024, and focuses on key areas like recruitment, retention, induction, EDI and performance management with the objective of building a supportive, inclusive and high-performing organisation. To help progress these five key areas, accompanying phased action plans have been developed and are in the process of being implemented. However, it is worth noting that the implementation of these plans were not reviewed as part of the Progress Review.

During the CPC, the peer team reflected the positive reception the Developing Diverse Leaders personal development programme had received and encouraged the council to consider putting *“greater investment in this area will support the organisation in taking a more systematic approach to the employee lifecycle”*. The peer team was therefore pleased to hear about the re-running of the Developing Diverse Leaders programme and the introduction of new leadership development

programmes, such as:

- Transition to Leadership (managers that have recently taken on a leadership role)
- Building High Performing Teams (for middle-senior managers)
- Outcomes-based performance
- Leading hybrid teams

During the CPC, the peer team commended the council for conducting its first staff survey in a decade in 2022 and for committing to an annual survey thereafter. The 2024 survey yielded similar response levels to previous years; however, benchmarked results fell below those of comparable public sector organisations. For instance, in response to the statement '*I would recommend Newham Council as a great place to work*', only 49 per cent of Newham staff agreed, compared to a 69 per cent benchmark. Progressing and communicating action in response to the staff survey will be important to demonstrate the council listens to its staff and is committed to fostering a positive workplace culture.

## **Governance**

The council has established a Transformation and Improvement Board to provide additional independent input and challenge across key service areas. It has recruited independent members for Adult Social Care, Children's Services, housing strategy and housing operations. The focus of this board is to ensure the council delivers on its transformation and improvement agenda and provide regular advice and challenge to the council on the full range of their transformation and improvement activities which includes the financial activity. The board will also play an important role in overseeing the council's action plan in response to the Regulator of Social Housing (RSH) inspection.

It is positive that updates on the implementation of the council's CPC action plan goes to the Transformation and Improvement Board as part of the standing items for the council's improvement journey. The peer team felt that this good practice should continue with greater focus on the implementation and reviewing the impact of the

changes.

No.	Recommendation – Delegations of responsibility	Council RAG
3	<p>Clarify and adhere to delegations in order to engender shared responsibility and to increase the pace of delivery. Cabinet members and senior managers in CLB and the SLT should be empowered to step more into the corporate leadership space.</p> <p>The final phase of the constitutional review should be concluded urgently to support the governance framework, in accordance with best practice principles, and provide important clarity of the decision-making roles and responsibilities.</p>	Amber

Some progress has been made in refreshing the council’s constitution following the appointment of a new Monitoring Officer, who has demonstrated a strong awareness of the high priority of this task. A commitment has been made to complete the constitutional update by April 2025. To support this effort, a members’ constitution working group has been established, and focused workshops have been delivered to ensure a structured and collaborative approach to the review.

While this review has been ongoing some good measures have been introduced to improve internal governance processes such as the adoption of a revised code of conduct complaints procedure.

However, the peer team observed limited progress in refreshing the scheme of delegations. The team continue to see this as essential for fostering shared responsibility and accelerating delivery across the organisation. Clearer definitions of roles and responsibilities for Cabinet members and senior officers are needed to enable effective, accountable decision-making.

During the Progress Review, the peer team continued to hear that both senior officers and members feel constrained in exercising their delegated authority, often deferring to the Mayor and Chief Executive despite having the responsibility to make

decisions. This deference slows the pace of decision-making. Establishing clear delegation boundaries for Cabinet members and the CLB is crucial, as is empowering and supporting these leaders to make decisions confidently. While building this confidence will be a longer-term process, doing so will strengthen governance and enhance the organisation’s overall effectiveness.

The peer team also emphasises the importance of reviewing the size and distribution of Cabinet portfolios to create a more sustainable model of responsibilities; in particular looking at the breadth of portfolio responsibilities of the Mayor and Deputy Mayor. At present, the current distribution is overly concentrated on a few individuals, this should be addressed with the aim of fostering greater member oversight and involvement. The peer team was encouraged by the Mayor’s commitment to address the balance of portfolio responsibilities by the end of October, a step they would strongly welcome.

No.	Recommendation – Scrutiny	Council RAG
9	A comprehensive action plan must be developed and implemented urgently in response to the scrutiny improvement review to ensure robust governance and ensure the effectiveness of the scrutiny function.	On track

The implementation of the CPC recommendation to develop an action plan in response to the Scrutiny Improvement Review is yet to conclude. This has meant that the work is not on-track against expected milestones. This pace of delivery is disappointing. However, it is noted that a programme of activity has been delivered with the support from the Centre for Governance and Scrutiny (CfGS) to develop a comprehensive action plan.

The council explained that the delay was due to the important need to complete a series of co-production workshops with the CfGS on the action plan. Scrutiny members, Cabinet members and officers have engaged in the workshops and continue to collaborate on areas that are needed to underpin the final action plan. The peer team understand an action plan has now been drafted and a final member

workshop will review and refine the action plan, with the intention to agree a finalised version this year.

Despite the delay, the peer team heard from senior members and CLB about improvements into the culture of scrutiny, with improved access to information for scrutiny members and new opportunities for them to engage directly with senior officers without Cabinet members present.

However, as outlined in Recommendation 2 – Relationship Reset, there is still room for improvement in the working relationship between the Mayor, Cabinet, and scrutiny members. While adversarial behaviours have become less frequent, the peer team was informed of ongoing instances where the scrutiny function is occasionally seen to be used as a way to act out personal disagreements and internal party conflicts.

### **Social housing and temporary accommodation**

Newham experienced a RSH inspection during the spring of 2024. The report was published in October 2024, and the regulatory judgment confirmed a consumer grading of C4, the lowest possible grading. Conclusions drawn by the RSH include that there were:

*“very serious failings ... in delivering the outcomes of the consumer standards and that fundamental changes ... [must be taken], specifically in relation to outcomes ... [with the] Safety and Quality Standard [and ... the] Transparency, Influence and Accountability Standard”.*

The council must now urgently communicate with its tenants about the issues identified and rapidly put measures in place to remedy the failings.

A comprehensive action plan is in development, setting out the steps to make the necessary changes, this will need to be monitored carefully. The council’s response to the RSH inspection demands a whole council approach on implementing the improved housing standards across the board for Newham tenants. The peer team welcomed the council’s intention to take a similarly holistic approach to its response to its temporary accommodation challenge.

The council's response to the failings identified will require a significant capital investment and will necessitate a review of the current shape of capital expenditure plans in the HRA.

The council should also conduct a thorough review to understand how this situation developed and why existing corporate mechanisms failed to escalate and address this risk before the inspection. The RSH was particularly critical of the council's lack of understanding or acknowledgment of the scale of its challenges in this area prior to the inspection, underscoring the need for strengthened risk management and oversight processes.

No.	Recommendation – Temporary accommodation	Council RAG
11	There needs to be a whole organisational ownership of the temporary accommodation challenge. This is a crisis and requires a collective response, both to the immediate challenge and in grasping the strategic changes that are needed to address the underlying problem. The council should review all the levers it has to impact positively on this crisis, including those which involve some hard professional and political choices.	Completed

In the CPC report the peer team described the temporary accommodation pressure Newham faced as a crisis and one which was unsustainable for the authority. Since then, this pressure has intensified: as of 31<sup>st</sup> July 2024, 6,682 households – equivalent to 1 in 20 across the borough – were in temporary accommodation, giving Newham the highest number of households in temporary accommodation nationwide.

Newham faces an unprecedented homelessness challenge, with a continued rise in residents experiencing homelessness and a significant increase in the use of temporary accommodation, including costly hotel placements. This creates an unsustainable situation, both in terms of the growing number of households in temporary accommodation and the escalating financial burden on the council.

This pressure has been a long-term cost driver for the council. The rise in demand for, and cost of, temporary accommodation means that the council's forecast annual expenditure on this is on track to grow from £14m back in 2022/23 to £145m in 2027/28<sup>1</sup>.

Despite the growing temporary accommodation pressure facing the council, the peer team heard of genuine progress being made. The council commissioned a gateway review of the homelessness response programme (HRP). This was a positive report which found the programme to be well structured and has contributed to cost mitigation. The review did flag though that the programme was under-resourced and invest-to-save principles should be employed. Following this gateway review action has been taken and additional resource has been provided to the HRP.

The peer team was pleased to hear an acknowledgement that a whole council approach has been adopted to tackle the temporary accommodation challenge. The establishment of the Temporary Accommodation and Housing Supply Board (TAHSB), which is chaired by the Chief Executive and has representatives from all directorates, is a good example of this.

Newham can clearly articulate the acute challenges it faces with regards to temporary accommodation and is playing a leading role in the lobbying of central government for reforms to housing and homelessness policy. The peer team welcomes Newham's recognition of the significance of the Renters' Rights Bill and would encourage the council to undertake detailed modelling to assess potential risks should it become law. Communicating these challenges openly will be essential, even while navigating the potential political complexities this may entail.

## **Financial planning and management**

In large part caused by the temporary accommodation challenge the council faces, the scale of the in-year (£47m) budget gap and the gap forecast over the Medium-term Financial Strategy (MTFS) (£175m) is the most significant the council has faced. Of the £47m anticipated overspend, £31m is for temporary accommodation and

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<sup>1</sup>

<https://mgov.newham.gov.uk/documents/b34711/Supplementary%20Agenda%20Finance%20Papers%2015th-Oct-2024%2010.30%20Cabinet.pdf?T=9>



£16m for additional social care provision. This represents a:

*“12 per cent overspend of the general fund budget. An overspend of this level is unsustainable and exceeds those reserves which would be readily available to cover it. It reduces the robustness of the council’s finances and its ability to manage and mitigate the investment risks which are present in the outlined future capital programme”<sup>2</sup>.*

At the October Cabinet a decision was made to take forward an emergency package of £20.3m immediate savings or income raising measures, including a 20 per cent uplift on all fees and charges with discretionary charging except parking, for the current financial year. It has also commenced consultation on proposals for further savings totalling £70m, as part of plans to close a forecast budget gap over the MTFS.

Despite the scale of this financial challenge the peer team observed a worryingly inconsistent sense of urgency from across the organisation. To meet the gravity of the financial situation, collective responsibility is essential, with both senior members and officers obligated to identify and propose potential savings. Cultivating a psychologically safe environment is paramount, where all suggestions for savings are openly discussed without fear of repercussion. Such transparency is key, as it enables members to gain a broader understanding of the options before them.

The organisational awareness sessions, like the ‘Abi Answers’ sessions and all member briefings, on the council’s financial position should continue, emphasising the urgency at all levels and reinforcing the need for difficult, yet essential decisions. The peer team noted that the imperative to make these hard choices, such as around the generosity of service provision and on discretionary services, has grown even more critical since the CPC.

The council has submitted an EFS request to the MHCLG, seeking permission to use capital receipts to address mounting pressures on its revenue budget. Given the scale of Newham’s budget gap, failure to secure this flexibility would necessitate a

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<sup>2</sup> <https://mgov.newham.gov.uk/documents/s175754/4.%20Appendix%20C%20-%20Q2%20Budget%20Monitoring%20Report%202024-25.pdf>

further depletion of reserves, bringing the council closer to the issuance of a Section 114 notice.

During the Progress Review, senior officers stressed that even with a favourable outcome on the EFS, the imperative for organisational transformation remains unchanged. The council will still need to operate on a significantly reduced scale, with fewer priorities to sustain in its constraining financial environment.

No.	Recommendation – Medium-Term Financial Strategy	Council RAG
4	Develop a longer-term MTFS covering a minimum of three years forward look for revenue alongside longer term plans for capital. This should be accompanied by an updated Housing Revenue Account (HRA) business plan. In the whole, this should aim to demonstrate the future financial sustainability, and which is aligned to the strategic vision of the council and the BaFN.	On track

Positively the council has responded to the CPC recommendation and developed a longer-term MTFS which aligns with the Transforming Newham for the Future Plan.

The council has carried out a benchmarking exercise which has been well-received by the members and officers the peer team spoke with. This analysis demonstrated that Newham were outliers for higher spend in 11 areas including around licensing fees and charges and on some discretionary public health programmes.

Benchmarking was described as a fundamental part of the council’s transformation programme, with the aspiration of moving council spend in all areas where it is currently an outlier towards at least the median level.

During the CPC, the peer team encouraged the council to carry out a *“comprehensive review [of] discretionary spend ... to ensure this is achieving the necessary value for the investment and that it is contributing to the delivery of the council’s priorities.”* Some steps have been taken to audit the council’s spend on discretionary services but the peer team felt more could be done to ensure alignment with the council’s reducing priorities and shrinking financial envelope.

The council's Transformation and Improvement Board can act as a useful sounding board. In particular regarding popular discretionary service spend, scrutinising whether there is this alignment and/or whether the spend is having a net benefit contribution to reducing cost on the general fund through invest to save/ prevention fundamentals.

At the October Cabinet an updated 30-year HRA Business Plan was approved. This reflected a refocus of the HRA towards improving housing stock repairs, maintenance, retrofit and a slight re-balancing towards new home acquisition as opposed to new home construction. The RSH judgement underscores the necessity of these improvements. The HRA Business Plan in its nature is an iterative document but given expected government policy around the 10-year rent settlement, review of the Right-to-Buy scheme and funding for retrofit, and the recent regulatory judgement it will be essential to bring an updated version of the HRA Business Plan in the spring of 2025.

The peer team urge Newham to keep the balance between housing compliance and the HRA housing development aspirations under review – in maintaining the current housing stock to the required decency standards at the same time as delivering on its aspirations for housing growth. This remains important in ensuring that the council does not overreach in regard to the levels of debt it is exposed to, and while the peer team recognise that building homes to address housing availability and tackle homelessness are extremely important, the first priority has to be ensuring compliance with health and safety obligations within the existing stock. This therefore will require a process of prioritising HRA expenditure.

No.	Recommendation – Assets, capital and investment	Council RAG
5	The council should develop and embed mechanisms to improve oversight and management of the council's capital programme – including a dedicated long term capital strategy. This needs to clarify the risks of the existing and planned for increase in borrowing. Alongside this the council needs to develop a comprehensive asset management strategy. A review should be undertaken to ensure the	Amber

	<p>council's assets are contributing to organisational priorities which should consider future requirements, acquisitions and disposals.</p>	
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Officers have developed a draft asset management strategy with high level priorities agreed by the CLB. The next stage is for a refined strategy to be considered by Cabinet in the spring of 2025, during which consideration will be given to the future wider commercial and operational estate. The successful delivery of the asset strategy is contingent on decisions regarding the front-office operating model, reducing floorspace and a zero-based approach to property occupancy.

The peer team noted that the council still has progress to make in establishing a comprehensive corporate overview of its entire estate. While steps have been taken to introduce a corporate landlord model, this approach is not yet fully embedded and will require time to mature. A key next step for this function is the completion of a robust and comprehensive asset management strategy. A draft of this strategy has been developed, aiming to provide a clear strategic framework for making informed short, medium and long-term decisions regarding the council's use and disposal of its assets.

While the council has made progress with some asset disposals, achieving £6m since February 2024 and with an additional £16m currently on the market, a comprehensive review of the asset profile remains essential, particularly given the EFS request to capitalise proceeds from asset sales.

The council has taken steps to strengthen its governance framework for managing its expansive capital programme as part of a dedicated strand in its wider governance review. A structured quarterly monitoring system for capital projects is now in place, accompanied by a formalised pipeline approval process for new projects. These mechanisms are critical given the scale of the council's capital programme and the considerable level of borrowing that supports it. This strengthened oversight aims to ensure that capital investments align with strategic priorities, maintain fiscal discipline, and mitigate financial risks associated with such significant debt commitments.

Analysis of debt servicing costs across London boroughs for 2023/24 shows that Newham had the sixth-highest debt servicing ratio relative to Core Spending Power, at 14.5 per cent - well above the London median of 8.1 per cent<sup>3</sup>. This burden has been consistently increasing over the past five years and is expected to rise sharply due to forthcoming major projects, including the Carpenters Estate regeneration, HRA-related borrowing and Populo’s business plans. As part of its budget-setting process, the council’s treasury management reports will be updated to include detailed projections for these loans. The peer team was pleased to see that work had already been undertaken to identify the proportion of loans that were backed by explicit income streams, and it remains vital that each borrowing commitment is accompanied by the associated income streams to manage the risk of this level of debt and ensure alignment with Newham’s wider financial sustainability goals.

**Capacity for improvement**

The peer team were particularly pleased to see the council successfully recruit a permanent CLB, with several members starting between April and May 2024. These key leadership appointments are vital for providing the senior management capacity needed to drive the council’s ambitious plans and address ongoing challenges. Stability at the CLB level is a strong indicator of organisational health and if sustained will have a positive impact on the council’s culture.

No.	Recommendation – Equality, diversity and inclusion (EDI)	Council RAG
7	The council should strengthen its approach to EDI across the range of protected characteristics, including by building on the existing staff forums. This needs the full and active participation of the senior leadership team. As a minimum a dedicated strand on EDI should be included within the new workforce strategy plotting out actions to amplify the importance of EDI in Newham. This should build on the	On track

<sup>3</sup> [https://lginform.local.gov.uk/reports/lgastandard?mod-metric=%3C7051M%2B7052M%2B7053M%2B7057M%2F5328M\\*0.1N%3ADebt+servicing+as+%25+of+Core+Spending+Power%3E&mod-area=E09000025&mod-group=AllBoroughInRegion\\_London&mod-type=namedComparisonGroup](https://lginform.local.gov.uk/reports/lgastandard?mod-metric=%3C7051M%2B7052M%2B7053M%2B7057M%2F5328M*0.1N%3ADebt+servicing+as+%25+of+Core+Spending+Power%3E&mod-area=E09000025&mod-group=AllBoroughInRegion_London&mod-type=namedComparisonGroup)

	<p>good work which has been delivered, and the council may wish to consider developing a dedicated EDI strategy. This would represent an opportunity to engage in genuine borough-wide co-production and co-development, empowering and engaging people, residents and communities in the equalities and inclusion work of the council.</p>	
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Positively, the council have taken steps to introduce a new dedicated equity model which is based on the [Equality Framework for Local Government](#). This two-year plan, recently approved by the CLB, aims to promote equity across Newham’s communities, services, partnerships, commissioning and workforce. The introduction of this equity framework helpfully recognises the council’s need to broaden out its approach to inclusion of equity across all protected characteristics.

As mentioned during the CPC, the council should build on the impressive work of the Tackling Racism, Inequality and Disproportionality (TRID) Programme and act as a model for progressing the cause of equity across all protected characteristics. The TRID programme has received external accreditation achieving Silver Trailblazer Status by Race Equality Matters (REM) for the ongoing work in tackling racial inequality.

The appointment of senior sponsors for each staff network is a promising step, with positive feedback reflecting strong engagement from some sponsors and an appreciation for the valuable role these networks play. To fully realise the impact of these networks, the council should continue to recognise and leverage their contributions, exploring additional ways to enhance their involvement and ensure they feel valued.

To strengthen the networks further, the next step should be to establish a framework and clear terms of reference for each staff network, ensuring clarity on their roles and responsibilities within the organisation. The peer team also encourages the council to consider adopting best practices from other London boroughs by providing dedicated time allowances for Chairs and Vice-Chairs, explicit support of the reasonable

release of staff to attend network meetings, along with distinct budgets for each network. Such measures would empower network leaders to engage meaningfully with staff and advance the council's commitment to EDI.

The peer team welcomed the introduction of a new dedicated Head of EDI role which is in the process of being agreed through the budget process. This post will have an important role in supporting and co-ordinating the staff networks.

No.	Recommendation – Member development	Council RAG
10	Enhance the existing member development and induction programme. The council should consider establishing a member working group which identifies development need. Specific training and support should be commissioned, developed and offered to cabinet members, committee chairs and committee members. It is important that dedicated member development and training provision is necessarily resourced.	On track

The council have commissioned the LGA to conduct a review of the existing member development and induction programme. This has involved surveying all members, holding member workshops and reviewing best practice member development programmes from councils across London. A report is being prepared that will outline recommendations for enhancing the induction process ahead of the May 2026 election, alongside immediate actions to support the development needs of the current councillor cohort. This report will be considered by the council's cross-party working group.

It is positive that steps are being taken to enhance the training provision available to members and once the refreshed programme is introduced it is important members engage in the development opportunities available to them. Group leaders also play a key role in fostering a culture of continuous learning by encouraging their members to participate in training sessions and setting clear expectations for engagement in these programmes. This collective commitment will strengthen members' skills and

contribute to more effective governance across the council.

## 4. Final thoughts and next steps

The LGA would like to thank Newham Council for undertaking a CPC Progress Review. Although there has been some progress in implementing elements of the council's action plan, laying important groundwork, the forecast budget gap over the MTFS of £175m, the outstanding EFS request, and the recent RSH judgement highlight the urgent need to expedite delivery of the recommended actions that have been put to the council.

Given this operational context and the number of outstanding actions, the LGA would like to provide the option to the council of a return visit of the peer team in the summer of autumn of 2025. The peer team see it as imperative that further progress on the council's action plan is taken at pace and see the option of a return visit as a potential milestone to ensure momentum is sustained.

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

Under the umbrella of LGA sector-led improvement, there is an on-going offer of support to councils. The LGA is well placed to provide additional support, advice and guidance on a number of the areas identified for development and improvement and we would be happy to discuss this.

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