

# Corporate Peer Challenge Worcester City Council

*8 – 10 October 2019*

Feedback Report

# 1. Executive Summary

The Corporate Peer Challenge (CPC) Team spent 2.5 days on site at Worcester City Council, in addition to a familiarisation tour of the city centre. During the CPC the team spoke to a number of stakeholders including staff, partners and councillors. The team heard a range of feedback and in particular were struck by the pride shown by staff, who consistently reported that the Council was “a good place to work”. The team repeatedly heard positive messages from stakeholders about the Council’s role as a partner and commended the way political parties have worked together for the benefit of the city, despite the potentially difficult no overall control situation.

October 2019 was considered a suitable time for the Council’s first CPC, following a restructure of the governance arrangements. Since May 2017, the Council has been operating a committee system structure of governance, with decisions made by committees with cross-party membership, reflecting the political make-up of the Council. Two years into a new governance arrangement, and with a Managing Director now over two years in post, the CPC provides a timely opportunity to review and reflect on progress against the City’s ambitious plans. The following executive summary provides high level narrative and findings of the Peer Challenge. The following sections of the report provide more detail, along with examples, evidence and recommendations.

The Peer Team found that Worcester City Council is overall, a good council with no major or obvious areas of concern. This is particularly commendable given the severe funding pressures facing councils nationally. This is reflected in the Council’s clean audit and value for money opinions, good financial management and strong reserves and contingencies. Over the coming years the local government landscape may become more challenging. While the Peer Team found that there were no immediate financial pressures, the Council should satisfy itself that it has the resilience to operate in a more financially challenging environment. To prepare for this, it is recommended that the Council adopt a more systematic and strategic approach to improvement and efficiencies. The Council has put in place a strategic framework which encompasses a number of strategies to drive investment and commercialisation at the Council and the Peer Team observed a clear commercial ambition, particularly amongst senior officers. To ensure that the Council can meet its income targets, it will be important to consider reviewing the business acumen and skills required, as well as reviewing whether the level of risk appetite matches the level of ambition.

Worcester City is a relatively small district council, but its ambition is impressive. During conversations with stakeholders, partners regarded the Council in a positive manner. There were a number of examples of Worcester being a “solid and reliable” partner, which are explored in more detail later in the report but include, for example, supporting and funding the County Council to maintain libraries within the city, and working with the University to increase voter registration.

The City’s ambition is articulated in a number of key documents including the Worcester City Plan, the City Centre Masterplan, the Achieving Excellence programme and capital investment strategies. To support delivery of the Council’s vision, the Peer Team have highlighted the increasing importance of clarifying immediate priorities and ensuring there are underpinning operational action plans with tangible milestones and clear accountabilities in place.

The Peer Team found employees to be committed and proud to work for the Council. Throughout this report, there will be a clear theme of ambition from the Council to deliver innovative, commercial projects and it was clear that Council staff are motivated to be part of this process. The CPC identified a sizeable number of priority projects for the Council throughout their strategic plans and it is recommended that these are reviewed and refined to ensure they are achievable.

18 Smith Square, London, SW1P 3HZ    [www.local.gov.uk](http://www.local.gov.uk)    **Telephone** 020 7664 3000    **Email** [info@local.gov.uk](mailto:info@local.gov.uk)

**Chief Executive:** Mark Lloyd

Local Government Association company number 11177145    Improvement and Development Agency for Local Government company number 03675577

Once the Council is clear on its immediate priorities it would be timely to review and develop the skills, capacity and resilience within the workforce to deliver the vision for the City.

Politically, Worcester is a parliamentary constituency that is noted as marginal. This is mirrored in the make-up of the City Council, with no party winning a majority in the last 3 years. This has resulted in regular change of Leader and prompted the decision to restructure the governance arrangements to a committee system. The Council operates with a Group Leaders' Protocol, which shares the responsibilities between a Leader and Deputy Leader from the two largest parties. The Policy and Resources Committee is chaired by the Leader of the Green Party, and the Mayor and Deputy Mayor roles are shared between the two largest parties. The sharing of roles across the different groups is a good example of the Council's commitment to cross-party, collaborative working. Despite the delicate political balance, it was clear to the Peer Team that councillors work well together for the benefit of the city. Although the current arrangements are working well for the Council, the potential for frequent political change puts an onus on the leading politicians to regularly highlight and clarify the key priorities for the city, no matter how difficult this can be in a "no overall control" situation.

There were several examples of the Council undertaking positive work for its communities and demonstrating the social impact of its services, for example, the work that the Council has undertaken to reduce homelessness in the city and provide temporary accommodation through the City Life Local Lettings Agency. The Peer Team was of the view that whilst this was something to be recognised and celebrated, there was an opportunity to further develop its vision for social policy. The continued development of a strategy for homes and communities will help the Council achieve its economic development goals, as well as support the changing demographics of the city, in line with the aim to retain more of its student population.

The effectiveness, resilience and positivity of the council should not be underestimated in the current financial environment across local government more broadly. The timing of the Peer Challenge and the reporting of these findings should be seen as an opportunity for the Council to reflect on its achievements to date, and review how it can further develop its capacity to deliver the ambitious goals set out in its vision.

## 2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the Council:

- 1. The short to medium term priorities and projects should be regularly reaffirmed by the political leadership.** Due to the political landscape that the City operates within, it is pertinent that the politicians highlight and clarify the key priorities for the City on a regular basis to ensure that their joint vision is clear.
- 2. The ambitious programme of priority projects may be confusing staff, politicians and stakeholders. These should be reviewed and prioritised, allocated appropriate resources and then effectively monitored.** The Council has significant ambition, and this is demonstrated in the wealth of plans and priorities. The Council may wish to identify a smaller number of immediate priorities to focus on in the short-medium term.
- 3. Invest in the business acumen, expertise and skills required to deliver the commercial strategy.** Worcester has set a vision that is underpinned by entrepreneurial

spirit. To achieve the goals set out in that vision, staff and members will need to develop the relevant skills to deliver.

4. **Review the digital platform to ensure that it will support the commercial ambition of the future.** The Council has taken steps towards more agile ways of working through its ICT strategy. This should be regularly reviewed and modernised in line with the council's commercial direction.
5. **Better business management information should be provided for more effective and efficient delivery of services to residents, customers and clients.** This may include better benchmarking and improved information on profitability of traded services.
6. **Review and develop stronger links between Finance, Performance and Organisational Development to support continuous improvement and efficiency.** Internal services have the opportunity to work together in a more streamlined way to ensure that performance is aligned to organisational goals and resources are distributed effectively.
7. **The City has a potential to punch further above its weight in the region through stronger engagement with key strategic regional and national bodies.** The Council plays an important role in navigating place leadership at a regional level. There is further potential to release capacity and attract more investment if the City has a broader platform at a regional or national level.
8. **Continue to develop a Homes and Communities Strategy to support changing demographics in the city and economic development goals that goes beyond homelessness, rough sleeping and private rented sector.** The Council has a strong track record of providing services in some of these key areas. The appointment of a Director for Homes and Communities offers an opportunity to refine the goals and targets of these services in line with the changing demographics of the city.
9. **Encourage councillors to engage with member training, including a member-led skills audit to identify strengths and development opportunities.** Councillor skills could be further enhanced through the introduction of a tailored programme of member development beyond mandatory training.

### 3. Summary of the Peer Challenge approach

#### The peer team

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

- Geoff Raw – Chief Executive, Brighton & Hove Council
- Cllr Glen Sanderson – Cabinet Member for Environment & Local Services, Northumberland County Council
- Cllr Tom Beattie – Leader, Corby Borough Council
- Rachel Bowles – Director of Corporate Affairs, Harrogate Borough Council
- Joanne Wagstaffe – Director of Finance, Watford Borough Councils & Three Rivers District Council
- Helen Jenkins – Principal Adviser for Leadership, LGA Peer Challenge Manager
- Rachel Phelps – LGA Policy Adviser, LGA Peer team shadow

## Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges cover. These are the areas we believe are critical to councils' performance and improvement:

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

In addition to these questions, you asked the peer team to take into consideration the following key issues:

- governance and committee structure arrangements
- commercial and investment strategy
- project delivery
- partnerships
- getting the best out of your people

## The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. 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 the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 3 days onsite at Worcester City Council, during which they:

- Spoke to more than 85 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 37 meetings, visits to key sites in the area and additional research and reading.

- Collectively spent more than 255 hours to determine their findings – the equivalent of one person spending more than 7 weeks at Worcester City Council.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit 10 October 2019. In presenting feedback to you, 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 you are already addressing and progressing.

## 4. Feedback

### 4.1 Understanding of the local place and priority setting

Worcester City Council have a clear understanding of the local place, as well as a good understanding of the challenges and opportunities facing the city. The Council takes pride in the city's historic origins and they have grasped the level, opportunity and potential to combine their heritage, proximity to scenic landscapes and city centre vibrancy. Alongside the rich cultural heritage provided by monuments including the Cathedral, the city has a significant retail offer, a number of sports venues and a university. The education sector is important to the city, with more than 10% of its population registered as students. This has an impact on the overall age demographics of Worcester, with 31.4% of the population under 25, compared to 27.1% in the wider Worcestershire region. Throughout conversations with stakeholders, Council staff, members and partners, the Peer Team found a clarity of understanding about the local place and the opportunity to increase the city's appeal both as a tourist destination because of its sports and cultural assets, as well as retaining its student population to support economic growth and prosperity in the city.

The Council's City Plan sets out the strategic priorities for the period 2016-21, and highlights five key themes: stronger and connected communities, a prosperous city, a healthy and active city, a heritage city for the 21<sup>st</sup> century and "sustaining and improving our assets". Each of the Council's five priority themes has a number of outcomes aligned to it and ambition was demonstrated in discussions with members, partners and managers during the CPC. The Council's ambition was evidenced through the plethora of planned initiatives set out in a number of key documents including the City Plan and the City Centre Masterplan. The Peer Team found evidence of a number of examples of the Council delivering against this ambition and were told by partners that "when [the Council] focuses and prioritises, it delivers well". Examples given include the Council's role as a partner in the £20million redevelopment of Cathedral Square and significant investment in Perdiswell Leisure Centre.

Throughout the Council's plans there are a number of priorities, with corresponding outcomes and measures to be delivered by the Corporate Management Team. The Council has a performance management system (Pentana), which managers update with progress against the Council's objectives. The Peer Team found, through their conversations, that the majority of senior officers and the political leadership of the Council had a clear understanding of the hierarchy of priorities. However, conversations with the broader stakeholder network indicated that there was less understanding throughout the organisation and its partners of how various projects, programmes and plans link together. There is a risk that the high number of priorities within the Council's plans could read more like a "wish list" than a tangible and achievable work programme. In one discussion, the Peer Team were told there were over 90 projects marked as "priority" within the Pentana System. The number of high-priority items does help evidence the Council's clear ambition, however, the Peer Team were concerned that it could be confusing to staff, politicians and stakeholders. For example, one partner expressed a potential lack of clarity over what the City Council wanted to be known for; in some guises it seemed a sporting city, in others heritage or riverside location. To help with this, the Peer Team recommend that priorities should be reviewed, re-prioritised and allocated appropriate resources. The Pentana System should then be utilised to ensure that performance

against the priorities is effectively monitored. There is a risk that with so much ambition, the focus on the most strategic priorities and deliverables will become opaque.

Throughout the Peer Team's conversations during the CPC, a clear pride of place and passion for Worcester resonated amongst councillors and the workforce. This was demonstrated in numerous anecdotal examples given by employees about how much they support each other, work together and their pride at working for the City Council. The passion for the city was also evidenced through the commitment of elected councillors, and their joint ambition to do what is right for Worcester, despite the delicate political balance. In particular, this was evidenced by the jointly agreed City Centre Masterplan, and underpinned by the Council's strategic City Plan. The three leaders of the Council's political groups present a joint vision for the City which is prosperous, accessible, diverse and inclusive and with a central focus on Worcester's people and its communities.

The joint statement and credible shared vision of the three political group leaders, was considered particularly commendable given the potential for complexity in a "no overall control" situation. The Peer Team found evidence of this in commentary provided by partners who remarked that there was consistency of policy, despite the frequency of political change. Worcester's political make-up is finely balanced and with an electoral cycle of thirds, there is potential for fairly regular shifts in that balance. The frequency of elections presents a threat to forward planning and certainty in all authorities with a political balance like Worcester's, due to the need to build new relationships and reach consensus on a regular basis. While the Peer Team found evidence that the committee system was working well for Worcester (this is covered in more detail in 4.3 below), the delicate political balance does mean there is a risk that what is agreed now may not always be sustainable. Due to the political landscape that the City operates within, it is pertinent that the politicians highlight and clarify the key priorities for the City on a regular basis to ensure that their joint vision is clear.

## **4.2 Leadership of Place**

Worcester City Council is the only statutory agency with a specific focus on the city of Worcester itself. Therefore, the Council has a crucial role to play in place-shaping, working with partners and stakeholders to support the city's communities, grow its economy and extend its appeal beyond its geographical limits. As other agencies in the region have a focus beyond the city boundaries, for example on a county-wide basis, the Council's relationship with its partners is pivotal for elevating its influence for the benefit of its communities. The Council has gone some way in demonstrating clarity of understanding of its role within the wider region through engaging in partnerships that help it achieve more than it could alone. For example, the Council has worked with neighbouring authorities Malvern Hills and Wychavon to ensure that all three can achieve a five-year housing and land supply with a South Worcestershire Development Plan (SWDP). The SWDP serves as an example of where Worcester has embarked on a partnership to overcome a challenge it faces as a geographically small city. The Council, in recognising the difficulty it might have in ensuring a five-year housing supply, exercised its influence in the region by building consensus to work together with partners to build capacity across the place and help all three councils achieve their goals.

The vision for Worcester, set out in the City Centre Masterplan is a tangible example of the Council's clarity around its longer term vision and goals. The plan, adopted by the City Council in 2019, sets out a number of projects over the next 20 years and delivery will rely



on partnership working with Worcestershire County Council and other key stakeholders. The City Centre Masterplan is a further strong example of the Council's approach to place-shaping in consultation with its stakeholders and communities. For example, alongside the close working with Worcestershire County Council, a significant public consultation was undertaken before the Plan was adopted this year. In addition, the Masterplan and Worcester's vision to enhance and revitalise its historic assets has attracted outward investment. For example, the Future High Street Fund, and the £3m government grant to transform the disused railway arches into a major new cultural destination for the city. The Council clearly has a grasp on the opportunity to shape and promote its place as a city of historical significance. The Peer Team formed the view that the Council should continue to seek opportunities for investment to help it deliver its Masterplan, particularly with the current level of uncertainty for local government finances over the coming years.

The examples contained within this section of the report demonstrate that Worcester City Council exhibits good practice in terms of its role as a partner. The team heard several positive accounts of the Council as a "good active partner", and there is a wealth of commendable practice to note. The Council's decision to fund and support two of the County Council's libraries is a stellar example of how the City Council supports the sustainability and resilience of community services, beyond its remit. Furthermore, there were several examples of where the Council had been a supportive and active partner, assisting other stakeholders in the region to achieve their goals. For example, the Council's work with the NHS on the consultation to close down a walk-in centre and the links built with the university to help encourage the student population to vote. The Peer Team felt that these examples, amongst others, demonstrated that the Council had a clear recognition that, as a small authority, working with partners to release capacity is crucial. When refining its strategic plans, the Council should continue to build upon the existing positive partnerships it has built for the benefit of the city. For example, the Council could utilise its existing relationships with the university to develop joint approaches to retaining the city's student population, to avoid "brain drain", where people educated in a city leave for other opportunities elsewhere. There are outcomes in the City Plan around retaining the student population, increasing employment opportunities and increasing accessibility to the city by rail links, and the Council should continue to consider how it can achieve these through its links with partners.

Alongside the Council being considered a reliable partner, the Peer Team heard a consistently positive message about the role of the senior team in driving partnerships forward. The word "ambition" is featured throughout this report, and that was a theme repeated by partners when asked to describe the Council. Partners also made reference to the council being "accessible" and in particular the Managing Director and senior officer team were praised for their approachability and engagement in partnerships. That accessibility was evidenced through leisure service partnerships, where the Council's approach to the contract was described as having moved from "transactional to strategic", as more senior officers of the organisation became involved in shaping the partnership. Partners described their "growing confidence" in the City Council, as well as the clear "commitment to Worcester" demonstrated by elected members and employees. There were a number of examples of the Council leading place and being an active partner within the Worcester city region and across boundaries into wider Worcestershire.

Due to the small geographical nature of the city, it's important for the Council's political leadership to exercise influence and contribute in local partnerships and regional

structures. The Leader and Deputy Leader are both active in Worcestershire, sharing responsibility for attendance at the Worcestershire Leaders' Board and City Plan Delivery Board. The Leader also represents the Council on Worcestershire's Local Enterprise Partnership and the Deputy Leader on the Worcester Business Improvement District Board. Due to the scale of the ambitious plans, the Peer Team felt that there was an opportunity for the city to punch further above its weight to engage with the wider West Midlands region and beyond. The Council has already demonstrated its ability to attract government funding, and a more visible profile of the City Council, including the political leaders, on a regional or national stage could help leverage further funding and support.

A number of the ambitions referred to in this report are rooted in economic development. Indeed, the Council's place-shaping agenda has a focus on ensuring that the City Centre is vibrant, safe, active and attractive to residents as well as visitors. There has been positive step-change in recent history to increase the footfall and vibrancy of Worcester as a city, for example through opening more attractions on Sundays. The City Plan sets out an ambition to retain the "essence of Worcester" by focussing on its heritage. A heritage partnership has been established, comprised of the County Council, the City Council, historical societies and others to help ensure that any regeneration in the City maintains its heritage appeal. There will be a continued importance on ensuring the right partners are always engaged and the Council will need to ensure that it is able to be responsive and proactive to any changes that might impact on the delivery of its plans, for example in the way retail sector operates. As the Council makes progress with its plans, it should continue to review the challenges it faces in terms of accessibility to the city centre, including transport links. There was a clear message from stakeholders and staff about the importance of maintaining the passion for the city, but equally a desire to "put Worcester on the map" as an accessible and popular West Midlands destination.

Worcester's track record as a supportive partner is impressive, and it is clear that it is a trusted partner. A number of the Council's successful partnerships are in the realm of economic development, but it should be noted that the Council delivers commendable work with partners to protect tenants in the private rented sector, and deliver services to support homelessness and rough sleeping strategies. The Council attends the Worcester Cares Forum along with voluntary sector partners, in order to better coordinate the support available for homeless people in the city. This is a good example of the Council engaging with partners for the collective good of the city to help ensure that its resources are distributed in the most effective way. Indeed, the Peer Team heard several accounts of the Council's positive work supporting housing, temporary accommodation and homelessness. In order to support economic development goals and adapt to changing demographics in the city, the Council should continue its work to develop a Homes and Communities Strategy that goes beyond homelessness, rough sleeping and the private rented sector. Steps have already been taken in this work, for example the creation of a dedicated Director of Homes and Communities post and the Peer Team, and the partners they spoke to, saw this as positive.

### **4.3 Organisational leadership and governance**

Worcester City Council's staff are engaged and positive about working for the Council. A number of people told the Peer Team that it is a "great place to work" or that their job was the "best job [they've] ever had". It was clear from the documentation reviewed by the Peer Team and triangulated through the conversations that were held onsite that internal communication is frequent and well-received, helping to create a culture that places trust

in the Managing Director and senior leadership team. For example, the introduction of staff conferences for all employees, email communication from the Managing Director and briefings for managers help keep the wider workforce engaged and abreast of issues that might impact on their day-to-day roles. The Peer Team heard from staff that morale was “the best it’s ever been” and this has no doubt be supported through the sharing of positive news stories, celebrating successes and regular communication from senior officers. The sharing of this positive narrative represents an intention to exercise transparency from senior managers right through the organisation, however the Council should also consider how it communicates more challenging messages in an honest, but not alarming, way. While staff spoke highly of the communication from the Managing Director and his team, there was a sense that more difficult messages were shared less regularly and as the local government landscape enters a more challenging environment over the next several years, it will be important to review this.

Overall, the Peer Team found that relationships between elected councillors and officers were positive and that there was a clarity of understanding about their respective roles. There were positive examples of member/officer engagement, for example the inclusion of Political Group Leaders at staff conference and a training course for staff on working in a political environment. There is an opportunity to build on this good practice and raise the profile of the leadership team and elected members further, through more visibility with staff based outside of the Guildhall.

The Council’s City Plan and corresponding documents, such as the City Centre Masterplan, are all jointly owned by the leaders of each of the political groups. There is clearly joined-up working between senior officers and the political leadership, which is demonstrated through the fortnightly Leadership Group meetings that brings together the corporate leadership team and the leaders of the Council’s political groups and their deputies. The Managing Director also meets regularly with the political group leaders, ensuring that there is a strong link between the most senior members and officers at the Council.

Since May 2017 the Council has been operating under the committee system model of governance, which appears to be working well and the majority of councillors appear supportive of the arrangement. Worcester has a history of being finely politically balanced, and the current political make-up of the City Council reflects that. The introduction of the committee system has helped to bring a stability to decision-making, where under the previous governance arrangements (Cabinet System), the political control of the Council had changed three times in three years. The committee system comprises Policy and Regulatory Committees, and chairs are allocated on a proportionate basis in accordance with the political balance of the Council. The Peer Team found it particularly commendable that in the potentially difficult “no overall control” situation, the political groups had formed a governance arrangement that offered an impressive level of stability and sustainability.

There is a risk that the number of meetings under the committee system including committees, pre-meetings, briefings and task finish groups could slow down decision-making and be overly burdensome of senior officer time. However, given the political complexity of Worcester, the organisation has responded well to the arrangements put in place by the political leadership and corporate leadership team. There appeared to be genuine cross-party working and a mutual desire to provide the best outcomes for residents of Worcester. For example, despite not reaching political agreement on climate

change action, the relationship between the political parties has not broken down and the consensus of the majority has been adopted by the Council. While acknowledging that the current level of political stability is commendable, given the fine political balance, it should be accepted that maintaining political stability is a resource intensive inevitability.

The vision set out in the City Plan combines the agreed priorities from each of the three political groups' manifestos and there remains a risk in committee systems that the need to reach consensus could limit full buy-in on key projects and creates a risk adverse culture that might remove innovative ideas "from the table" before they are fully explored. At times this may have an impact on the pace of decision-making and delivery of projects. To help maintain the pace of decision-making, the Council may wish to consider reviewing the scheme of delegation so that less items are required to go through the full committee system. In addition, a concern was raised about the number of planning applications which are referred to Committee. The Peer Team were not able to triangulate the evidence, but thought it warranted further investigation to ensure that the amount of applications being seen by committee was proportionate and that the process was being used to an appropriate level.

The number of committee meetings and the different decision-making remits of each of the policy committees provides the potential for stakeholders, residents and councillors to find tracking the progress of agenda items through the decision-making process convoluted and confusing. To help overcome this, and to promote transparency of decision making and increase opportunities for resident engagement the Council should start publishing rolling agendas and Forward Plans for committees on its website. In its quest to become a more modern and commercial council, the Council should also consider moving to electronic agendas, as proportionately significant resources appear to be currently spent on printing papers for the large number of committee meetings despite councillors receiving an ICT allowance which is aimed at reducing the amount of printing necessary.

The Peer Team found limited evidence of a comprehensive member development offer available to Worcester City's councillors. There is no doubt that the mandatory training is undertaken (e.g. for planning committee), however, it appeared that there was limited opportunity for members to build their leadership capacity and broaden their skillset. As the Council evolves into a more commercial organisation, a member development programme could help councillors and the wider authority prepare for its next phase of delivery. The team heard accounts of an underused e-learning system for members, and low take-up of non-mandatory training. A recommended next step would be to undertake a member-led skills audit to identify strengths and development opportunities. This audit should consider the skills and interests that already exist amongst elected members, as well as taking into account preferred learning styles.

#### **4.4 Financial planning and viability**

Worcester City Council is a well-managed authority that is financially stable and low-risk. This was demonstrated in the external auditor's unqualified report and value for money opinion. The Peer Team heard positive reports of the relationship with the external auditor and saw evidence of good financial working papers, which the external auditor described as having "improved since last year". The Council has a set a balanced net budget for the current year, and is forecasting balanced budgets until 2023/24. The Council has

taken an approach to financial planning that has allowed the balanced budget to be achieved across the lifetime of their Medium Term Financial Plan. Despite the difficult financial conditions affecting local government nationally, Worcester has managed to maintain relative stability. Credit should be given to the Council for its ability to maintain financial stability during the challenging financial climate, as well as its ability to continue improving and investing in services for residents, for example by providing funding to the County Council to protect library services in the city.

The Council's ability to build sufficient risk reserves has aided the Council by acting as a buffer to unforeseen financial shocks. The Council's financial stability and use of contingencies has aided a number of projects to be delivered, while maintaining £1.1m in general reserves for unforeseen circumstances during the period of the MTFP. The Peer Team were satisfied that until now the Council appeared to be facing no immediate financial pressure, however, it was noted that a £1m budget pressure forecast for 2020/21 would put strain on the Council's finances. The Council should review the impact of this financial pressure and ensure that there is an appropriate level of contingency in the short-medium term.

On a national level, the current financial climate is challenging and with the potential for longer-term financial reforms as part of the Government's Fair Funding Review in 2021, the Council should ensure that it is able to remain well-prepared for any future financial challenges or risks. There is clarity, particularly amongst senior officers and political leadership, about the potential for upcoming challenges in the financial landscape. While the Peer Team recognised that the Council's finances had been well-managed to date, it would be important that in the face of a more challenging financial environment, that improvements and efficiencies are managed in a systematic way to maintain resilience.

As is prevalent across local government, Worcester has recognised a growing reliance on income. The Council has taken positive first steps to mitigate the loss of Central Government funding and has been actively seeking to increase income from services and investments since 2016, on services such as car parking and trade waste collection. Income from fees and charges has risen steadily each year until 2018/19, but the stretch-targets have not been met and the forecast year-end performance at the end of quarter 1 for 2019/20 is reliant on a transfer from the Income Contingency Reserve. This is primarily due to reduced income in bereavement service, due to a smaller number of burials and cremations being carried out at the cities cemeteries and crematorium. The reliance on reserves due to the lower income will leave only £141,000 in the Income Contingency Reserve budget. Whilst income has steadily increased, underperformance should be reviewed to ensure there are structures in place to more proactively monitor, mitigate and manage, in a timely way. It will also be increasingly important for the Council to ensure that the information that it holds on income, cost and charges is accurate and monitored to guarantee a complete understanding of profitability of traded services. It may be worthwhile for the Council to undertake a review of all traded services to ensure that costs, charges and profitability are fully understood by budget managers.

The Council's capital strategy links to the City Plan and Masterplan by setting out a commitment to city development and improved public facilities on a number of the Council's assets. Asset Management has recently been brought back in-house and as the Council refines its focus on investments and income, it should continue to develop an asset management strategy in terms of commercial property acquisitions and its economic development goals. There is an opportunity, as the Council shapes its vision for the future

as a “healthy and active city”, to make better use of Worcester’s sports and cultural assets. For example, working with Worcester Community Trust to manage income and maintenance of football pitches (currently the Trust keeps income, but the Council is responsible for maintenance costs). Likewise, while it is commendable that the Council funds community projects, there may come a point where they can become self-financing and release some burden on the Council’s budgets. A more systematic understanding of the costs, charges and profitability of these serves, as recommended by the Peer Team, would help the Council’s evidence base for decision making on these services.

The Council’s renewed focus on income generation is underpinned by a commercial ambition to build a more robust income portfolio. The Peer Team recognised that there was enthusiasm and entrepreneurial spirit amongst senior officers and councillors to pursue the commercial agenda. However, in order to be successful, a commercial culture needs to be further developed and refined. Indeed, the Council has established a transformation programme and culture change will be essential to successfully perform in a more-business like way. For example, the Council could potentially achieve even more if there was increased commercial awareness and clear commercial targets that were better understood throughout the organisation. This may require investment in the business acumen and skills of employees and councillors to ensure there is the expertise and capacity required to deliver the commercial strategy. In addition, to help the Council deliver its commercial strategy, the Peer Team were clear that there should be targets and an agreed published statement about what Worcester was trying to achieve through a more commercial approach.

To date, the Council has taken a managed-risk approach to its finances, investment and commercial strategy. The CPC approach offers Council’s the opportunity to “hold a mirror up” and see how they would appear to an independent, external observer; in Worcester’s case, the Peer Team found that the Council appeared cautious in its approach to commercial investments. While the City Council acknowledges that reliance on income generation is riskier than relying on income from government grants, it is now timely consider whether the ambition for income generation and investment for return is adequately matched with an agreed level of risk appetite and business acumen.

## **4.5 Capacity to deliver**

Worcester City Council’s senior leadership have demonstrated a desire to accelerate the pace of change, particularly in terms of the Council’s approach to commercialisation. Throughout the wider workforce, staff are motivated and proud to work for the City, which in turn creates the necessary goodwill to rise to the challenges that they may face in the future. Staff are recognised and motivated through initiatives such as the “Woscars” (annual staff awards) and there were reports of staff feeling empowered to contribute innovative ideas to establish next steps in the Council’s journey to achieving excellence. An internally-focused “achieving excellence” programme has been introduced which has engaged staff in defining the Council’s values as: committed people, good governance, customer focussed, creative council, strong performance. The involvement of staff at all levels in defining the values is a good example of how the Council has invested in engaging employees and in-turn there has been a marked improvement in staff satisfaction in the staff annual survey between 2017 and 2018.

The Achieving Excellence programme is a further good example of how the Council has projected a vision of where it wants to be and what it is working towards in the longer term. The mechanics, systems and programme plans to achieve that vision are crucial and the Peer Team commended the fact that investment had been made in key areas such as Human Resources, Legal and Project Management to help the council increase its capacity to deliver. As well as increased capacity in terms of people, it will be essential to ensure that the performance and project management systems underpinning these teams are used to their full capacity. This is crucial for the council, who have exciting ideas and ambitions but will need to ensure that the “building blocks” are in place to ensure operational delivery and capacity. These back-office functions provide essential support and resilience to projects, and, it will be important to review to ensure that they are enabling, proportionate and not overly bureaucratic.

The Council has set out priorities within its People Strategy to attract, retain and develop “excellent people”. The People Strategy is complemented by a competency framework, that sets out the behaviours associated with each job and grade and the associated performance measures. In section 4.1 above, the report outlined the need to reconfirm the priorities for the Council and ensure that a small number of achievable priorities were strived for. Once clarity has been provided on the immediate priorities, it will be important to review the skills, capacity and resilience within the workforce to deliver. To succeed as a more business-like and commercial organisation, Council’s need to operate at a faster pace, and it will be important that this culture flows through the organisation to all staff, so that they understand how they can contribute to the Council’s vision.

While these strategies become embedded in the organisation it will be important to ensure the data held by the Council on its people is integrated with performance and finance information. The Peer Team therefore recommend that the links between Finance, Performance and Organisational Development are reviewed and developed to support continuous improvement and efficiency. This includes linking the competency framework and individual objectives to the priorities and outcomes set out in the City Plan. By integrating performance, finance and people data, the Council will be able to take more holistic and strategic view on where capacity is required and how resources can be distributed.

The Council has set out a commitment to flexible working and, through its People Strategy, is encouraging people to work in an agile way. This could have enormous benefits, such as increasing staff wellbeing, productivity and it may attract people from different backgrounds to work for the City Council. Consideration should be given to increasing take-up of, and access to, agile working practices such as hot-desking and home working. However, to ensure that agile working is a success, it will be important to review the digital platform and ICT capability to ensure that it will support the commercial and modernisation ambitions for the future.

Throughout this report, the Council’s role as a strong and reliable partner has been referenced. Partnerships can offer smaller authorities the opportunity to release capacity and “punch above their weight”. However, the Council has recognised that there are some services that it could deliver more effectively in-house, including Property and Asset Management, Museums Worcestershire and Tourist Information. The Council is currently in the process of bringing the customer services function back in-house. This provides an opportunity to transform customer contact and customer experience with the Council. Customer Services is an example of where the Council could utilise performance

information to help provide more effective and efficient delivery of services to residents, customers and clients. Better business management information, targets and performance measures should help the Council to undertake more effective benchmarking and provide a more efficient service, for example performance reporting on call abandonment. There are a number of potential benefits of bringing Customer Services in-house. The plan involves routing customer calls directly into service areas, which would be supported by a central contact centre and website. In preparation for this transition, the Council should review its plans to ensure that services have the capacity to handle the likely increased demand on services and that the CRM (Customer Relationship Management) is robust and kept up-to-date.

Overall, the Peer Team felt that Worcester City Council was a good, well-run Council with a governance arrangement that brings stability to decision-making in a potentially difficult No Overall Control situation. The Peer Team thought the organisations response to the political complexity was particularly commendable and were consistently impressed by the pride felt by the workforce and councillors when talking about their city. If the Council refines its key priorities and focusses its commercial ambition, it stands itself in good stead to remain and develop as an influential and trusted council of the future.

## **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 for the West Midlands is the main contact between your authority and the Local Government Association (LGA). Her contact details are: [helen.murray@local.gov.uk](mailto:helen.murray@local.gov.uk)

In the meantime we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

### **Follow up visit**

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next 2 years.

### **Next Corporate Peer Challenge**



The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the Council will commission their next Peer Challenge before 2024.