

# LGA Corporate Peer Challenge

City of Wolverhampton Council

16-19 September 2024

Feedback report



**Corporate Peer Challenge**



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# 1. Introduction

Corporate Peer Challenge (CPC) is a highly valued improvement and assurance tool that is delivered by the sector for the sector. It involves a team of senior local government councillors and officers undertaking a comprehensive review of key finance, performance and governance information and then spending four days at City of Wolverhampton Council to provide robust, strategic, and credible challenge and support.

CPC forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement (SLI) put in place by councils and the Local Government Association (LGA) to support continuous improvement and assurance across the sector. These state that local authorities are: responsible for their own performance, accountable locally not nationally and have a collective responsibility for the performance of the sector.

CPC assists councils in meeting part of their Best Value duty, with the UK Government expecting all local authorities to have a CPC at least every five years.

Peers remain at the heart of the peer challenge process and provide a 'practitioner perspective' and 'critical friend' challenge.

This report outlines the key findings of the peer team and the recommendations that the council are required to action.

# 2. Executive summary

City of Wolverhampton Council (the Council) is a well-run authority with a strong track record on core service delivery, place leadership and partnership working across the city, Black Country and wider West Midlands region. The passion for Wolverhampton amongst the Council's members and staff shines through, with the organisation 'proud to be Wolves' and a palpable sense of civic identity and ambition for the city and its residents. The peer team enjoyed spending time in Wolverhampton and seeing at first hand the multiple, impressive regeneration projects and developments instigated by the Council and its partners.

There was remarkable consistency in the feedback from partners about the maturity

of their relationships with the Council, and the can do, 'solutions mindset' of its staff. The Council's senior officer and political leadership were both highly praised, with the new Leader viewed as having 'hit the ground running' since 2023. Several partners highlighted the pivotal role senior officers within the Council, in particular the Chief Executive, have played in the establishment and joint work of the West Midlands Combined Authority; for example, the Chief Executive leads the West Midlands Executive Board.

Internally, there are consistent views about an organisational culture staff experience as people centric, caring and collaborative. Staff feel empowered by visible, open and approachable senior leaders; members and officers work together positively, but with appropriate and effective challenge from scrutiny and Cabinet members. The Council has clearly placed a significant emphasis on equality, diversity and inclusion, with the agenda championed by senior officers and members and the organisation seen to 'live its values.'

This is an impressive platform, but no council is immune from challenges in the current fiscal climate and the Council has urgent work to do identify savings to meet its projected medium term financial planning gap of £32.5m by 2026/27. This would present prioritisation challenges for any council but may be compounded for an organisation which to date has taken a highly active place shaping approach in its ambitions for the city. Additionally, the Council's own financial challenges sit alongside the £120m deficit the Black County Integrated Care System must tackle concurrently.

The Council has solid foundations to build on in addressing the budget gap, with an established PMO, well-managed finances, and effective governance and audit processes supplementing its strong organisational culture and partnerships. The recent introduction of the major programmes board for regeneration projects will add depth to both the senior office and cabinet member oversight of delivery as a whole.

The framework of the 'Our Future Council' transformation programme is in place, and there is good awareness among both members and officers of the scale of the financial challenge and the need to do things differently. The Council now needs to move quickly to progress this early work, using the core principles agreed as the

framework for Our Future Council to finalise, and then deliver, a comprehensive savings plan. This should sit alongside a strategy setting out how the Council will reduce its use of earmarked reserves to balance the budget, and subsequently replenish them.

To support this, recognising the issue of capacity and sustaining motivation and collective momentum to face this challenge head on, the Council should invest in collective and individual officer and member development that ensures the organisational culture around the transformation programme is maintained.

### 3. Recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

#### **3.1 Within the 'Our Future Council' transformation strategy, detail unambiguous revenue budget targets, linked to the projected MTFP gap of £32.5m.**

The Council has undertaken early work to identify savings options. These should now be worked up into a clear plan for delivering savings over 2025/26 and 2026/267, with agreed processes for tracking these.

#### **3.2 Clearly communicate and anchor the Our Future Council plan in the agreed 'core principles' from the July 2024 away day with Cabinet and Strategic Executive Board (SEB).**

The core principles provide a framework for some of the difficult decisions that will need to be taken to address the budget challenge. There is awareness of some elements of them, but these should be clearly communicated to all members, staff and partners.

#### **3.3 Set out a clear medium term strategy for the use and replenishment of earmarked reserves.**

The Council has recently used earmarked reserves to help balance its budget but risks overall reserves falling to a comparatively low level if it continues to do so. It

should develop a strategy for reducing its reliance on earmarked reserves to balance the budget, and for replenishing these reserves in the medium-longer term.

**3.4 Define and deliver a comprehensive officer and member development programme and organisational development plan linked to the Our Future Council strategy; keep senior officer capacity under review.**

The Council should build on its existing staff training and member induction/development offer with specific support that assists Cabinet and SEB members in delivering their roles in increasingly challenging circumstances. It should also keep senior organisational capacity under review to ensure successful delivery of the OFC programme alongside maintaining service standards and momentum on city development.

**3.5 Prepare the organisation and partners for the more challenging financial environment across the Black Country ICS in the context of a £120m deficit, whilst maintaining the positive attributes and culture of the place partnership.**

Alongside managing its own financial challenges, the Council will need to adapt to those of the Black Country ICB. Strong relationships across the ICB mean it is well placed to do so, but members, staff and wider partners will all need to adjust expectations and focus on maintaining constructive, positive working in the context of major financial constraints.

**3.6 Review and better the equip the Council collectively to engage with the new government.**

The political leadership at the Council should develop, and support, an agreed approach to engaging with the new Government, drawing on the opportunities presented by having a senior member of the Government amongst the city's MPs and MHCLG/Cabinet Office bases within Wolverhampton. This will sit alongside the existing relationships at senior officer level.

**3.7 Maintain the pace and regard for the City of Wolverhampton's regional roles and consider more distributed leadership of these roles politically and**

**amongst officers.**

Through its political and senior officer leadership, the Council is recognised to have played a pivotal role in the establishment and work of the West Midlands Combined Authority and regularly leads the delivery of joint regional activity. As it focuses on the Our Future Council transformation, the Council could consider how it balances continuing to play a strong leadership role with sharing the burden of regional leadership and project delivery among other councils.

### **3.8 Continually improve and articulate the council's use of data in relation to understanding and determining support for priority populations in the local community.**

The Council has undertaken and been recognised for its impressive work on equality, diversity and inclusion in recent years. In line with an ethos of continuous improvement, the Council should keep under review the work it is doing both internally and externally, to ensure maximum impact and that its work is consistently well-articulated and visible.

### **3.9 Consider new strategies and interventions on in-work progression for working age employed residents to maximise social value and employment for local residents.**

Whilst the Council's current 2030 Education, Skills and Employment Strategy sets out commendable work for the 16-24 and 50+ cohorts, the opportunity for a more expansive strategy on adult skills and in-work progression for the whole 16-64 cohort should now be better explored, to ensure economic development impacts benefit the whole of Wolverhampton's diverse working age communities. The Council should consider the role of the Wolverhampton Pound and broader Community Wealth Building to support this agenda.

### **3.10 As place leader, keep the status of existing city partnerships under review to ensure maximum impact and clarity.**

Undertake a review of the Council's existing and strong partnerships to consider how these can be continually developed. Given the considerable potential of the university to support city ambitions, the Council could set out a broad civic agreement with the

College and University of Wolverhampton, creating a public facing commitment to aligned priorities. The Council should also continue to develop its relationships with the VCS, ensuring the delivery of contracts that help fulfil the Council's role as a convener of the VCS to enable and empower organisations to support community capacity.

## 4. Summary of peer challenge approach

### 4.1 The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected by the LGA on the basis of their relevant expertise. The peers were:

- Lead officer peer: Tom Stannard, Chief Executive Salford City Council
- Lead member peer: Cllr David Molyneux MBE, Leader Wigan Council
- Tunde Olayinka, Executive Director Communities and Skills, Greater London Authority
- Amy Harhoff, Corporate Director Regeneration, Economy and Growth Durham County Council
- Asad Mushtaq, Executive Director Finance and Digital, London Borough of Merton
- Rebecca Johnstone, Shadow Peer, Adviser LGA One Public Estate
- Ellie Greenwood, Peer Challenge Manager, LGA

### 4.2 Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities? Is there an organisational-wide approach to continuous improvement, with frequent



- monitoring, reporting on and updating of performance and improvement plans?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
  3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
  4. **Financial planning and management** - **Does the council have a grip on its** current financial position? Does the council have a strategy and a plan to address its financial challenges? What is the relative financial resilience of the council like?
  5. **Capacity for improvement** - Is the organisation able to bring about the improvements it needs, including delivering on locally identified priorities? Does the council have the capacity to improve?

As part of the five core elements outlined above, every Corporate Peer Challenge includes a strong focus on financial sustainability, performance, governance, and assurance.

### 4.3 The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. 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 by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. This included a position statement prepared by the council in advance of the peer team's time on site. This provided a clear steer to the peer team on the local context at Wolverhampton and what the peer team should focus on. It also included a comprehensive LGA Finance briefing (prepared using public reports from the council's website) and a LGA performance report outlining benchmarking data for the

council across a range of metrics. The latter was produced using the LGA's local area benchmarking tool called LG Inform.

The peer team then spent four days onsite at Wolverhampton, during which they:

- Gathered evidence, information, and views from more than 30 meetings, in addition to further research and reading.
- Spoke to more than 75 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

## 5. Feedback

### 5.1 Local priorities and outcomes

#### *About Wolverhampton*

Wolverhampton is the third largest city in the West Midlands, with a population of 267,000 people. It is one of four councils within the Black Country, which provides a further layer of local identity as well as a coherent footprint for sub-regional work, as well as forming part of the wider West Midlands region. With a significant industrial heritage, it is both a relatively young and highly diverse city. As the 24th most deprived area in the country, it demonstrates some of the challenges typically associated with areas with its profile, however, unlike some of its neighbouring boroughs in the Black Country, the city is not entirely urban, merging into the rurality of the South Staffordshire border with pockets of high affluence. The strong Wolverhampton identity, captured in the 'one pack' motto of its famous football team, is mirrored in the Council's approach and passion for the city. The peer team observed that members and officers connect deeply with the city and want to have a positive impact for their residents.

#### *The Council's priorities and ambition for the city*

The Council's priorities for the city are clearly articulated in the 'Our City: Our Plan' document approved in early 2022. The Plan's six strategic priorities and four

principles underpin an overall ambition that ‘Wulfrunians will live longer, healthier lives.’ The illustration of these priorities and principles in what staff referred to as the ‘cheese’ diagram helps to ensure that the priorities are widely understood across the Council.

Over the past decade, the Council has had a clear focus on place: its Good Growth Strategy is part of the core strategic framework alongside Our City: Our Plan and there is a strong and visible city-wide priority of regeneration, development, housing and infrastructure. This is having a demonstrable impact through investment and developments such as improvements to the city centre public realm, the regeneration of the Civic Halls venue, the i9 commercial district, the City Learning Quarter, social and affordable housing delivery and significant estate regeneration, alongside multiple further housing investment priorities.

Equality, diversity and inclusion has been another area of focus for the council. This has been driven by political leadership through the member chaired Equalities Advisory Group and the Cabinet’s Equalities and Governance lead, personal championing of the issue by the Chief Executive and other senior officers, and backed up by investment in a good sized equalities team. The Council’s equality strategy was originally developed five years ago and is underpinned by individual directorate equality action plans. An Equalities Impact Assurance Board, involving all the staff networks, reviews all equality impact assessments, and EDI is at the heart of the Council’s annually refreshed communications strategy, with ten events celebrated throughout the year. The Council also supports a number of initiatives delivered by the VCS covering a range of EDI areas.

The positive impact of this work is reflected in the Council’s April 2023 Race Equality Code Quality Mark, in staff feedback about the Council’s organisational culture, and in its position as the highest ranked council on Stonewall’s Workplace Equality Index where the Council ranked 33rd overall. Given the obvious strengths of the Council’s work on EDI, it was perhaps surprising that some key external partners did not seem well sighted on this, and that Council staff could not always articulate the work it is doing to support equitable outcomes across its population, despite the data available to support this. The Council could think about how it ensures all external partners are sighted on and engaged in its EDI work, as well as a consistent, strength-based

narrative on the work it is doing and the outcomes it is targeting for its different communities.

### **Performance**

Our City: Our Plan sets out a set of outcomes and supporting objectives for each strategic priority. The Council has developed a new performance framework to reflect how it is performing against the plan, with a set of city level system indicators routinely benchmarked against national and regional data, as well as key council indicators.

The Council has implemented integrated quarterly performance reporting to Cabinet, bringing together performance data, budget monitoring and the strategic risk register; reports also go to Scrutiny Board, comprising the chairs of the six scrutiny panels. To support this process, the Council has two leadership performance boards aligned to the themes of Our City: Our Plan and covering the broad areas of economy and family.

The Council's core services are performing well. Children's social care services were rated Good by Ofsted in 2022, with leadership and managed judged to be outstanding; in the same year, the youth offending service was rated good by HM Inspectorate of Probation. An early transformation programme was developed across children's social care in the mid-2010s at a point when the Council had the second highest number of children in care in the country. Refocusing the service on early intervention and more targeted support enabled the Council to reduce children in care from just over 800 to 500; statistical information in the LGA's LG Inform database confirms that the Council performs well in children's services, with lower numbers of looked after children, lower numbers of children becoming the subject of a care plan for a second time or more, and a higher proportion of child protection cases reviewed in the required in the required timescales when compared to its CIPFA near neighbours.

Importantly, the transformation process also introduced a restorative practice<sup>1</sup> approach that was not only embedded within children's services, but also in the

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<sup>1</sup> Restorative practice within the workplace is focused on fostering respectful dialogue, increased communication and mutual understanding to help build relationships and inspire positive change.

Council's Strategic Executive Board and wider partnerships. The Council was recently selected as one of three first wave councils for the Department for Education's Families First for Children Pathfinder programme exploring family help, family networks and multi-agency child protection.

The Council is now looking to use its experience of transforming children's services and early intervention approaches to apply to other high demand areas such as adult social care and homelessness and temporary accommodation. In adult social care, the Council has undertaken extensive work in anticipation of a Care Quality Commission assessment, including a self-assessment and an ADASS readiness review. Work with partners through the OneWolverhampton place-based partnership to deliver an integrated approach to winter planning and reduce system delays and expedite discharges from acute settings won a Municipal Journal care and health integration award in 2023.

The Council owns around 22,000 homes, managed by four separate housing management (registered provider) partners, but has yet to be inspected by the new Regulator of Social Housing. Tenant satisfaction indicators show that in 2023/24, 72% of tenants were satisfied with the overall service provided by the Council which has a major programme of work aimed at renewing its stock, including the refurbishment of Heath Town and redevelopment of New Park Village, where the peer team was able to view ongoing major estate regeneration and development programmes in practice.

Beyond these key externally assessed services, the Council's headline indicators, captured in the LGA's LG Inform database and Oflog data explorer are generally in line or often compare favourably with its CIPFA nearest neighbours. Often, where the Council is more of an outlier, this appears to relate to areas the Council has prioritised in recent years; for example, it is above average on total debt and debt servicing as a percentage of core spending power and spends more than most councils on economic development.

Overall, there is a clear sense of an organisation with a solid performance in its core services: this is a valuable position to be in as the Council tackles its imminent financial challenges, but not one that all councils have the benefit of.

### ***Further strengthening this work in future***

This is a strong platform for the Council to build on in future. To further enhance this work going forward, the peer team felt that there are some key areas where the Council could work with partners to more clearly articulate a city-wide ambition on some of its key priorities.

For example, the Council could work with its partners to develop a shared narrative of inclusive growth; despite the Council's ambitions and Good Growth Strategy, there did not appear to be a single common definition of inclusive growth around which partners had coalesced. The Council could use its convening power to help shape an agreed definition for the city, underpinned by a set of measurable outcomes. The development of the Wolverhampton Pound work as it moves beyond embryonic activity with other anchor institutions into a more developed programme, offers an opportunity to support this, as well as a vehicle for the Council to share and promote its EDI work externally as one programme workstream.

A related point is for the Council to more visibly prioritise activity to promote in-work progression and skills training for working age residents in low skilled/low wage roles, alongside work with adults outside the employment system and young adults not in education, employment or training. This area of work did not feature as much as the peer team might have expected in our discussions during the week given its critical importance to driving inclusive economic growth for the city.

The Council's current 2030 Education, Skills and Employment Strategy sets out some of the detailed current programmes of work for the 16-24 and 50+ cohorts of local residents, including on 16-18 destinations tracking, improving careers advice and guidance, and targeted support for the 16-24 and 50+ age cohorts of residents, building on the established "Wolves Works" model in the City. However the strategy also recognises the significant skills deficits in the working age populations and the need to work with education and training providers to improve and close the L3/4 and level 4+ qualifications deficits which are a major barrier to local residents accessing many of the newer and better paid jobs the Council's economic strategy is now starting to produce. There is consequently an opportunity for a more expansive strategy on adult skills and in-work progression for the whole 16-64 cohort to better

train and equip local residents for this emerging labour market opportunity, which needs to focus on the “missing middle” of working age, employed local residents trapped in low skill/low wage employment. This should now be better explored, alongside the university, college and the Council’s adult education service, coupled with the opportunities in the next phase of the regional skills devolution agenda, to ensure economic development impacts benefit the whole of Wolverhampton’s diverse working age communities.

The Council should therefore reflect on the prominence given to in-work adults skills progression as part of the overall Good Growth Strategy, Education, Skills and Employment Strategy and Wolves at Work programme and ensure its ambitions in this area are jointly articulated through partnerships with local businesses, University of Wolverhampton and Wolverhampton College. The Council should also consider the alignment between the approach taken in the Wolverhampton Pound to support work and inclusion, and make strong ties between the capital investment in regeneration and skills and opportunities in the workforce.

In 2019, the Council declared a Climate Emergency; this was followed by the 2020 Future Generations: Our Commitment Strategy which pledged the Council’s operations net carbon neutral by 2028. Alongside measures such as rolling out LED street lighting to reduce carbon dioxide emissions, the Council has worked with partners to develop the first city centre solar farm, which powers a local hospital. It is now due to publish a new Net Zero strategy this Autumn, setting out a pathway to Net Zero for the city by 2041. The strategy has been coproduced with partners, and will clearly be an important point in the organisation and wider city’s journey to net zero.

A final observation on local priorities is that, in the context of its financial position, the Council will clearly need to grapple with the challenge of prioritisation to a greater extent than it has in the past. As an ambitious council used to providing good services, managing multiple priorities and playing a pivotal role in city regeneration, the transition to doing and intervening less will be difficult, but needs to be made. The Council will need to be thoughtful and sensitive in how it manages this process, and the core principles developed as part of the Our Future Council programme provide a framework for doing so. The peer team recommends that the Council continuously



looks for opportunities for its communities' views to be transparently captured and acted upon as part of this process, utilising its established processes and toolkits for community engagement to ensure this programme is consistently sensitive to the changing needs and priorities of Wolverhampton's growing and increasingly diverse local community.

## 5.2 Organisational and place leadership

### ***Strong leadership and a highly respected partner***

The peer team heard consistent and positive feedback on the Council's political and officer leadership, which is highly visible and well regarded throughout the city, wider sub-region and region.

Politically, the new Leader of the Council is perceived internally and externally to have hit the ground running since taking up the role in 2023, ensuring continuity in the Council's relationships and established regional leadership role. Political leaders in the Council are seen by partners as 'very well informed and well-briefed', demonstrating a two-way trust with their officers but providing healthy challenge. Partners noted that 'the council plays a key role in convening stakeholders' and that Wolverhampton is a 'blueprint for how good partnership working should be done'.

The Council has three directorates focusing on families, the economy and the organisation. Its senior officer leadership team, the Strategic Executive Board (SEB) comprises the Chief Executive and three Executive Directors (the Monitoring Officer, Deputy Chief Executive/Section 151 Officer and Executive Director of Economy and Transformation) and Directors. Although there has been some recent changes to roles and responsibilities across the SEB, it is a senior team with many years' experience across the organisation.

The Council structure is relatively unusual within local government, and the rhythm of SEB meetings arguably more so. The SEB meets daily with one extended weekly session looking at strategy/policy formulation and another expanded session involving deputy directors. However the peer team heard a clear message that the structure and time invested in regular meetings works well for the Council, helping to shape a close-knit team with 'a sense of collective responsibility' and 'a genuine One



Council approach,' which in turn is felt to permeate through the rest of the organisation.

Partners described the Chief Executive and senior staff as open and accessible, with warm personal relationships positively supplementing already strong partnership structures. The Council's work to embed a restorative practice approach internally, and to share this with key partners, appeared to the peer team to be a good example of the Council showing leadership and benefitting from it in terms of its external relationships. Partnerships with statutory agencies, businesses and the private sector appeared consistently strong, with one partner commenting that 'Wolverhampton is a blueprint for how good partnership working should be done.' The 'maturity' of partnerships was frequently referenced. This was recognised as an important factor given the financial challenges experienced by multiple partners, and something that can mitigate against the blame game that might be experienced in this context were relationships not as strong.

### ***Place leadership***

The Council has shown long term place leadership in the regeneration of the city, with its approach including active strategic acquisitions and commercial partnering. As noted, major developments already delivered or underway include the regeneration of the Civic Halls venue, the i9 commercial district, the City Learning Quarter, the i54 investment zone and green innovation corridor. The Council has a well-articulated investment prospectus highlighting future plans and opportunities. Investment in further and higher education is key to both the physical regeneration of the city and the skills agenda, and the Council's active partnerships have helped cement developments in the FE and HE sector across the city. As noted above, this set of relationships can now be brought to bear with greater impact on the working age population skills agenda.

The Council is widely regarded to have played a pivotal role in the establishment and leadership of the West Midlands Combined Authority. Its regional relationships are exceptionally strong and it continues to be a 'valued', esteemed and committed member of the WMCA, playing a leading role in WMCA forums, hosting joint bodies and the delivery of joint regional projects, for example, current projects on regional

economic development and housing are led by the Chief Executive

The recently changed political context in the region provides an opportunity for the Council to reflect on how it can build on its established regional leadership role in the future, with a clear narrative on the significant contribution it brings to the region and how WMCA levers will help it to deliver local impact, for example the Strategic Productivity Partnership, Homes England Strategic Place Partnership, the current economic development review within WMCA in which Wolverhampton is playing a leadership role, and of course the regional health and social care agenda with the ICS. However, with the Council needing to manage the Our Future Council transformation programme, and neighbouring councils showing an interest in doing so, it could also consider the scope for others to assume greater responsibility for regional-level work to help reduce the burden it has shouldered to date.

### ***Future priorities***

The peer team felt that there was scope to further enhance the Council's already strong partnerships by systematically reviewing, adapting and refreshing relationships in line with new developments and opportunities, including using its role as a leader of place to bring together different stakeholders.

The Council is already working closely with the new leadership at the University of Wolverhampton. With the planned expansion of the University and higher education a key factor in stimulating footfall and ongoing growth in the city, the Council could consider a civic agreement, compact or memorandum of understanding that publicly sets out how the two organisations will work together. Similarly, the Council could facilitate a strategic refresh of the relationship between the new leadership at both the University and City of Wolverhampton College, to help support the objective of inclusive growth and the ambitions of the impressive City Learning Quarter development, and the in-work progression priority for working age residents.

The Council will need to balance the ambition for delivery with ensuring the right capacity and capability is in place to deliver on the ambitious investment programmes and maintain the strong credibility with delivery partners.

The Council should also assure itself that its investment in voluntary and community sector infrastructure is being maximised. Amongst almost universally high praise for

the Council from its external partners, the clear feedback from some VCS organisations was that they would benefit from further convening from the Council, particularly in making connections across the VCS, to join up services and resource and act as a much stronger network. The Council should ensure that there is regular engagement, that opportunities are being created for VCS partners to come together as a network to help nurture relationships, and that any commissions in place to support such work are actively managed.

The Council will need to consider its investment, asset and financial strategy in the context that it will not be able to intervene in funding and derisking private developments to the same level that it has in the past, balancing the long-term financial sustainability of its approach with a desire to capitalise on its work to date. It is therefore important that it utilises all the levers at its disposal, but the peer team heard that there is scope for the Council to think further about how its wholly owned development company WV Living fits into its overall housing and development strategy. With a more constrained role in future, ensuring it is maximising opportunities for, and returns from, WV Living both inside and outside the city, could be an important component of an adapted approach; the Council should satisfy itself that it is making the most of this. Likewise, maintaining the momentum of the new partnership with ECF/Muse in relation to the City Centre West development as this moves into delivery will be vital to the ongoing regeneration of the city centre.

### **5.3 Governance and culture**

#### ***Effective governance***

The peer team found evidence of strong governance across the organisation.

The Council's Local Code of Corporate Governance was updated in 2022 and is reviewed annually in line with the latest principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government. The Council has a cross-party Governance and Ethics Committee which meets regularly to consider and advise the Council on matters relating to governance and the Constitution including dealing with standards and conduct issues: it has adopted the LGA's Model Councillor Code of Conduct.

There was good feedback about constructive relationships between members and officers, with a sense of partnership and two-way respect and trust underpinned by the officer/member protocol. The peer team heard of regular and open dialogue between Cabinet members and service leads, with members influencing from the outset, providing leadership and positive challenge. The Cabinet meets every four weeks, while Cabinet and SEB hold joint meetings and away days focusing on key issues, for example in relation to the Our Future Council programme. At backbench level, member services host a monthly meeting with members from all political parties to discuss any process issues ward councillors are dealing with, for example connections with officers, dealing with complaints etc.

The Council's decision making is effective and transparent. Meeting papers are clear and well presented, with recommendations for decision and for noting. All of the Council's public meetings are now webcast. The Council takes seriously the requirement to undertake equality impact assessments for major decisions, with the Equalities Impact Assurance Board responsible for reviewing all equality impact assessments produced across the organisation.

There was also positive feedback from members, staff and external partners on scrutiny within the Council. Scrutiny structures are wide ranging and ensure good coverage across the organisation's activity, with a Scrutiny Board comprising panel chairs, the opposition leader and another opposition member, and panels focusing on six thematic areas; the Council has also utilised task and finish groups. Members have received training, feel that they have an opportunity to scrutinise and believe scrutiny is working well. Officers noted that there is collaborative work with scrutiny chairs and vice chairs to develop appropriate work programmes, and that there is a good level of healthy challenge from the scrutiny process, a point reiterated by external partners. There is evidence of the Council's scrutiny playing an effective role in policy development and improving outcomes, for example the work by the Children and Young People's Scrutiny Panel to develop a series of system (strategic and operational) recommendations for improving children's oral health in the city.

At officer level, the Council's monitoring officer and section 151 (S.151) officer are clearly strong, influential voices within the SEB. The Council's Annual Governance Statement follows CIPFA/SOLACE good practice and includes a detailed update on

progress on the governance issues identified in 2022/23 and a detailed action plan for addressing governance issues identified in 2023/4.

The Council has increased its internal audit capacity by moving from a shared service to an internal audit service focused solely on the Council and the bodies it administers/owns (West Midlands Pension Fund, Wolverhampton Homes and WV Living): this has allowed for a resilient team and a breadth of knowledge in-house. The Council has good processes with clear routes of escalation and visibility around assurance. External auditors Grant Thornton concluded that the Council has an effective internal audit service during 2022/23, while an external assessment undertaken by the Public Sector Internal Audit Standards in April 2024 found the Council was generally conforming to PSIAS the standards: the action plan based on this assessment will be reported into the Audit and Risk Committee, which meets six times a year.

The Council has recently focused on its strategic risk register as an area of improvement, increasing the number of risks from 12 to 30 and giving this greater profile through integrated quarterly reporting to Cabinet and Scrutiny Board. The Audit and Risk Committee, which has been supported with effective training, pick one risk for a deep dive consideration when they review the register. The Council's monitoring officer and S.151 officer are required to sign off anything moving off the register to ensure oversight.

External auditing of the Council's annual accounts is up to date, with an unqualified opinion on the statement of accounts for 2022/23 delivered in January 2024 and a clear statement that it is meeting its value for money duty. The Council's 2023/4 accounts are currently being audited.

In terms of the Council's investments, there is evidence of risks being managed. An agreement to underwrite the College's revenue budget risk has concluded meaning there is no remaining risk exposure. The Council also has a newly established governance model to cover capital project and programme at portfolio level across the organisation.

### ***A supportive and empowering organisational culture***

The peer team heard overwhelmingly positive feedback from staff at all levels of the

Council about its people centric, collaborative and caring organisational culture. Staff talked consistently about how the organisation's visible, open and approachable chief executive and senior leadership empower them to share their views and ideas; one external partner remarked on how 'the leadership of the authority creates the conditions to work creatively.' It is clear that 'staff feel really inspired working for Wolverhampton.'

The Council's focus on 'growing our own' is evident in the longevity and career development of many staff, including senior staff who have progressed substantially through the ranks in their time in Wolverhampton: the opportunities to staff at all levels generated by this culture are recognised and appreciated by staff. The Council has prioritised recruitment of graduates (57 over the last seven years, with 99 graduate management trainees overall through the LGA's Impact programme) and apprentices (167 since 2017) while the Aspire into Management Programme has supported 66 employees, 31 of whom are now in higher graded roles or secondments.

The peer team heard repeatedly about the 'One Council' ethos and approach to problem solving, staff's 'solutions mindset' and proactive approach to partnership working, and about the positive impact on relationships of work to embed the restorative practice approach. Overall there was a striking sense of an organisation where staff feel genuinely engaged and valued, and motivated to do the best for their city: 'the benchmark for the kind of authority to aspire towards' as one partner observed.

### ***Equality, diversity and inclusion***

The peer team saw a strong demonstration of the Council's passion for EDI, a key priority and something that is clearly a source of pride for an organisation seen by staff to 'live our values.' The culture of engagement, role of staff groups and open conversation on EDI in the Council was notable.

There are regular communications around EDI issues with promotion of different awareness days and issues, City People intranet articles and staff network meetings and panel sessions on different issues. Officers praised the Council's proactive response to the summer riots, with immediate and then daily staff communications /

reassurance, a special meeting of the Race, Religion and Equality Forum, and support offered to staff concerned about travelling into the workplace, for example chaperones and revised civic centre parking arrangements.

The Council's four staff networks are each linked to an SEB sponsor and supported by the well-resourced EDI team; their trusted and empowered place within the organisation is reflected in their attendance at the weekly SEB strategy meeting (with the exception of confidential items) to review SEB items for EDI issues. The networks have been influential in the development of safe spaces – where staff can talk with someone other than their manager if an independent voice feels more appropriate – and are influencing organisation wide training opportunities. The Council could consider supplementing the insight this innovative arrangement brings with data from their staff surveys to ensure that they get as true a picture as possible of how inclusive the organisation feels to the diverse groups that make up their workforce.

To ensure its workforce reflects the city's population, the Council has put significant effort into measures to diversify its workforce, including introducing diverse panels into its recruitment processes (a similar approach has been taken involving children and young people on recruitment panels for roles in children's social care). Recruitment success rates for employees from ethnic minorities increased from 3.7% in 2020-21 to 7.1% in 2022/23.

There has also been a focus on ensuring workforce progression among under-represented groups, as well as tracking the impact of this. The Brilliant Leaders and Breaking Through Programmes aim to support colleagues from ethnic minority groups into more senior roles through leadership training and providing exposure to different and more senior experiences within in the workplace and were highly praised by staff. The Council's efforts are having an impact: annual promotion rates for ethnic minority groups have been higher than for other staff since 2020/21, and the most recent data shows that the largest increase in the proportion of employees from ethnic minority groups was in the upper-middle pay quartile.

On pay, the Council's gender pay gap consistently decreased in the seven years to 2022. The Council voluntarily reports on ethnicity, disability and sexual orientation pay gaps each year, with latest data showing negative median pay gaps for disability



and sexual orientation (ie the middle paid LGB+ employee / disabled employee earns more than the typical heterosexual employee / employee without a disability).

### ***Future priorities***

The peer team identified a small number of actions to help the Council further enhance its effective governance and positive organisational culture.

The team heard that there could be more consistency in feedback to scrutiny panels on the impact of their recommendations. The Council should ensure that there is systematic 'you said, we did...' reporting back to scrutiny on the outcome of their work. As general good practice, it should keep scrutiny under ongoing review to ensure it continues to get the most of the process and internal and external contributors.

Health scrutiny, and the Council more generally will need to adjust to the financial challenges of the Black Country ICB and the implications of this for the Council and most importantly the city's residents. The positive relationships in evidence across the ICB to date suggest that partners will successfully adapt to the new reality, but there will inevitably be challenges and tensions, and the Council should be mindful of how these are managed, including in the area of scrutiny.

An immediate issue, which the Council is already focusing on, is to embed the new governance and scrutiny mechanisms developed for the Our Future Council (OFC) programme, which includes an OFC programme board, Resources and Equalities Panel Scrutiny and weekly briefings for the Leader and Cabinet Member for Resources. The Council should keep under review the operation of the new model, ensuring visible alignment around the core twelve principles, that scrutiny is playing a full role in helping the Council meet its £32m transformation challenge, and that the wider Council remains sighted on the development of the programme.

On EDI, the Council will already be mindful of the challenge around sustaining the corporate capacity that has driven its activity and accelerated the impact of its staff networks in a more constrained financial environment. In its future work, it should maintain a focus on ensuring its values and EDI-focused culture are consistently prioritised and practised by all middle managers. This is inevitably difficult in a large organisation, particularly one with remote workplaces and staff closely linked into



partners that have different cultures, but was highlighted as the occasional challenge in an organisation where the top and bottom of the organisation are seen to have fully bought in to its values.

The Council should also persevere with work to address the lack of visible diversity at the most senior levels of the organisation. Considerable effort is already being invested in this; the Council should continue to use its workforce data to review the efficacy of these interventions, and those programmes directed at other levels of the workforce. It could also consider engaging with other organisations that have navigated similar challenges. Finally, as noted above, the Council should be clear about how it is regularly testing the views of staff in relation to EDI, alongside its comprehensive workforce monitoring. The response to the staff EDI survey in late 2023 / early 2024, although positive, appeared very low, at just 97/104 responses. The low response rate may partly reflect that generally positive views among staff reduce the imperative to respond; or it could reflect survey fatigue if the EDI survey is separate to the main staff survey. It will be helpful for the Council to be clear about what it thinks the most effective way of collecting this data is in future.

## **5.4 Financial planning and management**

### ***Financial management to date***

The Council has benefitted from good financial management to date, setting a balanced budget up to 2024/25 and making appropriate use of the limited flexibility permitted around council tax rises.

At least in part, this reflects how previous work in core services has brought financial stability as well as service improvements: for example, the impact of early transformation and the shift to early intervention approaches in children's social care helped the service remain within budget until 2023/24. With an overspend now projected due to cost pressures, children's social care has a recovery plan as part of the Our Future Council programme. The Council has also used improvement plans and a rigorous accountability mechanism with directors to deal with services projecting in-year overspends.

It also reflects that despite an ambitious capital programme and associated

borrowing, the Council has managed the scale of its borrowing wisely, over longer periods. Only £6m of the Council's £786m borrowing is held in short term loans, with this prudent profiling ensuring the Council has avoided the financial squeeze other authorities have experienced as interest rates have risen on short term loans: it should continue to monitor borrowing levels to ensure these are at prudent levels and assess the impact on the revenue budget of its borrowing costs. Externally, the Council has also been repeatedly successful in securing national funding for major city centre capital projects in support of its regeneration ambitions, for example Town Deal, Future High Streets and Levelling Up Funding.

In terms of finance processes, staff reported feeling well supported by closer work with the strategic finance team, with monthly meetings with finance business partners to provide clarity on budgets and critical friend support.

The budget setting process now needs to move from being a more technical and centrally-led process, to a widely owned medium term transformation strategy, with good organisational anchorage, coupled clearly to the projected medium term budget deficit set out in the Council's financial plan.

### ***Ensuring medium term financial sustainability***

Despite its previous effective management of its finances, in common with others, the Council nevertheless finds itself with a projected budget deficit of £27m in 2025/26 rising to £32.5m in 2026/27, a challenging financial position that necessitates urgent and decisive action.

The peer team found that there is good awareness among members, staff and trade union representatives of the scale of the challenge, with the CEX reported to have been intentionally open about the Council's position in recent staff sessions and roadshows. There is a similar level of awareness about the challenge among the Council's partners.

The Council has taken the first steps to delivering the savings it needs through the establishment of the Our Future Council transformation programme. A joint Cabinet/SEB away day in Summer considered an initial list of savings ideas and importantly, agreed a core set of twelve principles to provide a framework for the OFC programme.

Alongside this activity, as noted the Council undertook communications work with staff throughout the summer to outline the challenge and introduce the OFC programme. A governance framework for the Programme has been designed and is being implemented. The Council's political leadership has started to discuss and take the difficult political decisions needed to deliver the necessary savings, for example deprioritising the planned redevelopment of Wolverhampton Wholesale Market and beginning to contemplate a corporate policy on increases in fees and charges.

The Council must now finalise and share a clear savings plan linked to the Our Future Council programme, showing how it will deliver the savings required to address the budget gap. A detailed set of proposals is due to be taken to Cabinet in November; the Council will then need to move rapidly to implement them. To support this process, the peer team recommend that the Council focus on socialising the core OFC principles to all councillors and staff as soon as possible: while there is awareness of elements of the principles – for example, the potential for voluntary redundancy or making use of AI – they have yet to be made explicit. With the principles affording the Council permission to be radical, and think the unthinkable, the peer team felt they should be more visible.

The Council should also ensure that mechanisms for monitoring savings established as part of the Our Future Council governance processes allow robust oversight of progress. Currently, budget monitoring is reported to Cabinet and Scrutiny Board as part of the Council's integrated quarterly performance monitoring: a more regular rhythm of reporting into members to track the delivery of in year-savings could be considered given the importance of the programme.

A linked financial issue is its recent use of earmarked reserves to balance its budget. Although the Council's General Fund balance is in line with the approved Reserves Strategy, the Council's combined General Fund and earmarked reserves are not high in the context of its regeneration ambition and highly active approach to date, or relative to its budget gap, with the risks that carries, and will reduce further if the Council continues to use its earmarked reserves on an annual basis. The peer team recommends that the Council should be more explicit over its planned use of earmarked reserves in the medium-term financial plan, while at the same time reducing its recent reliance on them to balance the budget. The team also

recommends developing a medium-term strategy for replenishing earmarked reserves, drawing on the anticipated benefits of its regeneration approach.

## 5.5 Capacity for improvement

### ***Strong foundations***

The strengths highlighted throughout this report should leave the Council confident, but not complacent, about its capacity for continuous improvement as it navigates the immediate challenges it faces.

Alongside the key basics of an established programme management office, corporate data and analytics capacity, strengthened finance support, and effective governance mechanisms, the Council's standout organisational culture will play a critical role in helping it adapt to its financial constraints. The focus on growing its own and skills development, alongside the fact that staff enjoy working for the council and have a passion for making a difference, will support the Council's transformation journey, while the effective approach to EDI, its staff networks and wider staff engagement are a further indicator of an organisation maximising its capacity.

The Council has a track record of securing external funding, as already noted, as well as innovation opportunities such as the Families First for Children pathfinder. It has demonstrated a willingness to learn lessons from previous experience, such as the children's transformation work now being reviewed and applied in other high demand services, or the lessons learnt from the Civic Halls development informing current and future large scale projects through the establishment of the Major Capital Programmes Board providing member oversight of project and programme delivery at portfolio level.

Above all, through the peer challenge, the Council has shown that it is a self-aware organisation that understands its strengths, the challenge it is facing and the difficult decisions that will come with that, and where it must now focus.

### ***Ensuring the necessary corporate capacity and capability to deliver***

The Council will need to keep under review its corporate capacity to deliver the Our Future Council transformation programme alongside its ongoing ambitions for city development and maintaining good service delivery. These are all important priorities

which will compete for the attention of an organisation that will inevitably change in the coming years; ensuring the corporate and senior bandwidth to effectively manage this will be important. A related point will be how the Council can preserve the factors that have helped develop its open and collaborative organisational culture, for example its investment in restorative practice and EDI. While both are currently well embedded within the organisation, the Council will need to consider the risk of undermining this if there are fewer resources to sustain them in future.

In addition to maintaining capacity, it will also be important to ensure support for ongoing member and officer development in the specific context of the transformation programme. The Council already has member induction and member development programmes, supports development pathways for staff and has invested in tools to support collaborative work across the SEB. It should now consider what additional support and processes will enable political and officer leaders to successfully manage the demands of the coming years and difficult decisions facing the Council. Both the LGA, and Solace, are able to assist the Council with this.

As has been referenced already, the Council will also need to consider its future capacity and risk to continue driving capital projects and regeneration, balancing reduced financial capacity to directly intervene to unlock investment with an understandable desire to capitalise on its approach to date. The long-term investment strategy will need to consider alternative funding and finance models, while also recognising the resources required in early programme delivery for external funds and joint ventures. This is clearly something the Council is already considering through its current priority 'catalytic' projects but will dictate an ongoing evolution in its approach.

The Council also has a positive opportunity to maximise existing and emerging partnerships with Homes England at a regional level and via the ECF partnership in the city, the ALMO and WV Living in leveraging its impressive and ambitious social, affordable and market sale residential growth programmes. The Council could be a regional exemplar in this regard with the leverage it has via these partnerships at city level.

Finally, looking beyond the region, the Council should consider how it supports the

Cabinet and senior officers to engage consistently and productively with the new Government. With MHCLG and Cabinet Office operating from the i9 development, and a senior Government Minister among the city's MPs, the Council is well placed to seek access and influence, but should ensure it has developed an agreed approach for doing so, and then delivers this.

## 6. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings. The LGA will continue to provide on-going support to the council. Following publication of CPC report you need to produce and publish an Action Plan within 5 months of the time on site, by 19 February 2025. As part of the CPC, the council are also required to have a progress review and publish the findings from this within twelve months of the CPC. The LGA will also publish the progress review report on their website.

The progress review will provide space for a council's senior leadership to report to peers on the progress made against each of the CPC's recommendations, discuss early impact or learning and receive feedback on the implementation of the CPC action plan. The progress review will usually be delivered on-site over one day.

The date for the progress review at City of Wolverhampton is TBC.

In the meantime, Helen Murray, Principal Adviser for the West Midlands, is the main contact between your authority and the Local Government Association. As outlined above, Helen is available to discuss any further support the council requires.

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