

LGA Corporate Peer Challenge

Dudley Metropolitan Borough Council

19th – 22nd September 2023

Feedback report





Contents

1. Executive summary	3
2. Key recommendations	5
3. Summary of the peer challenge approach	7
4. Feedback.....	9
5. Next steps.....	26


1. Executive summary

Dudley Metropolitan Borough Council (DMBC) is facing a serious financial challenge and above all else it now needs to take urgent action to address its financial sustainability. This has been clearly outlined to DMBC's leadership and the peer team consider this to now be its number one priority - owned by Members and officers at every level across the organisation – alongside clear and consistent messaging. The Council's external auditors are also considering issuing statutory recommendations based on financial and governance concerns. Urgent corrective and collective action is required for the Council to be financially sustainable in 2025/26 – as currently this is in jeopardy.

The peer team recognise that the Council is passionate for the future of the place and has an impressive and ambitious regeneration programme for the Borough, particularly within Dudley. However, this must be accompanied by the completion and adoption of the Economic and Regeneration Strategy which is underpinned by a realistic and costed delivery plan. Importantly, this should be clearly linked to the inclusive growth for the Borough's communities and the financial sustainability of the Council.

The peer team felt that the focus on outcomes for Children's and Adults Services is not viewed as a shared priority across the Council nor as importantly as should be expected. The passion of staff and the improvement work delivered by those in these directorates is absolutely clear but it is less obvious how this is corporately owned across DMBC. There is a need to reset the status of this agenda to the Council given the importance of it.

It was clear that DMBC has dedicated Members and staff who are passionate about the Borough with a focus on 'doing the right thing' for both Dudley and the Council. However, the peer team heard that the organisational culture between Members and officers was challenging. There are some pockets of good Member and officer



working but the overall culture and the Member/Member and Member/officer relationships was not positive, with many relationships strained. This needs to change. If this is not addressed it will impact on DMBC's ability to meet its challenges over the coming period.

The Council has evidence of effective governance frameworks but cultural issues and behaviours are getting in the way of this and undermining them. There is also an urgent need to improve DMBC's internal control and assurance environment.

The Forging a Future for All, Borough vision, is widely supported by partners who are keen to play an active part in making this a success. This would now benefit from a focus on delivery to produce the outcomes which are anticipated, and partners are looking towards the Council for clarification of their role in this. For DMBC this will now need to be in the context of meeting the financial challenges. The Council Plan 2022-25 is clearly linked to the Borough vision, but it does not currently match the reality of DMBC's current financial position. The Council will need to consider and refocus its own Plan on what it is able to do within the context of the Medium Term Financial Strategy (MTFS).

The peer team heard there were significant issues around capacity and organisational structures. Discussions within the Council frequently described the organisation as being "very siloed" and this impacted on the successful delivery of the Council's priorities. For example, the Strategic Executive Board (SEB) was viewed as failing to provide the leadership and effective decision-making which DMBC requires. Recognising and addressing these issues is particularly important given the financial, governance and cultural challenges which now necessitate a 'one Dudley team' single focus.

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:

Finance

- 2.1 **Recommendation 1:** Urgently prioritise the development of a financial strategy, and any engagement with DLUHC, for the long-term sustainability of the Council
- 2.2 **Recommendation 2:** Engage across the organisation as 'One Dudley', at all levels, to address the financial sustainability of DMBC
- 2.3 **Recommendation 3:** Consider external strategic support to turn around the short-term and medium-term financial position, leveraging experience of organisations in financial distress and other support including through the LGA
- 2.4 **Recommendation 4:** Reconsider the alignment of the Council Plan to the Medium Term Financial Strategy in the current financial climate
- 2.5 **Recommendation 5:** Internal Audit recommendations need to be addressed as a priority. The Council should increase the importance of the delivery of recommendations, ensuring assurance levels are increased
- 2.6 **Recommendation 6:** Completion and adoption of the Economic and Regeneration Strategy. The pipeline/programme should be prioritised, the agreed top priority projects/themes to form the work plan (1-3 or 5 years rolling programme) and costed for delivery before approval is sought to progress.
- 2.7 **Recommendation 7:** Finalise the Estates Strategy with a delivery plan and timescales
- 2.8 **Recommendation 8:** Clearly differentiate between investment and commercialisation

Governance

- 2.9 **Recommendation 9:** Improve the internal control and assurance environment

- 2.10 **Recommendation 10:** Develop a ‘golden thread’ throughout the Council to ensure the vision contained in the Council Plan is reflected in service strategies and team plans
- 2.11 **Recommendation 11:** Review the function and purpose of Informal Cabinet and the Strategic Executive Board
- 2.12 **Recommendation 12:** Roll-out training and support around the roles and responsibilities for both Members and officers
- 2.13 **Recommendation 13:** Keep the scrutiny function under review, including the work programme, and ensure there are adequate resources in place so that it is fit for purpose

Capacity

- 2.14 **Recommendation 14:** Review the organisational structure and consider how to better utilise the resources DMBC already has to deliver the golden thread
- 2.15 **Recommendation 15:** Transform to release savings and invest in key services
- 2.16 **Recommendation 16:** Continue to develop an approach around the development of corporate health performance indicators, building on the approach to HR monitoring, to include other internal measures

Culture

- 2.17 **Recommendation 17:** Focus on getting the basics right – refreshing the organisational values provides a good time to do this and reset the expectations

Vision

- 2.18 **Recommendation 18:** Development of delivery plans for Dudley Borough’s Vision, Forging a Future for All
- 2.19 **Recommendation 19:** Develop a place marketing approach for the visitor economy
- 2.20 **Recommendation 20:** Consider the value in undertaking a regular Residents’ Survey
- 2.21 **Recommendation 21:** Development of the approach to the Council’s corporate performance to ‘tell the story’



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:

- **Jacqui Gedman** (CEX – Kirklees Council)
- **Cllr Rob Waltham MBE** (Leader - North Lincolnshire Council)
- **Anthea Lowe** (Director: Policy & Governance, Statutory Monitoring Officer – Telford and Wrekin Council)
- **Paul Clarke** (Director of Finance – London Borough of Islington)
- **Hilary Morris** (Commercial Director – London Borough of Barking and Dagenham)
- **Mark Ladyman** (Assistant Director, Economic Growth - Darlington Borough Council)
- **James Millington** (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?

In addition to these questions, DMBC asked the peer team to review the Council's commercial approach, progress to date and strategic direction.

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 they were familiar with the Council and the challenges it is facing. The team then spent four days onsite at DMBC, during which they:

- Gathered information and views from more than 60 meetings, in addition to further research and reading.
- Spoke to more than 150 people including a range of Council staff together with Members and external stakeholders.

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




4. Feedback

4.1 Local priorities and outcomes

Dudley Metropolitan Borough is an important and key part of the Black Country in the heart of the West Midlands and is comprised of 5 key strategic townships and 4 commercial centres: Dudley, Brierley Hill, Stourbridge and Halesowen. The Borough's population is 323,581 and more than 20% of residents are aged 65 or over. Life expectancy for men in the most deprived areas of the Borough is 9.2 years lower than in the least deprived areas, and 8.6 years lower for women. The Borough is ranked 104th most deprived of 317 councils in England and 28.6% of its residents live in areas amongst the 20% most deprived in England. DMBC knows its communities well and has a good understanding of the challenges it is facing. The Council Plan 2022-2025 has four key priority areas where the Council is targeting its activity:

- Dudley the Borough of Opportunity
- A Borough of Ambition and Enterprise
- A Safe and Healthy Borough
- Dudley Borough the Destination of Choice

The Council also recognises the opportunities within the Borough and is championing these - including 30% of the Borough comprising of greenspaces. There are also internationally recognised attractions including Dudley Zoo and Castle; The Black Country Living Museum and Black Country Global Geopark - one of only eight geoparks in the United Kingdom. These are cornerstones of the local tourist offer leading to more than 4.5M day trips being made to Dudley each year and contributing £117M to the local economy (over 3 years from 2017-19). The Borough's employment rate is 77.3% which is the highest rate in the Black Country and the




median wage is £30,417 - which was the highest average full-time earnings in the Black Country in 2022. The Borough is also ranked the safest within the West Midlands Police area – with the lowest crime rate per 1000 people.

The peer team heard how the Council Plan is ambitious for the Borough but it could be clearer in how these priority areas are invested in and aligned to the Medium Term Financial Strategy (MTFS). This was not clear to the peer team and is crucial now given the financial challenges facing the Council. This will ensure DMBC is designed and aligned appropriately to deliver the Council Plan and its ambitions.

DMBC recognises the economic challenges around finance and inflation facing its communities and through its Council Plan has outlined its ambition for Dudley as a ‘Borough of Ambition and Enterprise’. This includes the ambition for £1bn to be invested in local regeneration, and the Council has levered in some impressive investment through the West Midlands Combined Authority (WMCA) including £60M of funding for the Wednesbury to Brierley Hill Metro Extension in addition to the £449M and £12.3M of Get Britain Building funding for the Very Light Rail Innovation Centre. There is a striking list of other projects and developments including the Health Innovation Centre, Portersfield, the leisure quarter and a Night time economy and food quarter, and the Eton sixth form college campus. It is important that the Council fully articulates how these projects will contribute to the economic growth of the Borough.


Inclusive Growth is an important factor in the future of the local economy. The Council has been championing the potential within the Borough and bringing funding in to deliver this. It should be congratulated for this. It is now important for DMBC to reassure itself that this regeneration and economic growth is clearly connected to its population, including its most deprived communities, and they benefit from the opportunities. The peer team recommend developing a clearer strategy for the future direction of inclusive growth within the Borough and ensure that this is communicated clearly to residents.



There have been recent significant improvements in Children's Services. This includes the Department of Education formally approving the conclusion of the Support and Supervision arrangements for Children's Services in March 2023 - recognising the positive impact on practice and leadership, and it recently launched the innovative Family Safeguarding model. Adult Social Care has also had an impressive focus on the prevention and recovery agenda and has been recognised through national awards – GB Care Awards 2021, iESE Public Services Excellence 2022 Gold winner - Project RITA. This is important for the communities of Dudley and the peer team recommend that the whole of the Council more widely recognises the work being delivered here to support the most vulnerable and that this is acknowledged and built upon as a continued focus for DMBC.

There are also challenges for the Council which are being addressed. These include within Adults around the preparations for the Care Quality Commission inspection regime and ensuring full Care Act adherence to address waiting lists. Within Children's the Accelerated Progress Plan (APP) for SEND is overseen through the multi-agency Strategic Partnership Board. Housing Services made a self-referral to the Regulator of Social Housing (RoSH) in March 2023 due to issues identified with data quality and validation. This led to a judgement that DMBC had breached the Home Standard, with the potential for serious detriment to customers. It now has a housing compliance recovery programme in place which will require sustained attention corporately. However, beyond the work being led by individual service areas it was not always clear to the peer team where the prioritisation of these areas is in relation to the Council's focus on regeneration.

The peer team recognise the impressive recent focus on Equalities, Diversity and Inclusion (EDI). This has seen DMBC establish its EDI Strategy and Delivery Plan, with oversight from Scrutiny; development of staff networks; and the approach to EqlAs is being further strengthened with training rolled-out to staff. There has been visible leadership from the CEX on this and it is making a real difference - with staff the peer team spoke to feeling that their voices are starting to be heard. This is still




developing for the Council and the peer team recommend that it continues on its journey, identifying how it can continue to build on these strong foundations: utilising the staff networks in the testing and development of policy; the ways in which it continues to prioritise this agenda; and uses images of its staff and communities to reflect the diversity of its population as part of its internal and external branding.

The peer team saw how Members were clearly well connected with the residents of the Borough. There may be a further opportunity to engage with communities in considering the benefits of undertaking a regular Residents' Survey. This would allow DMBC to add to its evidence base and showcase the positive change the Council is having as a result. This would also complement the MyDudley approach to engagement which is being launched in November and is being co-designed with the community. This will be a major step for the way in which DMBC connects with the Borough and the opportunities for residents to access services digitally.

DMBC does have an approach to corporate performance but this would benefit from some further attention to ensure this is strategic and embedded corporately to 'tell the story' and to inform continuous improvement. The data could be further used to move the narrative on how performance is driven across the Council and outcomes are secured. The LGA's LG Inform can be utilised as part of this to explore data for benchmarking with other areas and provide important information for DMBC to evaluate service delivery. Measures within [this LG Inform report](#) are an example, and not all of the performance metrics in the report will be suitable, and indeed the Council may have more up to date figures to include, but it may wish to continue to explore its performance and benchmarking further in this way. This information and other measures can provide a valuable contribution to the Council's performance framework and assist its approach in evaluating and improving service delivery. Also in the context of the Office for Local Government, and Best Value, now is a good time for DMBC to ensure it reflects this in the progression of its performance framework.

4.2 Organisational and place leadership




There is a clear and strong identity as ‘the historic capital of Black Country’ and this is championed with pride by Members and officers of the Council. DMBC has committed and passionate Members and officers and regardless of their political views councillors want the best for the area.

Dudley Borough’s Vision, Forging a Future for all, is widely accepted and partners are passionate and take ownership of the agenda. The community and voluntary sector are particularly bought into this and are championing this vision for the Borough. This clearly provided a key focal point for partner action as part of the collective Covid-19 response, but now presents an opportune moment for a clearer focus on the delivery plans with partners as part of the next stage. The learning from the shared focus of supporting communities through Covid-19 should provide all partners with confidence to coalesce around successfully driving delivery.

There are strong partnership relationships in place with some good examples of outcomes from joint work. This includes addressing community safety and anti-social behaviour issues with the Police; promoting tourism and the visitor economy with the many local attractions which are brought together by the Council to discuss their challenges and develop the visitor offer; and the employment and skills agenda with prominent local businesses and employers. Partners described how the Leader worked positively with others for the good of the Borough. The Council is viewed positively for the strategic leadership it provides across the area. By the nature of working in partnership these relationships require continued investment and the peer team would urge the Council to maintain these relationships and not lose sight of the benefits of working in this way. For instance, the tourism and visitor offers are important and the Council could be clearer on how this fits with the regeneration proposals. The development of a strategic marketing approach for the visitor economy may also be helpful.

The Council may wish to further consider the importance of its role outside of the Borough and within the region, and the continued benefits this brings. This includes with other councils and the WMCA. There is a lot of work within the region, with



devolution seen as important for the area and the Leader is championing this for the interests of the Borough. An increased focus on the role Dudley has across the region, outside of the Borough, would be welcomed by partners the peer team met with.

The peer team saw evidence of Children's and Public Health integration around early help to alleviate demand at a later stage. The peer team agreed how the ways in which DMBC is utilising its financial resources creatively to deliver improved outcomes for communities by joining up across these service areas was a good example of where a 'one council' approach can lead to improved outcomes and better delivery. Building on this positive experience of working cross-Council and using opportunities to innovate can be used as a model in other areas by DMBC.

DMBC's communications priorities are agreed for 2023/24. There are a range of established mechanisms in place for external communications including social media channels with a wide reach - more than 120,000 people each week on Facebook and Twitter - and the Your Borough Your Home magazine delivered to residents. Communications are key for the Council being able to connect with communities and to ensure staff know what the ambitions are for the area. With around 5,800 staff (excluding schools) this also represents important connections into the local community to support Council messaging. Ensuring priorities continue to be communicated clearly using a host of mechanisms will be important to connect people with the ambitions for the place.

In common with many other councils there are workforce challenges at DMBC. The Council is responding to these and has done some positive work in putting in place the People Strategy and Values and Behaviours Framework. Important to this is to make DMBC an employer of choice. The peer team heard that there is a perception of a high turn-over of staff in certain operational areas which would result in the loss of organisational knowledge. This risk needs to be recognised as the loss of organisational knowledge is a crucial factor in the delivery of future plans. DMBC's plans are a means of addressing this and sharing knowledge and skills across the




organisation. The five priorities of the People Strategy are:

- Attract, recognise, and retain talent
- Develop a high performing workforce
- Deliver inspirational and effective leadership
- Build a diverse, engaged, including and healthy workforce
- Foster a thriving learning culture which embraces change

It is now important to drive this forward so all staff are able to connect with this. The Council has moved forward with a range of activity including: apprenticeships - with 988 levy funded apprenticeship programmes started by staff including School and also the transfer of levy to support local businesses with 30 companies within Dudley Borough and 136 apprentices benefitting to March 2022; an in-house Leadership Development Programme for existing and aspiring managers; and the bespoke 'Dudley Manager' programme to be rolled-out from November. The peer team agree that all staff and Managers including the SEB need this support to develop, and will then be better placed to deliver on the Council's ambitions and respond to challenges.

However, the peer team does recognise a need for DMBC to review and refocus the organisational capacity and structures for the delivery of its priorities. Not through adding capacity through investment in the MTFs, but using resources in a way which maximises the existing talented staff in a different way. In particular, the peer team consider there is an opportunity at the senior level to review the function and effectiveness of the SEB to provide transparent leadership and effective decision making and refocus their efforts and energy to deliver outcomes. Equally, there appears to be little evidence that DMBC's transformation matches the scale of change needed to deliver financial sustainability and improve outcomes over the longer term, or that activities currently being considered as transformation are funded. This is important for the Council to address its future financial sustainability




and improve outcomes. The peer team's assessment is that there is management capacity in place for this but it does need to be more focused.

4.3 Governance and culture

A consistent theme raised through the CPC were issues related to the organisational culture at DMBC. There are some pockets of good Member and officer working but overall organisational culture and the Member/Member and Member/officer relationships are strained and demonstrate a lack of understanding and respect for the roles. The peer team advise the Council to act and to pay significant attention to this to reset them to form consistent and positive working relationships, setting out the roles and responsibilities, as quickly as possible. This is particularly important for effective and efficient Member and officer working and to develop a more fully understood appreciation of the complementary nature of the roles. Investing time in these relationships and developing a more respectful and positive culture between Members and officers will lead to visible improvements around decision making and developing policy. DMBC will want to take some time to focus on what are the barriers, and behaviours for this and how to reset these relationships. The Member/officer charter developed by DMBC following the 2017 CPC is a useful starting place for revisiting this.

This should also include a focus and respect for the importance of the Standards regime and how it is regarded by all Members and officers. An effective Standards process is crucial for ensuring the culture improves. There should be consistency in responding to complaints and signposting to other routes where it is not part of the standards framework - this will make sure that Members of all parties feel appropriately listened to and supported.

The Council has governance frameworks in place but they are not all being utilised




and followed. Good governance at DMBC includes the reporting structure in terms of reports to Cabinet/Council, appropriate Audit Committee arrangements, Constitutional and policy arrangements, as well as the compliance with legal requirements, and the external auditors also reach this conclusion. Significantly, the external auditors' report does highlight some incidences where there is evidence of governance failings – including the revisitation of the budget earlier this year, the Social Housing Regulator's findings and attendance at the MIPIM event. The Housing issues and the MIPIM attendance have occurred as a result of a failure to follow the governance arrangements that are in place and understanding what went wrong here is important. A significant factor to this is the organisational culture which is undermining good governance at DMBC, with instances of ignoring formal approvals, and this needs to be addressed.

The peer team also heard that the role, purpose and function of Informal Cabinet in the decision-making process is currently unclear. It should be clear if the item is to note or for onward decision-making and it is important that decisions reflect all points of involvement throughout the Council for tracking this through and providing transparency. With some quick work this can be addressed and made clearer.

Council teams are working hard but there is a lack of focus in some areas of the organisation and the entrenched silo working was highlighted to peers consistently by the staff which they met with. Despite this, it was clear in some parts of the organisation that officers are working together and 'place' colleagues particularly commented about positive collaboration, but this appears to be ad-hoc rather than an expected norm driven at the top of the Council.

There are opportunities for improving the development and support offer for Councillors in their roles. Whilst there is training, development and support for Members this is primarily focused on the statutory offer of keeping the Council legal and compliant through planning, licensing and audit. There needs to be a focus beyond the statutory offer and if some of this support could be delivered in-house, there might also be potential to improve relations between Members and officers.




Councillors should also prioritise attendance, and this should be led by the group leaders of all political groups. This will be important following the all-out elections in 2024.

The peer team felt that it was difficult to see how the Council Plan connects to all levels of the organisation. There is a need to develop a 'golden thread' throughout DMBC to ensure the vision in the Council Plan is reflected consistently in the service strategies and team plans - ensuring staff across the organisation understand how they and their teams contribute towards achieving them. There is an opportunity to also ensure these strategies and plans are more reflective of the risks to delivery and mitigations to overcome, or respond to, those risks.

There was evidence of inconsistency in responding to Member enquiries. Areas particularly cited to the team included Greencare, Housing and Anti-social Behaviour - and given the wider concerns around Housing, this approach is unlikely to provide assurance that improvements are underway. Officers should consistently respect the role of all Members (whether in the administration or not) and ensure they are provided with information in a timely fashion. Equally, Members should ensure they follow the appropriate processes for raising enquiries at all times. The peer team consider that this will help to streamline and manage some of the frustrations which Members and officers spoke about and will also help to positively address some of the cultural issues identified.

In addition to the issues in responding to Member Enquiries the peer team also heard about inconsistent standards around response times to contacts and queries from the public and partners. Corporate standards, including those around expected response times to contacts and queries, are lacking and DMBC needs agreed clear expectations and a structured approach to this – so no matter where, or how, someone contacts the Council, what they can expect will be consistent. DMBC may want to consider strengthening the complaints process and team as currently this is not operating in a planned way by the leadership of the organisation, rather officers appear to be driving this forward responding to the vacuum felt by the absence of



arrangements. This is important in meeting DMBC's ambitions around clear and transparent contact and engagement with its residents.


DMBC should keep its Scrutiny arrangements under close review and reassure itself that they are fit for purpose. This should ensure that the structure is sustainable and aligned with available resources. There has been some good work but a focus on pre-decision scrutiny should be supported by a well-articulated work programme agreed at the start of each municipal year and created through a period of consultation with officers, Members and partners to make sure it is relevant and adds value to the organisation. It is also important that DMBC Directors attend Committees relevant to their areas of work.

The peer team heard about good relations and open communications between the Council and trade unions. Engagement was regular and positive with unions able to access relevant officers and raise concerns openly and appropriately. The peer team would encourage the Council to maintain these good working relationships.

4.4 Financial planning and management

The financial sustainability of the Council requires urgent attention as there are serious concerns about balancing the budget this year, and also setting future budgets. The narrative around service demand pressures is common across the local government sector, has been true for some time. However, DMBC is also challenged due to low reserves and it is time for DMBC to take urgent action to address budget gaps and the savings required. The financial position has been clearly outlined to the Council's leadership and this needs to be heard by everybody as its number one priority.


The external auditor Grant Thornton is considering issuing statutory recommendations due to significant weaknesses in the Council's financial



sustainability, governance and economy, efficiency and effectiveness (Housing compliance). The implications of statutory recommendations is such that they are akin to those required for a section 114 report, specifically the Council has to consider these and develop an action plan to address them, and if this action plan is deemed inadequate then DMBC risks this being taken out of its control. The peer team underlines that this is a significant risk to the Council and therefore its sustainability.

There have been financial challenges at the Council for some time but the peer team have not seen evidence that the skills and capacity required to recover the Council's financial position exist within DMBC. This is not about the competency of the finance team or understanding of the financial position but the grip and the action which the Council overall takes to address this. For instance, in 2022/23 the Council set a balanced budget of £287M, which included a planned savings package of £1.9M and a planned contribution to reserves of £2.2M - the draft budget outturn for 2022/23 showed an overspend of £7.9M, with key variances including Children's Services (increases in placement costs of £4M) and Council-wide fuel and utility costs (£2.1M). The Council's previous record on delivering savings is not strong and in 2021/22 DMBC agreed £5.4M in savings and delivered 79%, and for 2022/23 the Council planned to deliver £1.9M of savings and it delivered 46% of this. The current MTFs is based upon savings being identified and delivered of £7.8M in 2023/24, £11.8M in 2024/25 and £16.3M in 2025/26 – which will be significantly challenging based upon the Council's past performance on delivering efficiencies. Given the continued elevated inflationary environment, these savings requirements are likely to grow. DMBC should therefore consider bringing in expertise which has experience of dealing with an organisation which is in financial distress – as this will be a different set of actions required than dealing with business as usual activity.

There are significant pressures facing the Council in-year now. At the time of this review, and assessing the social care and utility cost pressures and shortfalls in commercial income, will mean a potential use of reserves of between £10M and £15M in 2023/24. The Council needs to now put in place an urgent in-year remedial




plan for the financial position to recover this. In doing this the Council will want to explore any immediate actions it can take to address the financial position, and this may include staff recruit freezes, the use of assets and focusing the organisational effort in the places of biggest impact. More longer-term organisational transformation is needed and is an important factor but DMBC will need to focus on the activity which will immediately start to address the financial position in the coming weeks and months.

DMBC recognises that it has a low level of reserves when compared to other Metropolitan Borough Councils. At present, financial forecasts indicate there could be just £3M in the General Fund balance by the end of next financial year, however this position remains under critical pressure. An increased collective ownership of the General Fund financial position is needed.

There is a need to now review the affordability of the Council's regeneration ambitions and the associated cash flows of investment and benefits through the development of the Economic and Regeneration Strategy. The peer team's view is there is a lot of activity ongoing and the link to the MTFS will be crucial. Ambitions need to be clearly understood in terms of the costed cashflows associated when DMBC is making spend before receiving the benefits at a later date. The implementation of increased rigour in business case development is needed for this, considering how to address optimism bias, options appraisal and appropriate decision-making processes. This will help with understanding the cash flow issues and if the projects are truly affordable in the short term.

The viability of the Housing Revenue Account (HRA) and Special Educational Needs and Disability (SEND) budgets are an equal priority to the General Fund budget and are at a critical state. The impact of the self-referral to the RoSH has highlighted the need for a recovery plan - which is being developed – and estimated at around £187M, and the SEND budget has a Dedicated Schools Grant (DSG) deficit of £22.1M, as at March 2023. There is currently a lot of debate within the sector on the viability of 30 year HRA business plans and if this should trigger a Section 114 report




if it is clear over the lifetime that this is unsustainable. Therefore, an urgent, credible and costed recovery plan should be produced which demonstrates sufficient evidence to support the avoidance of the implementation of Section 114 measures.

The Finance Team are well respected in the organisation and the knowledge and experience of strategic financial leadership of senior finance staff, including the s151 Officer will be important for meeting the current challenges. The Council will want to consider how to best ensure that all officers and Members have the skills and knowledge to play their part successfully. For instance, this may include additional specific development activity for staff and managers as part of the planned programme and opportunities to strengthen the financial governance skills of all Members to ensure DMBC can achieve financial sustainability.

There is evidence of good work within the Internal Audit Team but there is an urgent need to ensure this is acted on to improve the internal control and assurance environment. DMBC needs visibility on and a strengthened approach to responding to Internal Audit and increasing the profile of risk and the importance of delivery of audit recommendations, ensuring assurance levels are increased. Currently, more than half of the internal audit reports have either minimal or limited assurance – meaning in more than 60% of cases the view is that there is minimal or limited assurance that objectives will be achieved. Some of the consequences of the risks impact the sustainability, outcomes and safety of the organisation. There is also no independent member on the Audit and Standards Committee, and in light of this DMBC should review this position. The Council may wish to evaluate the operation of its Audit Committee against the CIPFA Position Statement on audit committees 2022.

The Commercial Approach

DMBC asked that the peer team provided some specific feedback on its commercial offer and review its approach, progress to date and strategic direction. This follows on from the previous CPC in 2020 which made a recommendation to develop and




communicate a clear understanding of commercialisation through the development of a Commercial Strategy.

The peer team found that DMBC has invested in this approach. A Commercial Strategy has been developed and there is a positive perception of the Commercial Team from those we spoke to – with strong and embedded relationships between the Council's traded services and the Team. The Team is working well and they are well regarded and clearly having an impact on the services which they are engaging with. There is also a good understanding of the current trading position, with evidence of some data-led decision making and a recognition of the benefits of social value which is now underpinned by a clear policy. There is also a clearer strategy with respect to procurement, which will require sustained attention corporately to ensure consistency.

DMBC's commercial activity has been focused on stabilising and improving the offer of traded services but there is a recognition that traded services income is actually declining. DMBC is therefore currently focusing its attention on a series of services which are on a downward trajectory. With this in mind the peer team recommend that the Council considers how alternative delivery models might be used to reduce risk and increase income. There is some move towards this with the Joint Venture Connect2Dudley, but other potential income producing services such as Leisure remain as in-house models which could be reviewed. At this point the Council's commercial strategy and financial income is insufficient to address the immediate and significant financial challenge it is facing.

However, this is not to say that the commercial approach and mindset DMBC is cultivating is not extremely valuable for the Council and should not be built upon. The peer team would recommend that DMBC considers amending its definition of commercial activity to include internal operational efficiencies and embed the commercial culture wider within the organisation. For example, this might build on the work already done with the Finance Team to: positively impact the 'one council' approach to commercial decision-making; capturing important service level data;




stress test budgets; setting sustainable financial targets with regular reporting; and tightening up the approach for developing more robust business cases as mentioned previously. In this way the skills of the Commercial Team can play a valuable and important role in supporting an improved grip on the organisation.

4.5 Capacity for improvement

Council Members and staff are committed and loyal to the Council and want to deliver good outcomes for the communities of Dudley. The peer team recognised this in staff across the service areas and officers spoke with experience, passion and knowledge. Residents were also passionate about the area and keen to see the Council play an active role in driving forward the future of the Borough, in a way which continues to support them when needed and has a clear vision for improving lives for everyone. Internal and external support like this places the Council on a strong footing for the future.

DMBC has already evidenced recent improvements in particular areas of Council business. For instance, there have been particularly important strides in: Children's Services improvements; strengthening of the approach to supporting the workforce in the development programme; and through its ongoing approach to EDI where it has positively built on the findings of the brap (equalities charity) report commissioned into the allegations of 'evidence of institutionalised and systemic racism over years in the Council' raised by unions. The Council has responded to this through its programme of activity around EDI. These improvements can be built on and also provide confidence in DMBC's ability to meet challenges.

However, there are other recent and emerging challenges. For example, the improvements needed following the self-referral to the Housing Regulator recognise that this will add additional pressures to the strained financial position. Additionally, the voice of children and families and priority of outcomes needs to be more prominent - the Council will not want to backslide on any of the progress it has made




here. These issues need to be owned corporately and requires a whole Council approach to meet the ongoing demands.

To remain sighted on internal workforce challenges the Workforce Dashboard is monitored quarterly by directorates and the SEB with actions agreed. The dashboard is a good health check for how staff are feeling and also how they are working together. Additionally, as part of DMBC's approach to performance management it might be helpful to draw together a broader suite of internal Corporate Health indicators to monitor how well and efficient the Council is working. This will help management and leadership understand how the organisation is running and its efficiency.

There is some ongoing work which the Council recognises is important to finalise. This includes DMBC finalising the Estates Strategy with consideration for any estate rationalisation opportunities – this remains an outstanding message from the 2020 CPC. This is especially important now given the financial context of the organisation and the peer team recommend that the Council finalises this and it makes clear its contribution. This also needs to be linked to the development of a clear Economic and Regeneration Strategy by integrating the ambitious regeneration plans with an inclusive growth strategy and the adoption of a Local Plan, to underpin financial sustainability. This is not just about the buildings but the important role this has to play in supporting communities and the role they play in this growth trajectory.

The peer team observed that there may be some internal structural arrangements which would support the Council as part of its improvement journey. For instance, there is a lack of a central strategy team to support the direction and governance for the Council and with the current challenges highlighted DMBC should consider the value of creating space for this within the organisation.

The Council should consider the digital programme and potential exclusion in the move to digital transactions in MyDudley. This has the potential to be a powerful tool



for DMBC and it is positive that the Council is embracing this as part of its improvement programme and future model. However, the peer team would recommend DMBC continues to keep in mind the needs of those who are unable to access the digital channels and that adequate routes to engage with the Council remain open.

The forthcoming period is likely to be difficult for the Council and will require it to make some challenging decisions, and act with pace and determination. In doing this the peer team recommend that DMBC looks outwardly for support from across the sector. The LGA is well placed to help with this and to coordinate an offer of challenge and support to the Council.

5. Next steps

It is recognised that 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 CPC process includes a progress review within twelve months of the CPC, which provides space for the Council's senior leadership to update peers on its progress against the recommendations from this report.

In the meantime, Helen Murray, Principal Adviser for the West Midlands, is the main contact between your authority and the Local Government Association. Helen is available to discuss any further support the council requires via helen.murray@local.gov.uk.