


# LGA Corporate Peer Challenge

Stoke-on-Trent City Council

Monday 23 to Thursday 26 May 2022

Feedback report





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## 1. Executive summary

The socio-economic challenges in Stoke-on-Trent are stark and are clearly acting as a key focus for the council and partners. The overall strategy is clear – unlocking the city’s potential through securing investment to deliver economic transformation. A wide range of people that we met reflected that ‘this is Stoke’s time’ – with this reflected in the huge ambitions that have been forged for the city and its people. The partners that we met are fully supportive of, and aligned with, those ambitions and there have been positive signs emerging in relation to the area’s economic growth agenda in recent years.

The council, with strong leadership from the Leader and City Director in particular, has positioned the city very effectively. A growing profile is being generated for the city; the council is becoming increasingly influential at national level, with partners citing a ‘step change’ in this regard; and the council is developing a successful track record in securing external funding.

With the ambitions for the city, it is important to ensure that what is being done is impacting positively to the greatest possible extent on the increasing socio-economic challenges. Part of this is the requirement for what is being delivered to be communicated and made truly meaningful to people in the city and within the council. Also key is the council galvanising efforts over the coming weeks and months to inform, engage and involve more – both internally and externally – and, in so doing, ‘winning hearts and minds’ regarding the ambitions for the city and the difference that is being sought through the delivery of them. There is a desire amongst partners to be more actively engaged and involved in two-way discussion and debate and it is clear that there is significant untapped willingness and resource amongst partner organisations that the council can realise.

Significant savings have been delivered by the council to date. This year, for the first time, a Medium-Term Financial Strategy (MTFS) was established, covering a five-year horizon. The council has also worked hard to develop increased financial oversight and control in the organisation in recent years but risks to sustainability and resilience remain. The council is pursuing a financial strategy to build up a more



robust balance sheet.


Currently, the MTFS only reflects savings plans for the current financial year. It is important that the council moves quickly to map out how the gap will be addressed over the five years of the MTFS, outlining the specific savings and income generation required for each of those years.

The council faces a number of risks across its commercial and capital programmes, necessitating rigorous monitoring and consideration of the approach going forward. With the context of the huge ambitions the council has for the city, the authority has a substantial capital programme and there needs to be very careful consideration of delivery and financial risk in order to ensure the long-term sustainability of the organisation. In light of the challenges being faced, not least globally, it would be prudent for the council to review the affordability and deliverability of the capital programme as it currently stands. The council should also regularly review the future of its commercial initiatives and, if need be, adjust the strategy and/or strategic risk reserve accordingly. It is positive that the council is implementing governance changes for its commercial entities.

At the same time as progressing the transformational place agenda, the council has been striving on a range of other fronts in recent months and years. This includes responding to the pandemic; driving improvement in children's services; addressing the financial challenges facing the council; improving the way the organisation functions; and maintaining day to day service delivery.

Progress has been made in relation to improving the way the organisation functions. There is a strong desire amongst the council's senior political and managerial leadership, and a real need, to drive this agenda further and harder and the next twelve months require a rigorous focus on 'improvement'. Central to success here is an essential requirement to develop understanding of, and embed, the organisational principles and values that have been established. It is also important to develop more 'distributed leadership' managerially.

In order to take the improvement agenda forward, we see the need for the development of a stronger corporate core that provides both the strategic capacity



and practical support required by the wider organisation to deliver to greatest effect. The council also has the opportunity to capitalise heavily on drawing in learning from across the sector. Doing so will serve to broaden understanding of wider local government, challenge organisational ‘norms’, enable improvement to be expedited and develop increased recognition that not all solutions need to originate within the council.

## 2. Key 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:

- Maintaining the children’s services improvement agenda as the absolute priority and ensuring an unrelenting drive on this from across the council
- Mapping out how the financial gap will be addressed over the five years of the Medium-Term Financial Strategy – reflecting the specific actions required around savings and income generation
- Enhancing engagement with residents, partners and staff generally – but also specifically in relation to the ‘Stronger Together’ and ‘Powering Up Stoke-on-Trent – A Prospectus to Secure Partnership and Investment’ ambitions and moving over time to strengthen the approach to community engagement in Stoke-on-Trent
- Ensuring that what is being done through the strategy around ‘Stronger Together’ and the Prospectus is impacting positively to the greatest possible extent on the increasing socio-economic challenges in Stoke-on-Trent and that what is being delivered is communicated and made truly meaningful to people in the city and within the council
- Developing more ‘distributed leadership’ managerially and fostering a culture of greater accountability, devolved decision-making and responsiveness – with the need to establish a comprehensive managerial and leadership development programme

- Creating the necessary space and time for the senior leadership of the council, politically and managerially, to consider the strategic challenges facing the city and the organisation
- Developing understanding of the organisational principles and values that have been established and using these to drive change in the organisation
- Reviewing the capital programme in light of macro-economic factors, inflation, revenue budget pressures and recent slippage in the delivery of the programme, re-prioritising as appropriate
- Having a rigorous focus on 'improvement' over the next twelve months that draws in learning from across the sector
- Developing a stronger corporate core


## 3. Summary of the peer challenge approach

### 3.1. 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 on the basis of their relevant expertise. The peers were:

- Matt Jukes, Chief Executive, Hull City Council
- Councillor David Renard, Leader, Swindon Council
- Lynne Ridsdale, Deputy Chief Executive, Bury Council
- Rob Powell, Strategic Director for Resources, Warwickshire County Council
- Fiona Alderman, Head of Legal and Governance (Monitoring Officer), Haringey Council
- Shenell Vrioni-Wright, National Graduate Development Programme, Islington Council (shadowing capacity)
- Chris Bowron, Peer Challenge Manager, LGA

### 3.2. 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?
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?
5. **Capacity for improvement** – Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

### 3.3. 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 that they were familiar with the council and the challenges it is facing. The team then spent four days onsite in Stoke-on-Trent, during which they:

- Gathered information and views from more than 40 meetings, in addition to further research and reading
- Spoke to more than 150 people including a range of council staff, elected 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.

## 4. Feedback

### 4.1. Local priorities and outcomes

The socio-economic challenges in Stoke-on-Trent are stark and include:

- Healthy life expectancy for both men and women being 56.7 years, compared to an England average respectively of 63.2 and 63.5 years
- Infant mortality at 6.5 per 1,000 compared to an average across England of 3.9. The rate locally has reduced from 8.1 in 2017/18.
- Gross weekly pay being £519.20 compared to the UK average of £613.10
- Gross Value Added (GVA) per capita being £23,682 compared to an England average of £30,239 (2019 figures)
- A lag on all key educational indicators, from early development through to Key Stage 5
- 51% of the population being qualified to Level 3+ compared to an England average of 61.3% - although this represents a rise locally from 40.9% in 2016/17
- 36% of the population going to university compared to an England average of 42%



- 1 in 50 children in the city being in the care of the local authority
- Overall, the city is ranked as the 12<sup>th</sup> most deprived local authority area out of 317 across England

These challenges are clearly acting as a key focus for the council and partners. 'Powering Up Stoke-on-Trent – A Prospectus to Secure Partnership and Investment', which was published in February 2021, and the council's 'Stronger Together Strategic Plan 2020-2024' are centred on addressing the challenges that exist in the city and the six towns of which it is comprised. Both strategic documents are, fundamentally, about improving outcomes for local people.

The Prospectus has sought to determine a single set of priority projects and interventions that are right for the city, deliverable in the next few years and to which all partners, including government, are willing to commit. The overall strategy is clear – unlocking the city's potential through securing investment to deliver economic transformation. Key to this, as reflected in the Prospectus, is:

- Improved transport within the city
- Economic development through attracting private investment, supporting high-growth sectors and delivering quality housing, heritage restoration and an improved cultural offer
- Improved education and skills
- Better health and productivity

There have been positive signs emerging in relation to the area's economic growth agenda in recent years, with the city being ranked 3<sup>rd</sup> for year-on-year job growth in the UK Powerhouse 2021 report; Stoke-on-Trent having the highest level of Gross Value Added (GVA) growth out of 133 areas in the UK between 2016 and 2019; and 812 jobs having been created or safeguarded in 2021/22. Wage levels increased by 11.7% between 2015 and 2018 compared to 10.7% in the West Midlands and 9.2% nationally. One thousand new homes were built in 2019/20, with 97% of these on

brownfield sites, and planning permission has been granted for a further 7,000 dwellings. House price growth is over 40% higher than the average across England.

The ambitions for Stoke-on-Trent can be summarised as generating opportunities and increasing prosperity whilst simultaneously transforming the cityscape and aiding the financial position of the council and other public sector partners through a reduction in dependency upon the state.

At the same time as progressing this transformational place agenda, the council has been striving on a range of other fronts in recent months and years. This includes responding to the pandemic; driving improvement in children's services following an Ofsted judgement of being 'Inadequate'; addressing the financial challenges facing the council; improving the way the organisation functions; and maintaining day to day service delivery. All of this has been taking place whilst the council, as with all of its partners, has been working in the fundamentally different ways required by the

Covid-19 crisis.

Many people spoke of the warmth of the people who live in Stoke-on-Trent and reflected a city that has traditionally had a strong sense of pride. The pandemic is seen to have enhanced this feeling of 'community spirit' and to have generated a stronger sense of solidarity and trust between the council and partner organisations. This provides a very solid foundation for what we touch on later in the report in relation to the scope to enhance community engagement in the city.

In service delivery terms, the council recognises that performance is mixed. Combined with some real areas of strength are other areas that the council is committed to improving. The following reflects performance information drawn from the LG Inform system that the Local Government Association hosts for the sector.

The data is the latest available, which is from 2020/21, and the comparator group ('nearest neighbours') are the fifteen other unitary councils nationally that Stoke-on-Trent is deemed by the Chartered Institute of Public Finance and Accountancy (CIPFA) to be most similar to.

Areas where the council can be seen to be performing well include:

- Stoke-on-Trent was the second best performing in relation to Council Tax collection
- The proportion of children becoming subject to a child protection plan for a second or subsequent time was the second lowest
- The total number of households on the housing waiting list was the second lowest
- The area saw the fourth lowest number of households living in temporary accommodation
- The number of affordable homes delivered was the fifth highest

Areas that the council needs to be mindful of include:

- Stoke-on-Trent had the second highest proportion of 16 and 17 year olds not in education, employment or training (NEET) and had the fourth lowest percentage of care leavers in education, employment or training
- Stoke-on-Trent had the highest level of delayed transfers of care (DTOC) measured in days
- The area featured the fourth highest percentage of vacant dwellings
- The percentage of adults classed as overweight or obese was the third highest, as was the percentage of children being overweight or obese in reception year

In its Position Statement, which was produced to inform our work, the council highlights homelessness, housing, highways, libraries, community safety, aspects of adult social care and the revenues and benefits function as being high performing.

Special educational needs (SEN) and land use planning are highlighted as being amongst those requiring improvement.

In relation to climate change, the council indicates that it has deliberately chosen to pursue a very practical approach of identifying and pursuing individual programmes and projects that it considers can make the biggest difference. This sees a focus on energy generation and efficiency; public transport; air quality; and tree planting.

#### **4.2. Organisational and place leadership**

A wide range of people that we met during the course of our discussions, both internally and externally, reflected that ‘this is Stoke’s time’. A range of factors have come together, including the emergence of the ‘Levelling Up’ agenda and an alignment politically at local and national level, to form a ‘window of opportunity’ that the political leadership of the council is capitalising upon in its endeavours to

transform the fortunes of the city. This is reflected in the huge ambitions that have been forged for Stoke-on-Trent and its people. The partners that we met are fully supportive of, and aligned with, those ambitions.

The council, with strong leadership from the Leader and City Director in particular, has positioned the city very effectively under the ‘Levelling Up’ agenda, reflecting


Stoke-on-Trent, as the West Midlands’ second city, as the ‘national litmus test’ of that policy. A growing profile is being generated for the city and the council is becoming increasingly influential at national level – reflected in the level of investment being secured and the UK government Cabinet holding an away day in the city recently – with partners citing a ‘step change’ being seen in this regard.

The council has a strong Cabinet in place and the Senior Management Team is forming and developing well following recent changes in its make-up. There is a strong sense of good joint working and mutual trust and respect at this level.

A range of key partnership forums are in place for the city. This includes statutory bodies such as the Health and Wellbeing Board, which is seen to have progressed well under the Leader as Chair, and the Community Safety Partnership. It also includes certain partnerships uniquely created for the city, with the Creative City Partnership and Education Challenge Board being the two obvious examples. The Stoke-on-Trent City Forum, which involves the key sectors and leaders across the local and sub-regional levels and meets at least twice a year, represents a valuable mechanism which can be developed further. Such development would, based on

feedback from them, involve extending the means by which partners are actively engaged and involved in two-way discussion and debate – building on the presentation-style sessions that have featured to date.

The council is developing a successful track record in securing external funding. The two prime examples are the £56 million of ‘Levelling Up’ funding and the £31 million



from the Department for Transport to improve bus services. The council is very conscious of the importance of ensuring the investment being made benefits the six towns making up the city, reflected in the town centre restoration projects in Tunstall, Longton and Stoke; the Etruscan Square development in the Smithfield business district in Hanley; and the creation of the city-wide full fibre network.

With the ambitions for the city, it is important to ensure that what is being done through the strategy is impacting positively to the greatest possible extent on the increasing socio-economic challenges. Partners used the phrase “Mind the Gap” to highlight the imperative of the economic development agenda at the heart of the Prospectus and ‘Stronger Together’ deriving the outcomes being sought for local people. Alongside this sits the requirement for what is being delivered needing to be communicated and made truly meaningful to people in the city and within the council itself. They need to be enabled to see the current and future benefits in terms of jobs, skills, education, housing and wellbeing. This has become increasingly pertinent in recent months in a context of the emergence of the cost-of-living crisis and the risk of people seeing investment being made in projects that are changing the cityscape but potentially questioning relative priorities.

The growing profile of the city and the increasing influence of the council is, in significant part, the result of the way the council’s leadership is engaging nationally. The “unrelenting positivity” – a phrase that partners coined during our discussions – required in ‘talking the place up’ to government and investors is, however, different to the engagement partners, citizens and staff require. Much is being delivered, reflected not least in the changing cityscape, but residents, those working for the council and people in partnership organisations recognise the challenges that exist for the city. There is a risk that cynicism emerges if the picture of positive progress conveyed to them is not presented ‘in the round’. Linked to this, and based on our discussions, it is clear that there is significant untapped willingness and resource amongst partner organisations that the council can realise with, for example, certain national-level bodies being willing to explore dedicating increased numbers of people to delivering the agenda in Stoke-on-Trent because it aligns so closely with their remits and objectives.

Key to much of what we have outlined here is the council galvanising efforts over the coming weeks and months to inform, engage and involve more – both internally and

externally – and, in so doing, ‘winning hearts and minds’ regarding the ambitions for the city and the difference that is being sought through the delivery of them.

Over the slightly longer-term, there is a recognised need to review ‘Stronger Together’. This provides an important opportunity to enhance engagement further across communities, partner organisations and the council’s workforce. It also represents the opportunity for the council to determine a synthesised and manageable set of objectives drawn from the Prospectus, ‘Stronger Together’, the Cabinet’s 25 priorities and other key strategic drivers.

At the same time as the council has been driving the place-shaping ambitions of the city, the organisation has been contending with a further set of demands in the form of work going on to improve the way the authority functions. Progress has been made, including:

- The children’s services improvement agenda being an imperative and representing the single most important area for the organisation to be focused upon. There is a sense of cautious optimism around the council moving out of intervention following positive feedback during the course of Monitoring Visits by Ofsted in recent months. Alongside this, however, sits recognition that doing so, whilst a huge achievement, would just be ‘the end of the beginning’ and that the drive for further improvement must be unrelenting across the council and continue far beyond any improved rating in the next full Inspection of Local Authority Children’s Services (ILACS).
- Increased financial oversight and control in the organisation, including the creation of a programme board for financial management
- The establishment of further programme boards to oversee workforce planning, health and safety, commercial activity and capital projects
- Enhanced approaches to performance management and risk management – including the creation of a ‘golden thread’ in the form of an Operating Plan, Team Plans and Personal Development Plans

There is a real desire and need to drive this agenda further and harder in the coming months, across a range of spheres including:

- People management
- IT
- Data and insight
- Performance management
- Cross-organisational working
- Equalities, diversity and inclusion

We expand upon all these aspects later in this report under 'Capacity for Improvement'.

In order to drive further change and improvement in the organisation – and thus challenging the status quo – there is an essential requirement to develop understanding of, and embed, the organisational principles and values that have been established by the council. It is also important to develop more 'distributed leadership' managerially – in a context of the council indicating an overloaded wider 'top team' being at risk of 'burn out'. There is a bias towards decisions needing to be taken by the Senior Management Team as opposed to being delegated to the appropriate level within the organisation. Central to addressing this is more devolved decision-making which will increase responsiveness and foster a culture that embodies all of the organisational values:

- Ownership and accountability
- Ambition
- Respect
- Involvement
- Working with others

There would also be benefit in creating the greater amount of space and time necessary for the senior leadership of the council, both politically and managerially, to consider the strategic challenges facing the city and the organisation. The extension of the Senior Management Team meetings once a month to include Assistant Directors is a positive step in this direction. There is already effective liaison bi-laterally between Cabinet members and Directors and the Cabinet and Senior Management Team come together at key points. Creating further



opportunities – whether that be as a Cabinet, as a Senior Management Team or jointly – for thinking and reflection; planning; and learning and development would deliver significant benefits.

#### **4.3. Governance and culture**

The council has undertaken a programme of work on Constitutional reform in the last two years which has seen minor revisions agreed around, for example, the Budget and Policy Framework Procedure Rules and the Contract Procedure Rules; the Local Code of Conduct; the Officer Scheme of Delegation; the membership of the Health and Wellbeing Board; and the terms of reference for certain committees. This reflects an organisation that takes a proactive approach to its Constitutional arrangements and the council will no doubt wish to maintain this discipline going forward.

The Children’s and Young People’s Overview and Scrutiny Committee is widely held in high regard, both internally and externally, for the way it has worked in the last couple of years. It has engaged in issues crucial to the wellbeing and future of younger generations in Stoke-on-Trent. This includes reviewing a number of services and functions such as mental health provision in the city; children’s social care ‘front door’ arrangements; and early help and prevention approaches. The Committee has also contributed to the consultation process for the 2022/23 budget and is seeking to involve ‘young scrutineers’ in the activities that it undertakes. The approach from the Committee is very positive but the wider scrutiny function is not seen to be as effective. Addressing this represents a real opportunity in governance terms, through both the scrutiny of performance and the contribution to policy development. Achieving this requires greater corporate endeavour in order to ensure all of the overview and scrutiny committees are meaningfully engaged in the issues of greatest significance in the city and the organisation. The success of the Children’s and Young People’s Overview and Scrutiny function clearly shows that the council has the ability to achieve this.

A good range of training and development opportunities, delivered both internally and externally, are available to elected members. Each individual has the opportunity to draw up a personal learning plan, with support from the council, and has a small



allowance to fund development activities that aren't met through the extensive Annual Development Programme. All the Political Group Leaders have indicated their recognition of the importance of councillor development. Training and development activity ranges from induction, corporate mandatory learning and general councillor development to role specific learning and self-directed on-line learning via the Councillor Learning and Development Hub and the Local Government Association. Tailored approaches based on individual needs can be developed through support from the Member, Governance and Civic Support Team, recognising the limitations of a 'one size fits all' approach. We would encourage all elected members to take advantage of what is available and contribute their thinking to the further evolution of the programme over time.

Senior officers are diligent in working to engage the political Opposition. Examples include fortnightly meetings between the City Director and Political Group Leaders; collective engagement between the Shadow Cabinet and the Senior Management Team; bi-lateral engagement between Shadow Cabinet members and Directors; and the automatic offering to Opposition groups of briefings on key issues that the Administration have received.

The elected members we spoke to have had mixed experiences in relation to the council's casework management system for progressing ward-based issues. Some have found it easy to navigate and utilise whilst others have had greater difficulty with it. In having used it, some see it as having been effective in terms of it leading to

matters they have raised on behalf of constituents being responded to, whilst others have experienced lower levels of responsiveness. Investment is being made in a new system and it is important that this works effectively for the organisation. An effective system would sit as part, albeit a limited part, of easing the tensions that exist amongst some elected members regarding the responsiveness of the

organisation and the way it works. It is important that these tensions are not allowed to escalate – which reinforces the importance of developing a culture that reflects the organisational values.

There is a recognised need to review the council's formal trade union consultative body arrangements. Whilst a formal body for this purpose exists constitutionally, it is essentially in abeyance. This sees things operating more informally through directorate-level consultative groups and the trade unions meeting frequently with HR

representatives, regularly with the City Director and periodically with the Leader in her capacity as the relevant Portfolio Holder. Council have requested that the Human Resources Committee bring forward proposals to modernise the formal arrangements reflected in the Constitution and this should be undertaken speedily.

#### **4.4. Financial planning and management**

As with many councils, Stoke-on-Trent has been facing an on-going financial challenge and this is clearly not going to ease quickly. Significant savings have been delivered to date, albeit with slippage having been seen – which, again, is not unique to Stoke-on-Trent. This year the council established, for the first time, a Medium-Term Financial Strategy (MTFS) covering a five-year horizon. It has also worked hard to develop increased financial oversight and control in the organisation but risks to sustainability and resilience remain. These include:

- Demand pressures
- Costs associated with the ‘Inadequate’ judgement in relation to children’s services
- High levels of expenditure and relative costs in both children’s and adult social care when compared with statistical neighbours – with the council recognising that addressing this is critical
- More recent pressures arising from inflation and the cost-of-living crisis, which will impact on assumptions about pay, prices for commissioned services and the costs of the capital programme
- The city’s limited tax base and high reliance on Council Tax and Revenue Support Grant

The council is pursuing a financial strategy to build up a more robust balance sheet by topping up general reserves to 5% of net budget and creating a strategic risk reserve to address commercial risks. This is a sound strategy.

The MTFS reflects a projected gap in funding of £1.9m in 2023-24, rising to £9.7m in 2026-27. However, the projected financial gap in 2023-24 alone is now expected to grow from £1.9m to £10m, largely due to inflationary pressures. Currently, the MTFS only reflects savings plans for the current financial year. It is important that the

council moves quickly to map out how the gap will be addressed over the five years of the MTFS, outlining the specific savings and income generation required for each of those years. Undertaking this would enable the council to align and prioritise investments through its 'transformation' funds and the financial benefits that would be accrued as a result – thus ensuring the injection of one-off resources from the transformation reserve generates the savings and income necessary to maintain financial sustainability and develops understanding of the timescales and lead times involved. Given the current global context and the uncertainties around the future funding of local government, the council would benefit from developing a range of financial scenarios and robust strategies to respond to them.

The Dedicated Schools Grant (DSG), Minimum Revenue Provision (MRP) accounting and assumptions about the Adult Social Care Levy require specific on-going attention. The deficit in the 'High Needs Block' of the DSG deficit is substantial, although it is projected to reduce by £5m by the end of the financial year in accordance with the 'safety valve agreement' reached with the Department for Education. There is cover in reserves for this after the statutory over-ride ends in March 2024 but achieving a balance in the High Needs Block should be a key priority. As regards MRP, the council's historic accounting practice is unlikely to comply with new regulations and it is therefore positive that provision has been made to cover the additional costs this will bring. In relation to the Adult Social Care Levy, it cannot be assumed, as is currently the case, that this will continue beyond 2024/25.

The council faces a number of wider financial risks across its commercial and capital programmes, necessitating rigorous monitoring and consideration of the approach going forward. The council has pursued an ambitious commercial agenda which brings a number of risks, especially in the context of the council's balance sheet strength. One of these relates to a hotel loan, where the council doesn't have first charge and the need, therefore, for very close monitoring of hotel performance and loan repayment. It is positive that the council is implementing governance changes for its commercial entities, following a Local Partnerships review, and that it has created a strategic risk reserve to cover commercial risk. One of the key issues to be mindful of moving forward is the risk around the valuation, performance, cashflows and loan repayments of Fortior Homes, which should be kept under close review.

Another is the combined value of the council's commercial properties relative to their

acquisition costs, with potential benefit to be gleaned from the council assessing rental income, MTFs contributions and projected future values and determining appropriate options in the light of that. The council should regularly review the future of its commercial initiatives and, if need be, adjust the strategy and/or strategic risk reserve accordingly.

There would be benefit in developing a commercial strategy that clearly defines the purpose, scope and focus of the council's commercial activities. As an example, given the council's investments are all within the city and are aligned with key strategic objectives being sought, the commercial strategy could give a clear steer that the council's commercial agenda is focused on securing improved outcomes for local people, linked to 'Stronger Together' and the Prospectus.

The council has a substantial capital programme, with relatively high levels of debt and associated costs impacting the General Fund. This inevitably brings risk, particularly in relation to rising inflation and interest rates and escalating development costs. With the context of the huge ambitions the council has for the city, there needs to be very careful consideration of delivery and financial risk in order to ensure the long-term sustainability of the authority. This applies to both revenue and capital budgets. To exemplify this, borrowing in the capital programme is adding £9.8m to the capital financing costs over the period of the MTFs which, as we have outlined, highlights a significant gap in relation to future revenue funding.

The council is cognisant of the fact that there was slippage of around 50% in the delivery of the £180m capital programme in 2021/22. The programme for the current year is £282m, with the current context of inflationary and supply chain challenges potentially generating the risk of further slippage. In light of all of the challenges being faced, it would be prudent for the council to review the affordability and deliverability of the capital programme as it currently stands.

The council is taking advantage of the government directive enabling capital receipts to be used to fund transformation, with roughly one third of such receipts being used in this way. This needs to be balanced with a recognition that, over time, the council will need to take out extra borrowing to fund the capital programme. Essentially, the cost of transformation is being pushed into the future, making delivery of tangible

financial savings to balance the MTFS even more critical. The council needs to ensure that it completes the disposal of the three sites required to repay the £12.9m funding provided by the Department for Levelling Up, Housing and Communities in 2020/21 under the existing Capitalisation Directive.

#### **4.5. Capacity for improvement**

As we outlined earlier in this report, work has been going on in recent years to improve the way the organisation functions and progress has been made. There is a strong desire amongst the council's senior political and managerial leadership, and a real need, to drive this agenda further and harder in the coming months. Important within this is considering what type of council the organisation wants and needs to become – in a context of the financial challenges, councils' changing relationships with citizens and the revised ways of working that have emerged for organisations through the pandemic.

The council has developed a Transformation Programme but there is a lack of understanding in the wider organisation around what it is focused upon and where it is being led from, although people acknowledge the existence of the Transformation Programme Board. The next twelve months require a rigorous focus on 'improvement', with huge benefit to be gained from developing a clearer sense of prioritisation and timescales around this and ensuring what is planned is understood by the wider organisation. This would enable the focusing of investment and capacity, aid 'buy-in' and gear people's expectations, including those of elected members, accordingly.

Given that there are few unique challenges in local government, and there are other councils that have already forged the paths in the key directions that Stoke-on-Trent needs to follow as it seeks to drive improvement, the council has the opportunity to capitalise heavily on drawing in learning from across the sector. Doing so will serve to broaden understanding of wider local government, challenge organisational 'norms', enable improvement to be expedited by avoiding 're-inventing the wheel' and develop increased recognition that not all solutions need to originate within the council.

Key areas to be taken forward under this improvement agenda include:

### People Management

Enhancing the quality and availability of workforce data, with the multitude of IT systems and their variable effectiveness presenting a challenge to the council in being able to easily understand key issues and trends across the organisation.

The recruitment and retention challenges – albeit they are not unique to the council – are very real and things appear more exacerbated in Stoke-on-Trent through a ‘double whammy’ of high turnover rates in parts of the organisation and recruitment processes being overly long and drawn out.

Establishing a clear set of revised expectations around what managing in and working for the council means and entails. Central to this is developing understanding of the organisational principles and values that have been established. These can be used to drive change in the organisation, ensuring the development of a shared understanding of what they are about and providing people with the support and development necessary to be able to demonstrate them consistently right across the council. Alongside this needs to be an understanding of the responsibility, and the willingness and ability at all levels managerially, to actively manage the performance of individuals where it is not matching what is required.

‘One Council’ – significantly enhancing cross-organisational working (reflected in the ‘working with others’ organisational value), founded upon an increased understanding at all levels of the organisation of the cross-cutting and complex challenges facing the city and the organisation and the changed ways of working that this necessitates.

Underpinning all of the above by establishing a comprehensive managerial and leadership development programme. In highlighting this, we recognise that managers are already able to access development activities but doing so is optional and is very much seen to focus on day-to-day management training rather than involving wider leadership development activity throughout all levels of the organisation delivered at a corporate level. The focus of a comprehensive programme would be getting the organisational culture and behaviours right.

## Data and Insight

Enhancing the availability and accessibility of information to inform decision-making and direction, including information on service performance, 'corporate health' indicators and a more detailed and rich understanding of the communities that make up the city.

## Equalities, Diversity and Inclusion

The council has undertaken work to establish a strategic narrative, objectives and internal priorities in relation to its equalities, diversity and inclusion agenda. This should be built upon through developing greater demographic data to inform policy and strategy; clear leadership and governance arrangements for the agenda; and delivering activity internally and externally that is centred upon sharing and raising awareness of 'lived experience' and developing understanding and engagement.

## Community and Resident Engagement

Taking the co-design success seen recently in the development, with the Parent Engagement Group in Stoke (PEGIS), of the Special Educational Needs and Disability (SEND) transport strategy – and applying it widely both as a principle and an approach. Essentially this is about embedding community engagement into all that the council does.

## Information Technology

Capitalising upon the recent further consolidation of the IT function to deliver support to the council corporately by driving forward the work that has been started to modernise and rationalise the multiplicity of systems that exist. This will require the careful weighing up investment priorities and it is important to be realistic and clear about the timescales involved in delivering change and improvement on the scale required. Opportunity also lies in the council's recently agreed digital strategy.



## Communications Function

Enhancing the council's externally facing corporate communications approach, including the use of insight data to determine strategy, becoming more proactive and developing a campaigns-based approach.

With internal communications, there is the opportunity to build upon the weekly all-staff e-mail, recent managers forum and planned introduction of a regular staff survey. This should entail moving more into two-way engagement right across the council, led by the Senior Management Team, both face-to-face and through the use of technology where appropriate. Establishing dedicated forums that bring the management tiers of the organisation together both as individual tiers, such as

Strategic Managers, and as a whole, would also be very beneficial.

In order to take the above elements and the overall improvement agenda forward, we see the need for the development of a stronger corporate core that provides both the strategic capacity and practical support required by the wider organisation to deliver to greatest effect.

## 5. Next steps

It is recognised that the council's senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The corporate peer challenge process includes a 'check-in' session a few months on from the initial activity, with this providing the opportunity for the council's senior leadership to update peers on its progress against the related improvement planning and discuss next steps.

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

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