

Corporate Peer Challenge **Warrington Borough Council**

26th – 29th March 2019

Feedback Report

1. Executive Summary

Warrington is a distinctive borough in the North West and is home to 210,000 residents. Over a number of years Warrington has been known for strong economic growth built on high skill levels and good transport links to the rest of the North West. The Council has played a key role in driving forward local economic growth including the ongoing regeneration of the town centre. One example of particularly innovative practice is the approach taken in forming 'Warrington and Co.' which is the Council's development and regeneration arm. It has been successful in repositioning the Council in its relationship with local businesses.

Since 2010 government funding to the Council has reduced by £137m and in recent years the Council has applied a commercial mindset in response. The Council has had success in generating substantial returns on investment, which have been reinvested into local frontline services. In 2019/20, the Council's Medium Term Financial Plan (MTFP) forecasts that income of £20.5m will be received as a result of the Council's commercial efforts. The Council's commercialisation achievements are well known and they have shared their learning from this with others in the Local Government sector.

Whilst the Council's additional commercial income has limited some of the effects of reduced public funding and increased demand, it has not been enough to protect the Council completely from the need for savings and efficiencies. Like most councils, significant year-on-year savings have also been a focus of each annual budget. In recent years however the Council has consistently overspent against the budget, often having to make up shortfalls through a combination of further additional income, financial changes or the use of one-off reserves. This has led to some budget pressures being carried forward into future years and a reduction in earmarked reserves. At quarter three, general fund and MTFP reserves sat at £6m (combined) with general fund reserves reported at around 3.5% of the 18/19 net revenue budget. Whilst the amount held in the general fund reserve has remained fairly static in recent years, the MTFP reserve is expected to reduce significantly by the end of the 18/19 financial year and further-still in 2019/20.

In recent years the Council has also taken a number of decisions which have provided one off savings, with spending pressures then returning in future years. This has on occasion been in place of some of the more difficult decisions which have been taken by councils elsewhere and have delivered ongoing efficiencies or savings.

While the Council is aware of the risk of continued overspend against the revenue budget and the wider consequences this can have for financial sustainability, it is the clear view of the peer team that the budget approach taken to date should be redesigned to ensure the Council is able to deliver services from a more sustainable financial footing. This should result in a new process that is fully understood, owned and delivered by all. This will need to be driven by the political and managerial leadership. This new approach will require collective responsibility to make this happen, but with clear accountability and consistent, robust challenge.

The Council is working hard to avoid a situation where it continues to overspend against its revenue budget and eat further into its relatively low levels of reserves. Whilst doing this, the Council should review the measures that can be taken in the immediate term to reduce

short term pressures on net revenue expenditure. The Council should also continue to review any risks to the delivery of the MTFP and address these appropriately. These include but are not limited to delivery of savings, commercial income and the methods by which Minimum Revenue Provision (MRP) is accounted for. In the case of MRP specifically the Council should look to ensure that the risks are fully understood by all and are clearly articulated when informing decision making.

With a new Leader being appointed in the months leading up to the peer challenge, there is an opportunity now for the leadership to communicate a new political vision for the Council which has both the budget challenge and modernisation at its core. Officers will need to turn this vision into a clear strategy with meaningful priorities, milestones and measures to ensure it is delivered.

Good, open working relationships between members of all parties in Warrington were observed. This is a real asset which will help when meeting the financial challenge. An example of this is in how members appear to work together on the local Treasury Management Board.

Members across the Council hold senior officers in high regard and demonstrate respect and trust towards them. This respect is reciprocated back to members by officers. This is important and is an asset to now build on by refreshing the distinctly different roles of members and officers in Warrington. In refreshing the relationship it is important to consider the significance of increased challenge that members can bring to decision making and delivery. All officers, in all councils regardless of their experience and knowledge require an appropriate level of checks and balances that members can bring. Members of the Executive may now also wish to replicate the forward thinking leadership that has been applied in commercial investments to the wider set of Council services. There is an opportunity for members of the Executive to take a clear ownership of this as well as the financial and service performance of their portfolios.

An enhanced member development programme will be beneficial in helping members of the Executive in these refreshed roles. This member development programme should vary depending on roles but is not limited to the Executive and will require the involvement of all members. Whilst this is up to members locally to decide, this might include decision making, member/officer roles and relationships, performance, commercial, financial management and scrutiny.

In supporting members to hold the Executive to account, a review of scrutiny and the structures around it should take place to ensure that Overview and Scrutiny is fit for purpose. The Council may also wish to consider the parts of the governance system that could benefit from independent involvement, given the complexity of commercial investment in Warrington (the Audit and Governance Committee may be one example of this).

Such is the pace of commercial income growth in Warrington and the complexity that comes with it, the team believe that the Council should seriously consider commissioning an independent review of its approach to risk management and commercial decision making. This is to ensure that all members and officers have ongoing and informed, assurance in place in light of the growth of this work.

Whilst the Council has been delivering significant growth of commercial investments, senior managers with responsibilities outside of this immediate field have been able to take a focussed approach to their own, specific service areas. However, the challenge of dealing with the financial pressures now being faced will require transformation and modernisation that goes across service areas, therefore requiring increased shared ownership. This will mean a change from a siloed approach towards collective strategic ownership of the key corporate priorities. The senior officer cohort has an essential, leading role in making this happen.

To deliver on a new political vision for the Council which is linked significantly to the pressing budget position and the wishes to modernise, consideration needs also to be given to how this can be achieved and the culture and structures required to make this happen. A 'one council' approach is required to deliver the scale of sustainable transformation required. One example is how the Council deploys the skills and expertise it has available to it. The Council has the potential to be innovative by looking at how this commercial skillset could be utilised more widely to support transformation in wider service areas. This is not necessarily to make an additional, immediate income return, but to help deal with some of the issues like demand reduction, cost reduction and alternative service delivery models (to name but a few). It is additionally about bringing different experiences together to broaden skillsets and develop the overall collective understanding of the whole Council's business.

Another opportunity for the Council is how the gathering pace of digital transformation can be embraced more broadly across the organisation, building on the early successes demonstrated in making up ground with councils elsewhere. The Council is well placed to use digital in tandem with the opportunity presented by the majority of staff moving to new office space to bring the workforce more closely together under a 'one council approach'. The visibility of senior members and officers throughout this transformation will continue to be important.

The frontline staff, middle managers and partners met by the peer team in Warrington demonstrated a strong public service commitment to "*doing the right thing*", a real pride in Warrington 'the place' as well as the Council's achievements. The budget position is now clearly pressing in Warrington but with a new political vision for the Council which has the budget challenge and modernisation at its core, the Council can meet this challenge by taking clear and decisive action now and owning it as 'one council'.

2. Key recommendations

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

- 1) Communicate to all a new political vision for the Council which is relevant to the challenges and opportunities facing the Council. This should then be translated into a clear strategy with specific priorities, measures and milestones.** This needs to be collectively owned with suitable monitoring and

accountability to ensure it is delivered at pace where needed. The priorities and actions will need to be reflected in all service plans to help make this happen.

2) Develop a budget implementation plan that will address the short term issues being faced. This will include ensuring suitably detailed, deliverable savings plans for each line of the MTFP are in place. This should make clear where there are risks involved in spending decisions and any potential shortfalls in the savings identified. These plans should also highlight early risks of slippage or non-delivery and where capacity for a fixed period may be required to ensure delivery of savings. The 'budget implementation plan' should then allow for accountability and monitoring including a clear and comprehensive 'budget tracker' approach, communication and considered equality impact assessments.

3) Re-design the budget process so that:

- It is genuinely medium term and includes the development of more considered savings options beyond the next 12 months.
- Is suitably informed by a full consultation with relevant stakeholders on spending proposals. These responses must be clearly evident when reporting to members.
- Includes detailed delivery plans and Equality Impact Assessments against all spending proposals as a matter of course.
- Has true corporate buy in and is jointly owned by the Executive and across the senior officer cohort with members of the Executive holding their senior officers to account over delivery.
- Is communicated to all members in a way that can be more easily scrutinised and challenged. This should also assist opposition members to more easily develop alternative shadow budgets.

4) Gain further assurance of any risks that exist in the current MTFP and address these appropriately. These include but are not limited to the delivery of savings, commercial income and MRP. Clarifying whether a further £6m of potentially unfunded pressures needs to be addressed in 2019/20 (in addition to the £22.1m of savings identified in the MTFP) will be crucial. The Council should also ensure it has a suitably resourced SEND budget delivery plan in place which is monitored and delivered. This will allow the Council to address the additional costs of a further £1m on a more sustainable footing.

5) Given the rapid growth and complexity of the Council's commercial activity, a dedicated external review of governance, monitoring, reporting, capacity, capability, process and risk is necessary to give members and officers suitable ongoing assurance.

- 6) **Review, adapt and communicate the distinctive roles of members and officers to ensure these roles are clear, with specific responsibilities.** This will help bring the necessary checks and balances all senior members and officers, regardless of their experience or skillset require.
- 7) **Conduct a dedicated review of internal governance arrangements.** This includes but is not limited to:
- Considering whether the structure and culture of scrutiny suffers from confusion with the various policy committees and how any obstacles to effective scrutiny of Council decision making (e.g. the budget) can be removed.
 - Whether given the complexity of treasury management / commercial investment, there are parts of the local governance approach which would benefit from additional, suitably experienced independent representation to help bring added challenge (the Audit and Governance Committee may be one example of this).
 - Where changes could be made to the call in procedure to ensure this important 'holding to account' mechanism can be triggered by fewer members from a broader constituency of non executive members
 - Recognising the challenges now being faced, advises on an enhanced member development programme. This may include a range of different elements to be locally determined but should include financial and commercial awareness.
- 8) **Consider whether the type and amount of capacity required is currently in place to deliver on the Council priorities.** This includes the delivery of savings in the MTFP and the modernisation of services. The council should also consider whether the right type of core capacity (such as legal and financial) is also available to services – given the demands placed on these services particularly by the significant commercial programme.
- 9) **There is now an opportunity for the Council to take the next step with colleagues at the CCG by starting the strategic conversation about greater integration both for the benefit of Warrington residents and financially for both organisations.** This will require locally elected members coming together with the CCG Board to deepen the strategic conversation and explore how to evolve the relationships for the benefit of the mutual citizens you serve.

3. Summary of the Peer Challenge approach

The peer team

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

- **Dawn Baxendale** (Chief Executive – Birmingham City Council).
- **Cllr Rishi Shori** (Leader – Bury Council).
- **Cllr Lucy Nethsinga** (Leader of the Liberal Democrat Group - Cambridgeshire County Council).
- **Robin Porter** (Deputy Chief Executive & Corporate Director Customer and Commercial - Luton Borough Council)
- **Chris Tambini** (Director of Corporate Resources - Leicestershire County Council)
- **David Wilcock** (Assistant Director for Legal Governance & Workforce / Monitoring Officer – Rochdale Borough Council)
- LGA peer challenge manager: **Dan Archer** (LGA Programme Manager).

Scope and focus

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

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

In addition you have asked the peer team to provide particular observations and feedback on your approach to commercialisation.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 4 days onsite at Warrington Borough Council, during which they:

- Spoke to more than 90 people including a range of council staff together with councillors and external stakeholders
- Gathered information and views from more than 35 meetings as well as additional research and reading.
- Collectively spent over 260 hours to determine our findings – the equivalent of one person spending over 7 weeks in Warrington.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (29th March 2019). In presenting feedback to you, they have done so as fellow members and officers, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

4. Feedback

4.1 Understanding of the local place and priority setting

There is a shared understanding between the Council and its partners of the challenges and opportunities facing Warrington ‘the place’. This was evidenced through references to the Council Plan, Warrington Means Business strategy and the Health and Wellbeing strategy. Partners are also clearly bought into the priorities of the Warrington Together partnership which brings together the main health and social care bodies who are working together to explore ways of delivering improved, integrated services to local people.

The Council has an ambitious approach to economic growth both across Warrington and notably within the town centre. This demonstrates a clear understanding of the economic strengths locally as well as the opportunities presented through Warrington’s geographical location. The Council is now taking steps to consult on a new Local Plan to further capitalise on its local assets.

The new Leader is keen that the Council engages in more depth, more proactively and more broadly with local residents in future and has signalled this by launching a series of Leader’s Forums in recent weeks. Engaging with other stakeholders more consistently and with increased depth will help the Council harness more insight that can be used when shaping future priorities and spending decisions. As part of this, the Council may also wish to review whether putting in place a regular, overarching resident satisfaction survey will now be of benefit in informing future decision making.

The new Leader has the opportunity to signal a fresh political vision for the Council which has been referred to elsewhere in this report. Once set, this should be communicated to all members, officers, residents, partners and businesses alongside a meaningful strategy which translates this vision into a clear and deliverable set of priorities for the Council. The priorities will need to be more specific than those used previously, to enable members and officers to challenge the delivery of them, building on the performance and business intelligence capability available at the Council. The delivery of these priorities should then be reflected in individual service plans, consistently across Council services as part of a ‘one council’ approach.

In setting a new political vision for the Council and the corporate priorities required to deliver this, the Council should consider how to most effectively communicate this, in light of the other tough decisions that will be required. This can however be a positive vision for the future of public service delivery in Warrington which includes a new relationship between the Council, residents and other local stakeholders.

In recent years, the Council has attempted to develop a new relationship between local residents and the Council under the banner of ‘Count me in’ which has not yet gained the traction that was hoped for. Whilst this has been used to an extent in specific service areas it does have the potential to form part of a positive vision for how public services in Warrington work with communities. This would require collective ownership and a consistency of application across all services. This can

only really be achieved when it is truly understood by all and is used to inform decision making across all service areas.

Internally the Council recognises the need to reduce the gender pay gap that exists at the Council. This is a management development priority for the Council in 2019/20 and the Chief Executive has taken the personal step of chairing an internal group looking at the diversity of the workforce.

4.2 Leadership of Place

Partnership working in Warrington clearly has significant strengths which are very much valued by local businesses, the LEP, partners sub-regionally and the community and voluntary sector.

One example of particularly good practice, already highlighted in this report is the approach taken in forming 'Warrington and Co.' which is the Council's development and regeneration arm. It has been successful in repositioning the Council in its relationship with local businesses. This has been a success and is recognised as a positive step forward for engaging with local businesses. Businesses in Warrington have reported seeing the Council as a real asset to the town. In particular the leadership and investment the Council has brought to driving forward the regeneration of the town centre is recognised and valued by residents, businesses and the local media.

On health, the Council has also taken positive steps in launching 'Warrington Together'. Whilst this partnership remains in its relative infancy, partners are very much bought into this way of working and the potential opportunities it presents. Partners that the peer team were able to engage with commended the Council for embracing partnership working and identified pragmatic examples of this – such as including partnership representation (including CVS) on senior officer recruitment panels.

All of this is symptomatic of health partnerships more generally across Warrington being based on firm foundations. A further example being the strength of engagement through the Health and Wellbeing Board which has a range of local partners involved. The Health and Wellbeing Board in Warrington continues to be chaired by the Council Chief Executive who began chairing this board independently before commencing a second period as Chief Executive.

It is the view of the peer team that relations with health partners are stronger than the Council gave themselves credit for in the self-assessment. This is a real positive for Warrington and presents an opportunity now for the Council to take the next step with colleagues at the CCG by instigating a more strategic conversation about the potential opportunities available. This will require active engagement of senior politicians with CCG Board members to further develop relationships and explore tangible ways in which the integration agenda can be progressed, at pace, to improve outcomes for local residents and tackle shared financial challenges. Looking at the numerous examples of where this has happened elsewhere, this may include

discussions about the opportunities presented by integration, pooled budgets and shared outcomes.

The Council should also consider opportunities where its commercial expertise could be connected with the efforts of all local stakeholders in improving outcomes for local residents. This could generate innovative new solutions locally and not necessarily where immediate or direct additional financial returns are an aim. Opportunities include health, skills and social care amongst others.

4.3 Organisational leadership and governance

Elected members clearly demonstrate a cross party commitment to making Warrington a place that works for all. Relationships between members of all parties are open and there is a consistent buy in across parties to the Council's commercial income approach. Members across parties are supportive of the recently appointed Leader and his style of open engagement. Trade union relations also appear open and strong.

The respect shown between members is also evident between members and officers, with members demonstrating a significant amount of trust in the experience, abilities and decision making of the senior officer cohort, including the Chief Executive. As detailed in this report elsewhere, the scale of the budget challenge in the immediate and medium term means that the leadership now needs to take steps to set a new political vision for the Council with a new approach to dealing with the budget situation at its core. This will require refreshed, distinctive roles and relationships for both officers and members to help the Council achieve the improvements required. In order to achieve the sustainable transformation required to meet the budget challenge, as well as deliver on modernisation, members need to build on the respect they have for senior officers by introducing more of the necessary checks and balances includes a recognition of appropriate officer/member boundaries at all levels in the organisation.

This can also be done distinctively by each portfolio holder by bringing both the forward thinking leadership demonstrated in the commercial field to the wider service offer, as well as the support and challenge lead officers require (such as budget delivery, service performance, organisational health and modernisation milestones). As a collective, the Executive Board also has a crucial role in holding senior officers to account over the delivery of a new set of priorities for the Council which is informed by a new political vision.

To have the best chance of delivering a sustainable modernisation programme, senior officers will now be required to work more closely together than ever. This should be used to set the tone for all staff embracing a refreshed 'one council' approach and a positive learning culture. This requires consistent buy in to a revised set of corporate priorities and principles which are put in place to deliver on a new political vision for the Council. Once the priorities under this new vision have been set, and the implications for member and officer roles have been established, these

should be clearly and consistently communicated in a visible, engaging way to all members, staff and partners.

Given the heightened financial challenge being faced and the rapid growth in the amount and complexity of the Council's commercial income, members need to be assured that sufficient checks and balances are in place and strengthened where necessary so that they are able to suitably hold officers and the Executive to account.

To achieve this a dedicated review of governance arrangements is required which would include but is not limited to:

- Ensuring the structure and culture of scrutiny avoids confusion with the various policy committees. There may be obstacles to effective scrutiny of Council decision making (e.g. the budget) which can be removed.
- Whether, given the complexity of treasury management in Warrington, there are parts of the local governance approach which would benefit from additional, suitably experienced independent representation. This can help bring added challenge and the Audit and Governance Committee may be one example of where this could help. Whether changes could be made to the call in procedure to ensure this important 'holding to account' mechanism can be triggered by fewer members from a broader constituency of non executive members.
- Recognising the challenges now being faced, advises on a suitably enhanced member development programme. This may include a range of different aspects which must be determined and owned locally. It is the view of the peer team that this should include financial and commercial management.

4.4 Financial planning and viability

Since 2010 government funding to the Council has reduced by £137m. The Council is now in a position of a further £22.1m of savings / efficiencies / new income being required in 2019/20. This is a significant challenge given that the overall net revenue budget is set at £ £130.365m. This target equates to 16% of the 2019/20 budget. This is then followed by a further £23m being required by the end of 2022/23, including an extra £13m in 2020/21.

A significant part of the Council's response to this reduction in public spending and increased demand for public services has been to try and off-set some of the decisions that other councils have been forced to take through the use of an ambitious investment strategy. This has moved the Council towards a commercially focussed model, based on acquisitions and investments. This has led to substantial additional income (which is forecast at £20.5m in 19/20). These investments have been mostly funded by external borrowing. These investments have included (but are not limited to):

- The £211m acquisition of a 123 acre science and business park in Warrington

- £275m of loan facilities being put in place with 10 housing associations
- The £30m purchase of a 33% share in the Redwood Bank
- The planned £62m acquisition of two solar farms in the Yorkshire/Humber region.

The Council continues to share their learning from the growth of this investment strategy with colleagues both regionally and nationally.

Given the rapid growth of the scale and complexity of investment activity in Warrington, a dedicated external review of governance, monitoring, reporting, capacity, capability, process and risk is necessary to give the Council ongoing assurance about their investment activity.

Despite the work the Council has done, this additional income and the separate one off savings and efficiencies taken by the Council have not been able to protect the Council from the need for difficult decisions.

In recent years Council service have consistently overspent against the budget and failed to deliver planned savings in full. At the time of the peer challenge, this was forecast to be the case for 25% of planned savings in 2018/19, with a forecast overspend of £5.2m at quarter three. At the same point in the previous year, the budget was also overspent by £3.9m. Overspending has required the Council to make up this budget shortfall through the use of further additional income, finance changes and the use of one-off reserves. This has led to some budget pressures being carried forward into future years which has reduced reserves. General fund and MTFP reserves are relatively low compared to similar councils elsewhere, at £6m or 'around 3.5% of the net revenue budget' for 18/19.

Quite simply, the Council can no longer afford slippages in the delivery of planned savings and efficiencies. The Council must now deliver on the planned budget in 2019/20, whilst at the same time redeveloping its budget approach for future years. A suitably detailed in year 'budget tracker' which is regularly reviewed by members and officers, allowing for challenge and remedial action to be taken as early as possible would also help to ensure savings are delivered more fully.

The Council should now also consider in more detail the measures that can be taken in the immediate term to reduce pressures on net revenue expenditure, which might include restrictions and spending gateways as necessary. A detailed 'budget implementation plan' to address short term issues is required. Underpinning this is the development of suitably detailed, deliverable savings plans for each line of the MTFP. This should make clear where there are risks involved in spending decisions, any potential shortfalls in savings and how savings from one area which may have a negative impact elsewhere (such as rising demand) will be mitigated. These plans should also highlight early risks of slippage or non-delivery and where capacity for a fixed period may be required to ensure delivery of savings. The 'budget implementation plan' should then allow for accountability, monitoring, suitable engagement and equality impact assessments.

The Council should also gain further assurance of any risks that exist in the current MTFP and address these. This includes but is not limited to delivery of savings, commercial income and Minimum Revenue Provision. The Council is aware that the rules and guidelines governing investment have recently been tightened. There has been recent publicity and public interest around this issue, prompting professional debate in a number of related areas including the way local authorities account for and fund Minimum Revenue Provision. The council should keep its policies under review and satisfy itself that it is fully compliant with legislation and generally accepted accounting practice in the way it manages, finances and accounts for its commercial activities and MRP.

The Council continues to change - most obviously being in the investment portfolio and associated debt, with further investment planned. In addition to the 'delivery' risks mentioned above the Council also needs to further consider the wider risks associated with it changing role and responsibilities. Risks and the associated assessment of appropriate reserves must be kept under review.

Clarifying whether a further £6m of potentially unfunded pressures needs to be addressed in 2019/20 will be crucial. The Council should also ensure it has a suitably resource SEND budget delivery plan in place which is monitored. This will allow the Council to finance the additional costs of a further £1m on a more sustainable footing.

The Council will need to re-design its budget process so that:

- It is genuinely medium term and includes the development of savings options beyond the next 12 months. This will also require the Council to begin the budget setting process earlier, which will increase the likelihood of savings being delivered in full.
- Suitably includes a full consultation with relevant stakeholders on spending proposals that is clearly evident when reported to members. Members must be sighted on consultation responses in the decision making process.
- Includes detailed delivery plans and Equality Impact Assessments against all spending proposals as a matter of course.
- Is jointly owned by the cabinet and across the senior officer cohort with members of the Executive holding their senior officers to account over delivery. A clear opportunity for meaningful engagement, development and challenge from the scrutiny and policy committees is also important.
- Is communicated to all members in a way that is more easily scrutinised and challenged and helps opposition members to more easily develop alternative shadow budgets.

Due to clear political and operational leadership around the commercial agenda which has resulted in additional income, coupled with a significant use of 'one-off savings options', the Council has not yet made some of the budget savings that other local authorities have had to. Given the financial challenges, it is now imperative that the Cabinet and wider group of members commit to a programme of savings and service transformation that will help meet these challenges. This will require tough political decisions, however is essential for the financial sustainability of the Council.

At the time of the peer challenge a delay in the signing off of the 2017/18 accounts by the external auditor was being experienced. This is due to a challenge received from a local resident in relation to the Council's investment in the Redwood bank.

4.5 Capacity to deliver

The Council benefits from a proud workforce characterised by the phrase given to the team on more than one occasion during the challenge of *"doers not talkers"*.

The Council employs 2,774 officers who are evidently committed to the borough with 72% living in Warrington. Staff morale overall is high when compared to a number of other councils with 87% of staff seeing that their work has a positive impact on the people of Warrington.

The Council has a middle manager cohort who are open to change and seek new challenges. The workforce the Council has available to it is also unique compared to most other councils in the range of skills they possess, in particular in the commercial income generation field.

When a new political vision for the Council is communicated, with clear priorities, and principles developed on the back of this, there is a capable and adaptable workforce who are ready to respond. Officers also appear comfortable in presenting challenge to other officers – including those more senior in the organisation. This is again an important characteristic to further encourage on the improvement journey. A revised organisational development strategy will help officers to adapt to new ways of working. Equally, the imminent move to new office accommodation for the majority of the workforce is another opportunity when embedding a 'one council' approach. Officers were not consistently convinced that this opportunity is being fully capitalised on.

As detailed elsewhere in the report, during the course of the peer challenge the Leader, Chief Executive and Deputy Chief Executive (s151) recognised the scale of the budget challenge presented. In order to meet this challenge, ensuring the right type of capacity at all levels is in place to deliver on the budget proposals in the MTFP for 19/20 will be important to avoid the type of slippage and non-realisation of savings which has been seen in recent years. The low level of general fund reserves now available and the increasing budget pressure means that there is now much less room for slippage than in previous years.

The Council reflected on the steps taken in previous years via one-off measures with the budget *"to give four years to deliver transformation ... but this didn't happen as we hoped"*. The Council needs to be clear on why this didn't happen previously and what will make the difference now. A collective 'one council' approach to this key priority can make a difference, although it is worth reflecting on whether the Council has the type of projects/programme capacity available currently to do this and if not, how it can make sure this capacity is in place.

In addition to the capacity to realise the savings required and modernise services, the Council may also wish to reflect on the demands placed on core functions such as legal and financial services by the significant commercial programmes the Council is dealing with. The finite amount of capacity these teams inevitably have is seen by some as now limiting their availability for more traditional Council work. Whilst their support for commercial work is clearly important, the Council may wish to consider whether the current amount of capacity is now sufficient.

In the Council's self-assessment, there was a reflection that the Council is behind councils elsewhere on digitisation and is seeking to make up on lost ground. Whilst the peer team acknowledge that this is the case, the pace has quickened and individual examples are now bearing fruit locally. With a clear awareness of the 'art of the possible' evident and some early wins being seen, the pace here is quickening. The Council may wish to reflect on how visible support of senior members and officers can help promote these successes internally to help drive through this cultural and technological change.

Throughout this report there is reference to the distinctive roles of members and officers as well as the need for additional challenge to ensure the Council is able to stay on track when delivering its key priorities. The Council benefits from the fundamentals of business intelligence and performance management being in place to a level which is more developed than is seen in a number of other councils currently. Good quality performance management is a critical tool for all members and when done well, can help members and officers when maintaining appropriate member/officer relations. There is an opportunity to continue to build on these strong foundations when furthering empowering the Executive and scrutiny. Communicating the performance of the commercial portfolio more clearly is an area which would help members specifically.

The Council has identified an increase in sickness absence in the last year which is now at 12 days per FTE. This is at odds with the high levels of staff morale and includes a number of service areas where this is particularly high. Steps have started to be taken in addressing this, the impact of which will require ongoing monitoring and visibility at a senior leadership level. Officers and the trade unions spoke positively with the team about the various workplace wellbeing initiatives put in place and there are examples of particularly good practice here, including the British Heart Foundation funded 'health check kiosk'.

5. Next steps

Immediate next steps

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions in order to determine how the organisation wishes to take things forward.

Claire Hogan (Principal Adviser) is the Council's lead contact at the Local Government Association (LGA). Claire will arrange a follow up meeting in the

coming weeks to discuss support for the Council and provide further information and guidance on the issues raised in this report. Claire's email address is: Claire.hogan@local.gov.uk.

Follow up visit

The LGA Corporate Peer Challenge process includes a follow-up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the recommendations identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The visit is expected to take place within two years, with the exact timing decided in discussion with the Council.

Next Corporate Peer Challenge

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