Corporate Peer Challenge
Dudley Metropolitan Borough Council

27th – 30th March 2017

Feedback Report
1. Executive Summary

Dudley Metropolitan Borough Council is an organisation that is changing and improving. It is recognising the need to respond to the challenges facing local government in new and different ways. A range of stakeholders, including staff and external partners, think the Council is becoming more modern and outward facing, and less traditional and insular in its approach. They recognise the role and contribution of the current leadership – both political and managerial - in enabling this transition. They are seen to be making a difference. There is also a widespread awareness that austerity is part of the environment in which the Council will operate in for the foreseeable future. Staff, councillors and external partners accept and appreciate the need for further change.

The Council clearly understands the importance of a regular and constructive dialogue with key public, private and voluntary sector partners about borough wide issues and common challenges. It has actively sought to enable and facilitate this through arrangements such as the Dudley Leaders Group. Current relationships with key partners are positive, and the dialogue with the voluntary sector is particularly strong. A range of partners said the Council is easier to work with than in the past. There is a desire and willingness to deepen relationships and further develop joint working and collaboration. This provides goodwill and capacity for the Council to draw on, and is a key strength.

There has been some notable delivery against stated priorities, including the priority of ‘growing the economy and creating jobs’. This has been achieved through the Council’s direct investment, and also through its ability to influence. It has enabled progress at pace with its regeneration ‘asks’ from the West Midlands Combined Authority (WMCA). More locally it has delivered some impressive regeneration initiatives and projects that have resulted in visible improvements across the Borough. While recognising these are important individual components in the growth of the area, the Council knows it needs to do more to maximise the potentially unique identity, role and function of the Borough within the wider economic sub-region.

The continuing work to turnaround the performance of Children’s Services (endorsed by Ofsted) shows the Council can respond with pace, agility and innovation to deliver major service improvement. It is a good demonstration that when there is an undisputed, evidence based imperative for change, politics can be put to one side, and the needs of the service user can be the principal driver for improvement. The fact that Dudley has made such excellent progress is testament to the focus and commitment by politicians and officers. It is now timely to transfer more of the relevant learning from that success and embed it across the whole organisation to support the corporate improvement and transformation.

All of the above suggest the Council possesses most of the essential ingredients to move to the next phase of its improvement. There is however a fundamental need for a shared vision for both the development of the Borough and the future role of the Council. This needs to set out a simple and compelling story and the key steps to deliver that vision. It will provide a medium to long term basis for place shaping, priority setting, policy development, the financial strategy and transformation programme. It will enable the Council to better marshal and utilise existing resources (people, property, information and
money), partner capacity and inward investment to support the delivery of future priorities and aspirations. This is critically important given the political context at Dudley. The current political climate means that councillors need to balance their shorter term political aspirations and the longer term viability and performance of the organisation.

Political change is a longstanding feature in Dudley. The current No Overall Control (NOC) and minority administration is part of the operating environment. New protocols and working practices are helping to facilitate cross-party discussion on key decisions but this adjustment has not always gone smoothly. More emphasis on supporting councillors to agree the common ground on a longer term strategic vision and direction of travel is required. The NOC environment should be the driver for that longer term focus, not assumed to be a barrier to it. Relationships, attitudes and behaviours from both councillors and officers need to develop to create a culture that better enables an earlier engagement and involvement, and a more informal and mature dialogue.

Without this the Council will not realise its full potential as an organisation or be able to deliver the best for the Borough and its residents. This is being demonstrated to an extent by the current financial strategy and transformation programme. Both should be designed to support and enable the Council to deliver its future vision and priorities. But in the absence of a longer term plan, the activity in the ‘Transforming for the Future’ programme lacks an overall sense of purpose in terms of what the Council is trying to transform from and to. The financial strategy has essentially been predicated largely on a programme of annual efficiencies, without a strategic focus, to make immediate savings, and drawing on reserves to balance the budget. This approach is not sustainable, and means that the financial challenge facing the Council remains significant.

2. **Recommendations**

There are some observations and suggestions within the main section of the report that will inform further improvement and development. In addition, many of the conversations onsite provided ideas and examples of practice from other organisations. The following are the peer team’s recommendations to the Council. They are focussed on supporting the continued development of the Council, having acknowledged the improvements and progress made by the Council:

**Key recommendations:**

1) **The Council should broker a new conversation (involving councillors and partners) on the ‘story of the place’ and the future role of the Council.** This should provide an agreed longer term basis for place shaping, priority setting, policy development, the financial strategy and the Council’s transformation programme. It will enable the Council to better marshal and utilise existing resources, partner capacity and further investment to support the delivery of future priorities and aspirations.

2) **Recalibrate the ‘Transforming for the Future’ Programme so it focuses on ‘big ticket’ items and includes financial measures.** The Programme needs to be better linked and more aligned with the Medium Term Financial Strategy so
there is a better understanding (amongst officers and councillors) of the levels of savings predicated on the transformation activity and when they will be achieved.

3) **Reset councillor-officer relationships in the context of the continuing environment of political change/No Overall Control and austerity.** Ensure there are arrangements to enable and support earlier engagement and involvement about a medium to long term. Ensure there is clarity about respective roles and responsibilities and mutual respect for them, using the organisational values and behaviours as a basis for this. The LGA can provide external facilitation to support this.

**Other recommendations and suggestions to consider:**

4) **Share the learning and replicate successful ingredients from children’s services improvement in your future corporate transformation, improvement and organisational development.** Celebrate your own success and seek out best practice elsewhere in the sector, and beyond, to support the development of new ideas and thinking at Dudley.

5) **Make more of your wonderful location and assets as a borough by developing the thinking and talking up your ‘liveability’ offer.** Consider this as you continue to develop your narrative about the long term economic growth of the Borough and the regeneration strategy.

6) **Continue to develop and value your external relationships and partnerships. Partners are great advocates. Leverage it more.** There is genuine willingness to help and lots of goodwill to draw on. In doing so ensure the Council is able to follow through on promises and deliver at pace.

7) **Review and refresh governance arrangements so that they are fit for purpose in an environment of the regular political change and No Overall Control, and continued austerity.** Consider the inter-dependencies between the different parts of the arrangements, how they work in practice, and the formal and informal engagement (including between officers and councillors) that support the relationships between them. Focus on culture and behaviours, as well as process and protocols.

8) **Further develop the budget setting / savings proposals process in the context of No Overall Control.** Ensure there is a clearer understanding throughout the organisation (not just the finance team) of the end-to-end process (from original idea formulation through to delivery of savings), including the stages at which councillors are engaged and involved.

9) **Consider a minor reconfiguration or supplementing of current senior management capacity to best meet the challenges ahead.** The current structure is working. But there is scope for a minor realignment or supplementing of existing capacity within the current team to strengthen the leadership and marshalling of corporate services given the size of the budget challenge, the
scale and pace of transformation, and the continued need to contribute to borough-wide, sub-regional, regional and national agenda.

10) **Consider creating strategic capacity for procurement.** This will enable a more corporate oversight of contract and commissioning expenditure, and enable the categorisation of spend strategically, and challenge high spend areas.

11) **Continue to encourage, use and promote the great ideas that staff have.** Consider ‘quick wins’ that will encourage and empower people, such as allowing managers to make more use of social media to better promote services and the good work that the Council does.

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 the Council’s requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with the Council. The peers who delivered the peer challenge at Dudley Metropolitan Borough Council were:

- Jo Miller – Chief Executive, Doncaster Metropolitan Borough Council
- Councillor Tudor Evans OBE (Labour) – Plymouth City Council
- Councillor Robert Light (Conservative) – Kirklees Metropolitan Borough Council
- Sue Johnson – Borough Treasurer, Bolton Metropolitan Borough Council
- Tony Durcan OBE – Assistant Director (Transformation), Newcastle upon Tyne Council
- Sharon Strutt - Strategic Head of Delivery (Planning and Regeneration), London Borough of Redbridge
- Paul Clarke – Programme Manager (Peer Challenge), Local Government Association (LGA) *(Peer Challenge Manager)*
- Joseph Ling – National Graduate Development Programme, Local Government Association (LGA) *(Shadowing)*

**Scope and focus**

The peer team considered the following five questions which form the core components of all Corporate Peer Challenges. These are the areas we believe are critical to council 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 considering the areas above, the Council asked the peer team to provide feedback on the ‘Transforming for the Future’ programme, the Council’s role in the West Midlands Combined Authority (WMCA), the effectiveness of the senior management structure, and the development of the values and behaviours framework. We have included observations on all of these elements within the report.

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 councils’ own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals. 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 this peer challenge by reviewing an extensive 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 four days onsite at the Council, during which they:

- Spoke to more than 160 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from 45 meetings and additional research, reading and site visits.
- Collectively spent more than 260 hours to determine their findings – the equivalent of one person spending approximately 8 weeks at Dudley MBC.

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 (27th – 30th March 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 is already aware of, is addressing, or is a work in progress.
4. Feedback

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?

The Council has articulated its key priorities in the Dudley Council Plan 2016-19. Informed by engagement with the Cabinet and Leadership Forum, the Plan sets out three priorities of ‘stronger, safer communities’, ‘cleaner, greener place’, and ‘growing the economy and creating jobs’. These appear relevant given the context of the local place, and are evidenced by research and analysis. For example, enabling better access to jobs (through better transport connectivity, improved education outcomes, new businesses) in a borough that has higher unemployment than the average in England makes sense.

The Council recognises the Plan needs to underpin strategic decision-making more to ensure all decisions are informed by a proper understanding of their implications for the delivery of agreed priorities. We agree with that assessment. The priorities articulated need to drive the action and activity delivered. One illustration of this is the clear ambition to be a ‘Community Council’. That should in theory be driving the transformation of the organisation. But the recent exercise to align the action plan to existing work streams of the transformation programme (while helpful in terms of increasing linkage and alignment between plans) suggests a degree of ‘retro fitting’ activity to the ambition, rather than the ambition determining the transformation required.

There has been great progress against some Council Plan priorities. For example, a clear commitment to ensure the continuous improvement in Children’s Services following recognition in 2015 of serious failings in safeguarding and the care of vulnerable children – an assessment that was later reflected in the Ofsted ‘inadequate’ judgement. The Council has evidently responded with pace, agility and innovation to deliver major service improvement. Recent feedback from Ofsted (monitoring visit, October 2016) confirms the good progress and positive direction of travel.

The Council can point to impressive progress against other priorities - particularly in terms of ‘growing the economy and creating jobs’ – where it has achieved positive outcomes through its own direct investment, partnerships, and by influencing others. A number of initiatives and projects have seen demonstrable economic and physical regeneration benefits across the borough.

Regeneration

There are some excellent examples of individual initiatives and projects – such as the award winning Old Glasshouse, enhancement of visitor attractions (Dudley Zoo, Black Country Living Museum and Canal Trust), public realm improvements in town centres and the support secured from the West Midlands Combined Authority (WMCA) for the DY5 Enterprise Zone at Brierley Hill – potentially creating 7,000 jobs in the borough and 400 new businesses. These examples demonstrate a growing track record of delivery, and there is also a strong pipeline of proposed projects either at the early stages of implementation or ready to benefit from funding opportunities.
However, they do not yet form part of an overall ‘story of place’ that sets out a strategic approach to regeneration and economic growth of the Borough. Without an underlying narrative about the long term growth of the Borough, the current approach appears piecemeal and opportunity led. The Council knows this. The Regeneration Strategy being developed with the Dudley Leaders Group (including representatives from public, private and voluntary sectors) will go some way towards providing a more cohesive vision and plan. But a more compelling description about what the Borough ‘offer’ is, and the role of the Council to develop and promote that, is likely to be required. There is a growing desire and need for a long term vision and aspirations for growth that is shared with external partners and stakeholders.

This will help maximise the potentially unique identity, role and function of the Borough within the wider economic sub-region – and will essentially address the question of ‘what is Dudley for?’ There is, for instance, a widespread appreciation of Dudley's pride and place as part of the Black Country (its historic capital) and its strong heritage and culture. There are opportunities to maximise the significance of this and make it a more explicit part of the Borough’s identify and proposition to potential investors.

For example we were struck with the various facets that would make for a compelling ‘liveability’ offer: Dudley is the safest borough within the West Midlands area (for all crimes per 1,000 population), has a good education offer, an established (and impressive) heritage and culture offer, a deceptively green environment (14% is publicly accessible green space), and improved transport connectivity is potentially on its way (metro). As a major landowner (over 22,000 Council homes in the borough) Dudley is well placed to shape and influence its future housing offer and create a mix of homes that existing and new residents will be proud to call home.

There are other elements which add strength to the offer. Feedback from stakeholders and performance against national indicators suggest the Council has a skilled, competent and high performing planning service that is focused on enabling delivery and a ‘front door’ for developers. This is a real strength as the Council looks to attract further inward investment. There is also the forthcoming development of the Local Plan which provides a key opportunity to present the longer term plan for the physical development of the Borough to support any new agreed vision and offer.

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

The Council understands and values the importance of a regular dialogue with key public, private and voluntary sector partners about borough wide issues and shared challenges. It has actively sought to enable and facilitate this through arrangements like the Dudley Leaders Group, in addition to leading and supporting key statutory partnerships such as the ‘Safe & Sound’ Community Safety Partnership. Relationships with key partners – including Police and NHS - are clearly positive. The dialogue with the voluntary sector appears particularly strong, facilitated and supported by the Relationship Management Group.
The relationships and partnerships are not just facilitating debate and discussion. They are enabling collaboration, action and delivery. The Children’s Improvement Board and establishment of the ‘Children’s Alliance’ have transformed relationships and helped to facilitate the challenge and holding to account necessary to support the rapid improvements. Work with the local NHS and Dudley CCG has helped to develop the Vanguard Multi-Speciality Community Provider (MCP) model. Collaboration with the Police and communities enabled a positive response to a series of extremist demonstrations in 2015. There is obviously lots of willingness and goodwill for the Council to call on.

The Council is rightly looking to strengthen its engagement with local businesses and plans to establish a group of Dudley Business Champions which will be drawn from the strategic businesses in the Borough. This, along with the establishment of a Leaders Board Regeneration Sub Group, is potentially well-placed to make an informed contribution to the development of Dudley’s economic strategy and the longer term aspirations as a place.

There is a good appreciation of how relationships with neighbouring councils are critical to effective leadership of place, particularly in the context of the ‘Black Country’. There are well-established working relationships with Sandwell, City of Wolverhampton and Walsall, and the Council is a valued contributor to long-standing arrangements such as the Association of Black Country Authorities (ABCA). The Council is also an active player in key sub-regional partnerships such as the Black Country Local Enterprise Partnership and WMCA. Both Council Strategic Directors are playing leading roles in the sub-region, e.g. leading the development of a regional social work academy on behalf of the WMCA, and leading for the Black Country Authorities on the review of the Black Country Core Strategy.

As regards its role in the WMCA, the participation of the Council is recognised and well-regarded. It has made a notable contribution to the thinking on potential public service reform, through the Mental Health Commission and ‘Thrive West Midlands’ action plan. This is an initiative led since its inception by the Chief Executive and more recently supported by the Leader of the Council as the nominated lead member. The Council has been clear on the ‘asks’ of the WMCA in terms of its regeneration aspirations which has influenced the Devolution Deal funding bid for a metro line that will link the Borough (Brierley Hill, Merry Hill, Dudley Town Centre, Castle Hill) to the West Coast mainline. This is a potential ‘game changer’ for the Borough in terms of enabling future economic growth. It will be important that the Council continues to be seen by partners to give as well as take and is willing to invest to develop the business case to further recoup the return on investment and economic impact.

The Council evidently has a strong desire to promote and advocate the Borough as a place to ensure it benefits from inward investment and funding opportunities. It is clearly working hard to inform and influence partners and partnerships. But there is scope to shout more about the good things it is doing and what a great place the Borough is. A positive external reputation beyond the WMCA area will be key to further investment. We were struck with how little we previously knew about Dudley as a place, and how different our perception was from the fantastic offer we saw (both current and potential) it has for visitors and investors. We know this is something the
Council, with its partners, recognises and is determined to improve. Leaders and senior officers should continue to promote the successes and benefits to Dudley both inside and outside the Council.

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?

Elections by thirds and a history of the Council moving between periods of Conservative and Labour control mean that political change is a big part of the operating environment for the organisation. The current context of No Overall Control (NOC) and minority administration has prompted the introduction of new protocols and working practices to help facilitate the involvement of all political groups in the development and approval of the Council’s budget and policy framework. The budget challenge process now involves councillors from all groups. An all-party programme board has been established as part of the governance of the transformation programme.

These arrangements are clearly well-intended and felt to be working reasonably well having supported a budget for 2017/18 with broad cross party support, and the agreement on the content of the ‘Transforming for the Future’ programme. However, arrangements appear focussed on particular key decisions (the budget protocol is specifically about the setting of a budget for 2017/18) and seen to be a mechanism to discuss and agree a way forward on controversial issues. By their nature they tend to be formal and inevitably focussed on issues where there is likely to be polarised political views.

There is scope to create more opportunities for leading councillors and senior officers to informally and collaboratively explore common ground on the longer term aspirations, and consider the strategic vision and direction of travel for both the Borough and Council. This will provide the basis for decisions about the longer term place shaping, priority setting, policy development, the financial strategy and transformation programme. A longer term vision will make the shorter term decisions less controversial. It will create more certainty and go some way to ‘future-proof’ emerging proposals and decisions against the perceived stop-start regime of a frequent change of control. The current political climate means that councillors need to balance their shorter term political aspirations without jeopardising the longer term viability and performance of the organisation.

Meaningful informal discussion and debate will require a fundamental rebalancing of the current councillor-officer relationships. Attitudes and behaviours from councillors and officers are not always constructive and need to change. Officers need to view the NOC environment as one of the reasons why a longer term focus is needed, not assume it is a barrier to it. ‘NOC has to be regarded as the context, not the problem’. Councillors need to accept that ideas being aired will not be fully-formed and are being shared in order to get an early steer about difficult decisions required before the Council’s resource is invested in developing proposals further.

This can only be done in an environment based on constructive challenge, trust and mutual respect for respective roles. There needs to be recognition that political and professional roles are complementary rather than a hierarchical. Leadership from each of
the political groups to build trust and understand parameters is crucial. A blame culture will stifle the creativity needed. Improving outcomes for the people of Dudley needs to be at the heart of the conversations, and the assumed start position is that everybody (councillors and officers) is trying their best for Dudley.

This is not currently embedded in the culture of the organisation. There are, though, examples of where it is happening. The work to turnaround the performance of Children’s Services illustrates that councillors can work positively across party boundaries and collaboratively with offers (and partners). The Improvement Board has all party membership and support. Politics is put to one side, confidentiality is observed, challenges and potential solutions are openly discussed. This shows that with goodwill, determination and mutual respect everything is possible. It is a good demonstration of when there is an acknowledged and evidence based imperative for change, the needs of the service user can remain the principal driver for decision-making and improvement.

There are some good examples of Overview and Scrutiny adding value to policy development and informing evidence-led decision-making. We heard about the inquiry in 2015 to consider a long running and contentious dispute over land for a new Mosque. The more recent inquiry which informed the relocation of the museum was also cited as an effective piece of work. We know the Council is committed to strengthening the scrutiny function further, both as a result of weaknesses identified through the Children’s improvement work, and also recognising it could have an even greater role to play in pre-decision scrutiny. We think that is prudent.

There are other facets of the decision-making arrangements that may need to be adjusted or developed to enable more responsive and agile governance that better supports Council priorities, transformation plans, and the operating environment. Decision making and the delivery of plans is perceived by staff and partners to be slow. For example, partners suggested there can be a significant lag in progressing asset transfers following the decision to approve them. The Council has acknowledged this particular issue. Through ‘Transforming for the Future’ the process for disposal of surplus assets has recently been improved through reduction of bureaucracy and increased delegation to officers.

Internal communications are clearly improving. A variety of mechanisms are used including the ‘Connect’ intranet, bi-monthly ‘Express Briefings’ a weekly blog from the Chief Executive and a monthly electronic ‘Keep it Brief’ newsletter. We think these channels can play a greater role in improving and increasing understanding and awareness of the democratic decision-making process (end-to-end), including how, when and where decisions are actually made in the system. Service managers and staff would welcome further clarity on this. For many the current arrangements are not seen as transparent.

Elements of the governance arrangements have been updated in recent years. Although this has tended to be minor tweaks on an ad hoc basis in response to specific events. It is timely to consider a more comprehensive review of governance and decision-making. A lot of current practice appears based on tradition and historical customs and assumptions (e.g. all committee minutes are reported to Full Council) which can be resource intensive. The recent review of the role and effectiveness of democratic
services (assisted by the LGA) made a similar observation. There is a need to look at the relationships and inter-dependencies between the different parts of the current arrangements, how they work in practice, and the formal and informal engagement (between officers and councillors) that support the relationships between them. It needs to focus on culture and behaviours, as well as process and protocols.

The Council has identified there is more to do to ensure effective performance management arrangements are in place throughout the organisation. It has invested in systems to support it (e.g. Spectrum and Verto) and is determined to see it further embedded and integrated with resource planning, and enabling managers to have access to real time information about service demand, performance and costs.

Values and Behaviours

A Values and Behaviours framework was introduced in November 2015. As a set of expected standards that officers and councillors should adhere to and demonstrate in their roles, the framework looks sound. It clearly and succinctly sets out the positive behaviours that demonstrate the values of accountability, determination, empowerment and respect, excellence, simplicity, and working together. They are explicitly linked to the aspiration of becoming a Community Council and enabling the organisation to act as one organisation (‘we will be one council, building a dynamic and effective organisation’).

The rhetoric and intention makes sense. However, there is an apparent dissonance between that and the reality. The vast majority of staff and managers we engaged with were of the opinion that the senior leadership of the organisation (both political and managerial) do not consistently demonstrate the behaviours set out in the Framework. ‘Do what you say and say what you do’ was a common sentiment shared. Many officers felt the framework was imposed top-down, reflected how most of the workforce already operated, and did not immediately see the need for it. We heard several examples of poor behaviours from councillors that do not demonstrate the positive behaviours stated, or adhere to the ‘Protocol for relationships between member and officers at Dudley MBC’.

There is evidently still a lot to do to embed the values and behaviours and achieve ownership and buy-in to them. We know there are plans in place to do this. The staff survey planned for May 2017 is a chance to test how the framework is being received. It may be that the proposed annual staff awards event could include an award explicitly linked to the values and behaviours which would help to promote and embed them further.

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?

The Council has historically delivered a balanced budget. It has though relied on the significant use of reserves, and changing its Minimum Revenue Provision (MRP) policy to do so. Reserves are now at a low level compared to other councils (the Council started the 2016/17 financial year with unringfenced reserves making up 18% of its net revenue budget, compared to the national average of 41%). The current Medium Term Financial Strategy (MTFS) indicates the Council will continue to use reserves to plug the budget deficit, albeit to a significantly lesser extent than in recent years (£1.5 million
budgeted for 2017/18, compared to the £15.1 million in the 2016/17 budget) and has reduced the predicted use of reserves in year during 2016/17. Without the achievement of further savings, reserves will reduce to £6.3 million by 2019/20. The approach taken to date is not sustainable, and one that the external auditors have expressed concerns about. They issued a qualified value for money opinion (for 2015/16) in September 2016 on the basis that there were inadequate levels of savings plans, increases in unfunded spending, and a rapidly reducing level of reserves.

The Council has accepted this and begun to respond. However, there is still a significant financial challenge which cannot be underestimated. A new strategy and approach, guided by an agreed longer term vision, is needed. It needs to be implemented at pace with strong corporate leadership, ownership and focus from both councillors and officers. ‘The budget is everyone’s responsibility’. A greater emphasis on fundamental transformation to deliver financial savings is needed. (We comment on the transformation programme below). Any innate confidence that the Council can continue to meet the budget deficit through a programme of annual efficiencies (‘salami slicing’ as it was described) and use of reserves should be challenged robustly.

There will need to be a more strategic basis, and cross-cutting approach, to the development of savings proposals. Savings plans need to be considered in the context of the Council’s overall priorities and their potential impact on the strategic outcomes being sought. The danger is that without this decisions become driven purely by the need for immediate savings and expediency without an assessment of how they impact on the Council’s overall plans and longer term aspirations. For example, voluntary redundancies need to be considered in light of future workforce requirements, asset disposals/transfers need to be considered in light of commercial/income generation potential, economic development aspirations and community council and hub ambitions, etc. The approach historically appears to have been more ad hoc and opportunistic than that, although there is evidence of recent changes to deliver a more balanced and strategic approach to approving requests for redundancy.

We did not see that the current process effectively tracks the preparation, approval, and delivery of savings. There needs to be a clearer understanding of the end-to-end process (i.e. from original idea formulation through to delivery of savings), including the stages at which councillors are engaged and involved, and the impact of savings on the longer term strategic priorities and outcomes being sought by the Council. Risk assessment needs to be an intrinsic feature of that process, ensuring that forecasts and assumptions remain realistic, particularly in terms of potential ongoing revenue costs, income projections and the deliverability of strategic priorities.

The Council takes a prudent approach to including savings in the MTFS. New savings are only included when they have been proven (e.g. staff post reductions, asset disposals, etc.) Assumed savings such as those to be delivered through the transformation programme (e.g. digital and commercialisation) have not been factored into the projections and the longer term financial benefits from recent developments such as the Enterprise Zone (e.g. business rates growth) understandably do not yet feature. Additionally, there are some areas that have potential to achieve savings which have not yet been fully explored or exploited at Dudley, such as shared services and procurement (e.g. through renegotiating big contracts, categorising spend strategically and challenging high spend
areas beyond the work done in Adult Social Care). The current work on commercialisation appears focussed on further developing the successful traded services, and the thinking about other commercial activity the Council could choose to consider (e.g investment to create sustainable revenue streams) is at an early stage.

In short, there are still some potential options to achieve savings and grow income, in addition to the focus on efficiencies and reviewing current service delivery. But there will need to be political consensus and commitment to explore them further at pace, ensuring that the relevant organisational capacity and skills are available to support and progress them.

**Transforming for the Future programme**

The ‘Transforming for the Future’ (TTF) programme needs a clearer purpose. It was established in order to transform the Council, its relationship with partners and communities and to meet the budgetary requirements in the Medium Term Financial Strategy. But there is no narrative about what the Council is trying to transform from and to. The current focus on the three themes of maximising community resilience, reducing the cost of doing business and One Public Estate makes sense in the absence of that. But the scale and diversity of the projects and activity included in the programme is vast. The co-ordination and management of the programme looks to have improved over the past year. But there is arguably still too much activity in the programme.

The programme will benefit from some simplification and a focus on fewer ‘big ticket’ items. ‘Less is more’. There should be closer alignment between the TTF programme and the MTFS, and a clearer articulation of how the programme and the activity in it will deliver robust achievable savings. There are currently very few assumptions built in regarding savings or growth. Timescales for completing some activity and savings are not clear. This makes it difficult to determine the savings required from elsewhere, and hard to prioritise the deployment of corporate capacity and resources to support transformation. Indicative targets and timescales will help ensure more accountability and ownership for delivery.

The Council describes itself as a ‘Community Council’. This ethos should drive how the Council operates, but it does not yet have the customer genuinely at the heart of its change plans. There has been work done to link the Community Council action plan to the work streams of the TTF programme (we have referenced it previously). However, a lot of the current transformation proposed comes across as being driven by the needs of the organisation rather than outcomes for services users and residents, e.g. a new digital platform and its technical functionality, and the approach to service review and re-design has little mention of the customer.

Beyond the dedicated support, challenge and project management capability provided by the central Transformation team, corporate support and back office services, need to be better aligned with the transformation plans. For example, legal services need to be geared up to support the asset disposal and transfer proposals, so that they are completed speedily and the benefits, including cost savings, are realised as soon as possible.
Capacity to deliver: Is organisational capacity aligned with priorities and does the Council influence, enable and leverage external capacity to focus on agreed outcomes?

The Council has lots of loyal, experienced and enthusiastic staff who understand that change is necessary, and have a willingness and motivation to be part of that. They are continuing to deliver for the Council, and are committed to doing their best for the borough. The recent changes to employee terms and conditions may have eroded some of that goodwill and it will be important that there is clear and frequent communication, involvement and engagement about the journey ahead. We know the Council remains committed to developing healthy workplaces and is working closely with Public Health colleagues on a variety of initiatives to support staff wellbeing. The staff survey planned for May 2017 is an important opportunity to take stock of staff satisfaction and morale.

There is an obvious desire to support good people management practice and discipline across the organisation. Ensuring management policies are applied consistently is something we know you are looking at. A new Performance Review (PRD) process has seen more compliance, albeit there is an acknowledgement that it should not be the only mechanism for conversations with staff about priorities, performance, workload and development. The new Attendance Management Policy has helped to reduce short and long term absence, but feedback from managers and staff suggest there is still more to do on how the Policy is applied by managers. The current policy on social media is another common frustration identified, and appears to be constraining managers’ ability to think innovatively and positively promote the Council and its services. It will be important to regularly reality check how policies and processes are working with employees, and involve people managers in any review and refresh of them.

A new senior management structure was implemented during 2015. This, along with a further review in 2016, significantly reduced the number of senior managers (Directors and Heads of Service). We did not have time or a remit to provide an in-depth or technical assessment of the Council’s senior management capacity. However, our observation is that overall the current structure is relatively lean but seems to be working for the organisation and is serving it well. The Strategic Director and Chief Officer portfolios seem relevant and appropriate. There may be scope for a minor realignment or supplementing of existing capacity within the existing team to strengthen the focus on and better marshal corporate services given the size of the budget challenge, the scale and pace of transformation, and the continued need to contribute to borough-wide, sub-regional, regional and national agendas.

The importance of developing managers and leaders is appreciated, and we heard some positive feedback from managers about the TORCh (Transforming Organisational Real Change) programme. You are looking to develop this further. We know there is an intention to develop a programme for Cabinet members and to review the training available for new and existing councillors. In doing that the Council should consider some joint councillor-officer development sessions which will support some of the rebalancing of relationships needed. There might also usefully be sessions to further consider the role of the councillor in a Community Council.
The Council has recognised the need for a new and different relationship with residents. ‘Love Your Community’ currently sets out the vision for this. Developed with councillors, senior officers and voluntary sector partners it is at the heart of the Community Council aspiration. It has provided the basis for some excellent community development initiatives, activity and action (e.g. litter picking events, Friends of Parks groups, Black Country Festival, etc.), but is not yet driving how the organisation operates. The Council knows this and is progressing work that will embed the ethos further. The current review of community forums and community hubs are also important facets of this. So too is the continued commitment to engage and consult with residents. All potentially provide the basis for a relationship between council and residents that is less paternalistic and builds community resilience and independence.

We have mentioned the strong relationships the Council has with a wide range of external partners, and positive examples of how those relationships and partnerships are being used to leverage capacity and collaboration to deliver action. There is clearly lots of goodwill and willingness from partners to deliver shared outcomes, and there is most likely scope for the Council to call on this more. In doing this the Council will need to be seen to be responsive and agile, and able to follow through on promises with pace. The pace of delivery from the wider organisation needs to better reflect the promises and agreements made by the political and managerial leadership. ‘The reality must reflect the rhetoric’.

5. **Next steps**

*Immediate next steps*

We appreciate the 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.

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. Helen Murray, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). Her contact details are: Email helen.murray@local.gov.uk and Tel. 07884 312235

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 1-2 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 Corporate Peer Challenge before March 2022.