

Birmingham City Council
Improvement Stock-take Report

March 2019

Executive Summary

This document provides an assessment of the Council's progress against the previous stocktake report in June 2018 and the Corporate Governance Improvement Plan 2018-19. It is supplemented by a narrative regarding service transformation and improvement; a summary of the high level corporate governance improvement priorities for 2019/20 together with an outline of the scrutiny and peer-challenge framework for the future.

The Kerslake Report was published in December 2014 and the Birmingham Independent Improvement Panel (BIIP) was established in January 2015. Since then, the Council has undergone significant changes in the leadership; improved financial planning, control and performance management; improved education, adults and children's social care regulatory assessments; put in place a robust four year Financial Plan underpinned by a programme management office; and stronger governance and leadership arrangements with the introduction of four year elections with more transparent and timely decision-making. Following the 'all-out' elections in May 2018, much of the year 2018-19 has been typified by a level of stability and robust governance under the new administration and the appointment of a permanent Chief Executive, Dawn Baxendale. This change in relationship and approach heralded the requisite honesty around the scale of the challenge and sense of strategic purpose in order to start the improvement process in earnest.

The year has also seen, however, some ongoing challenges in industrial relations which have constrained service modernisation and dented the Council's, otherwise very promising, performance in delivering financial planning and control. Despite the settling of the recent waste industrial dispute, the Council acknowledges that the recent industrial action has, unfortunately, framed this stock-take report and the end of the BIIP process at a time of risk and uncertainty for the Council.

As such, the Council has publicly committed to launching an independent review of waste services to consider cost, quality and an optimum operating model for the period beyond the current 'Memorandum of Understanding' agreement. The Council will engage positively with a joint working group of trade unions in undertaking this review, but will take sole responsibility for commissioning the review and acting on the findings.

In addition to a fulsome summary of progress to date against the LGA's improvement framework, this report highlights a series of 'critical issues' and provides a pragmatic assessment of the Council's position. The most significant such issue, as highlighted by the Secretary of State in his letter of September 2018, was financial control. During 2018-19, the Council has over-hauled and strengthened its financial planning and control framework and reasserted 'grip' of the financial position with a series of interventions that have enabled the Council to manage out a £28m *in-year* pressure since the May 2018 election. This is a milestone achievement, and has stabilised the position such that the Council anticipates closing the 2018-19 financial year in surplus – albeit using a sizeable amount of reserves as planned for in the 2018-19 budget.

In parallel, the Council's new Cabinet and Management Team worked as one team, early in the year to develop a 2019-20 budget that was pragmatic and deliverable. The Council approved a reserves policy on 21st January 2019 and the 2019/20 Budget has been set in

line with this reserves policy meaning that *reserves have not been used to mitigate the requirement to make ongoing savings*. This was an explicit expectation cited by the Secretary of State in September 2018, and the Council has met that challenge. These critical actions have provided the Council with a platform for modernisation in 2019-20 and beyond.

The Council is of the view that decisive progress has been made against six of the seven core external audit recommendations, as published in July 2018, which places the Council on a very robust footing relative to the financial health and resilience of national peers. This has required changes in transparency, governance, subsidiary bodies and financial strategy. The one area that continues to cause the Council significant and unique concern is in relation to waste collection management and industrial relations within the city as highlighted above.

Clearly, there continue to be risks which require active monitoring and on-going rigour in improvement work across the Council and a continued degree of humility is required. Further risks related to industrial relations, equal pay, the Commonwealth Games, capital investment oversight and the potential impact of major contract revisions are all considered in the report in a forthright and balanced manner, with clear progress in train but no sense of complacency as these risks merit ongoing vigilance to reduce the Council's exposure.

Similarly, the Council has outlined a concise set of priorities within the 2019-20 improvement plan attached to this report, and a clear description of how a scrutiny and peer-led challenge and support process will be forthcoming under a new model of quality assurance. These priorities map across from the Kerslake themes, the areas of focus for the BIIP and the activity undertaken in-year 2018-19 through the Council's Corporate Governance Improvement Plan. This approach will enable consistency to the Council's improvement journey and deepening of maturity in these areas over time. A selection of the headline areas, where the Council is readily seeking to go further, faster in 2019-20 are: -

- Emphasis on deepening and strengthening the Elected Member development process alongside a pragmatic review of the Council's casework system.
- Development of a new industrial relations framework developed in concert with local trade unions and with support from UK Core Cities.
- Continued development of a one Council 'transformation' programme for 2020-23 reshaping the Council's service, corporate and citizen offer in line with invest-to-save financial strategies.
- Concerted delivery of the Workforce Strategy Implementation Plan 2018-22.
- Full, permanent staffing of the Council's management structure alongside a management development and robust induction programme.
- A new performance management approach – ensuring that the 'golden thread' of performance management runs through all levels of the organisation.
- A full suite of capital governance, budget monitoring and programme management arrangements for the Commonwealth Games.
- Development of the Council's community hubs strategy with clarity around an integrated, local offer and commencement of implementation alongside the Council's property strategy.

- Building on early improvements in partnership working arrangements and developing integrated delivery mechanisms to positively impact citizens' lives.
- Development of a strategic/shared narrative and approach to external communications, including a new 'social contract' with citizens.

Whilst grateful for the significant investment of energy, experience and perspective from the BIIP to date, the Council is firmly of the view that the foundations are now in place to allow the Elected Members and Senior Officers of the Council to take ownership of the Council's improvement journey without the additional resource and reporting arrangements as required by the BIIP process. In order to maintain a level of constructive and critical challenge, the Council is actively working with audit, overview and scrutiny and external peers to drive a sector-led approach to sustaining improvement in the future. With a 'one council' approach, and placing the needs of citizens at the heart of our agenda, the Council looks forward to a period of stability, improvement and opportunity in 2019-20 and beyond.

Introduction

“The Council wants to secure better outcomes for the citizens of Birmingham in a challenging and fast-moving financial, social and economic environment. The Council is therefore committed to addressing issues raised by the 2014 Kerslake Report and subsequently the Birmingham Independent Improvement Panel (BIIP)”. (June 2018 Stocktake Report).

This document provides an assessment of the Council’s progress against the previous stocktake report in June 2018 and the Corporate Governance Improvement Plan 2018-19. It is supplemented by a narrative regarding service transformation and improvement; a summary of the high level corporate governance improvement priorities for 2019/20 together with an outline of the scrutiny and peer-challenge framework for the future.

The Kerslake Report was published in December 2014 and the Birmingham Independent Improvement Panel (BIIP) was established in January 2015. Since then, the Council has undergone significant changes in the leadership; improved financial planning, control and performance management; improved education, adults and children’s social care regulatory assessments; put in place a robust four year Financial Plan underpinned by a programme management office; and stronger governance and leadership arrangements with the introduction of four year elections with more transparent and timely decision-making. Following the ‘all-out’ elections in May 2018, much of the year 2018-19 has been typified by a level of stability and robust governance under the new administration and the appointment of a permanent Chief Executive, Dawn Baxendale.

Despite the settling of the waste industrial dispute, the Council acknowledges that the recent industrial action has, unfortunately, framed this stock-take report and the end of the BIIP process at a time of risk and uncertainty for the Council. It is notable, however, that the Council’s response to the recent industrial relations dispute has been a collective and managed one with Members and Chief Officers working together, as one team, but with clarity and respect for different roles. The Council does not underestimate the breadth of the challenge in waste industrial relations, which remains a uniquely impactful issue in terms of resident experience and threat to the Council’s financial position and, as such, has publicly committed to launching an independent review of waste services to consider cost, quality and an optimum operating model for the period beyond the current ‘Memorandum of Understanding’ agreement. The Council will engage positively with a joint working group of trade unions in undertaking this review, but will take sole responsibility for commissioning the review and acting on the findings. Given the potential ‘contagion effect’ of industrial relations constraints on the Council’s wider modernisation and financial strategies, the Council has highlighted this as a significant risk and priority to be maturely tackled in the 2019-20 work programme.

The Council has delivered on the commitments made in the last stocktake report, namely to work in close collaboration with the Birmingham Independent Improvement Panel (BIIP) with an improved level of honesty and impetus around areas for improvement. Both the Council and BIIP have since the last report met on a regular basis with the Ministry of Housing, Communities and Local Government (MHCLG) to jointly drive progress against a

clear set of improvement plans, review budget / performance standing items with minutes and plans published online and distributed to all BCC Elected Members.

Panel members and Council representatives have also worked together in-between meetings in order to provide an accurate update to the Secretary of State. Further to this there have been a number of improvement “tracer” workshops on homelessness; skills and performance management. This collaborative approach has proved effective, giving regular insight around the Council’s improvement journey. This self-assessment draws and builds on this work over the last twelve months.

The June 2018 stocktake report identified that, at the heart of the improvement agenda, is sound organisational governance as reflected in the Local Government Association’s criteria for an effective organisation. These are reiterated here and have been a constant framework for the Council’s improvement model since the Kerslake review: -

- Effective political leadership and managerial leadership, working as a constructive partnership;
- A good understanding of the local context which informs a shared long-term vision and a clear set of priorities that is translated through a healthy organisational culture and understood by the workforce and partners;
- Effective governance and decision-making arrangements that respond to challenges and manage performance, change, transformation and disinvestment;
- Capacity and resources focused in the right areas in order to deliver the agreed priorities, supported by relevant organisational and workforce development; and
- A financial plan in place to ensure its long-term viability and evidence it is being implemented successfully

This stock-take report represents the Council’s self-assessment of progress against these criteria, since the June 2018 stocktake report. It provides a précis of the Council’s position up to March 2019 indicating some of the changes that are being made in this financial year and highlighting on-going priority areas for improvement as the Council maintains its focus and ownership of its improvement journey. The structure of the report seeks to be consistent with previous updates provided to the BIIP and Secretary of State to ensure comparability.

A Fresh Context

Birmingham is a fast-changing city enjoying something of a renaissance with record levels of growth and regeneration. It’s gearing up to host the 2022 Commonwealth Games and is home to the biggest city centre brownfield development in Western Europe. The £1.5bn Birmingham Smithfield scheme will transform a huge swathe of the city centre to create a vibrant urban quarter close to a new HS2 station.

But the new Council, post-May 2018, has made clear in the Council plan that true success will only be measured by the degree to which local residents reap the benefits of their city’s resurgence. The members and senior officers of the Council are therefore far more confident and expressive about the journey of transformation required within the Council itself to rise to that challenge, with the plan for 2018-22 setting out a vision to be a city of

growth ‘where every child, citizen and place matters’.

Despite its impressive past as the home of modern local government, the council has not been without its problems in the last few years – most of which have been well documented. However, meaningful progress has been made over the last 10 months. The Council has laid important foundations for bringing the finances back on track with a balanced budget in place for the next four years and an ambitious programme of modernisation and change is starting to be defined and implemented.

The Council is determined to change the narrative in Birmingham from an authority that is too big and too broken, to one that is seen as leading the way regionally, nationally and internationally. But we know that this will take time, and that certain constraints have made life challenging in the first year of this process. It is important that we become a Council that delivers improved outcomes that citizens, members, staff and partners value and have pride in. In order to become that modern, high performing sustainable organisation, we will have to radically change the culture and behaviours of the organisation and implement more effective and streamlined organisational structures which promote innovation, financial resilience and accountability.

The Council’s latest medium-term financial plan is built around the following core principles:

- Allocating resources so that they are more closely aligned to key priority areas and areas of need;
- Ensuring that the Council sets a balanced revenue budget for 2019/20, plans for one in the medium term and that its long term financial health and viability remains sound;
- Ensuring that capital investment plans are set at an affordable and sustainable level;
- Reducing the Council’s reliance on Government funding through the use of fees, charges and taxation that are in line with levels that the Council regard as being necessary, acceptable and affordable;
- Protecting the Council’s reserves – in line with its Reserves Policy - for ‘rainy day’ events and not seeking to use them to meet ongoing pressures or where savings have not been achieved;
- Ensuring that there is strong governance, assurance and accountability for delivery of service outcomes and savings proposals within budget; and
- Mitigating against uncertainty – in the near and medium term

In addition to improving the way the Council uses and manages its financial resources, elected members and senior officers have started to define and embark on a long term programme of transformational change. As a result of this programme the Council will be: -

- Smaller and more strategic - The Council has already reduced staffing by 48% over the last eight years and will continue to reduce its headcount by more than 1,095 posts in 2019/20, potentially rising to 1,579 by 2022/23;
- More self-sufficient and sustainable over the medium-term with further consolidation of support services to realise efficiencies;

- Supporting a wide range of partnerships and other providers (including social enterprises, voluntary and community sector);
- More responsive to ever-changing needs, demands and behaviour of our citizens – particularly responding to and capitalising on opportunities around enhanced use of data intelligence and new communication technologies;
- Have greater integration between our services/functions, so all of us are working together towards our priority outcomes in a way that can be scalable across organisational boundaries;
- Make much better use of customer insight and business intelligence to ensure we make informed decisions and deploy all our resources (financial, people, physical, information, relationships and democratic mandate) in support of the Council's priorities;
- Leaner and more agile, with fewer layers of management and increased spans of control; and
- More collaborative, working as 'one council' with Elected Members and across the Extended Leadership Team.

The Council will handle these changes sensitively but with a clear focus on implementing the tough decisions that Elected Members have made. Our workforce strategy has been agreed by Cabinet in 2018, and this will guide a much stronger approach to staff engagement, empowerment and culture change as we work through these changes in 2019-20 and beyond. It will be important for the Council to modernise its services to make them more accessible and easier to use. We will do this by: -

- Focusing on performance, quality and getting the basics right to reduce demand failure by using our data intelligently to improve services to citizens;
- Using Invest to Save principles to enable greater focus on early intervention and prevention within our service redesign work;
- Delivering political priorities and outcomes;
- Focusing on excellence in customer experiences;
- Robust commissioning of outcomes and ensuring delivery of the 'right' service, irrespective of whether they are delivered internally or externally;
- Enabling economic growth;
- Prevention and early intervention;
- Encouraging innovation and a commercial approach. Evidence based decision making at all levels, supported by effective performance management;
- Changing the Council's use of property to provide a more consistent set of 'public hubs' for local service delivery whilst refreshing our relationship with community organisations and their use of buildings;
- Improving the BRUM account service that enables citizens to access Council services online to make sure that, wherever possible, we get things right first time; and
- Bringing Information Technology services back from the current supplier to a new operating model in the Council to deliver benefits to citizens and the workforce.

Crucially, all of these changes require a 'One Council' approach, embedded across the whole organisation. But this is not the Council's journey alone. Individuals and communities from across the city will need to become more involved in supporting services at a local or

neighbourhood level. The challenge for the Council and its partners will be to enable this to happen. These changes will affect individuals – where the Council will seek to enable people to live independent lives – whilst also helping communities as we look to put partners, citizens and neighbourhoods at the heart of decision making.

Critical Issues

As stated above and in the June 2018 stocktake report, the Council is now afforded a different platform for a degree of political stability with the administration having been elected for a four year tenure to coincide with the four year Council elections cycle recommended by Kerslake. Whilst this facilitates both continuity and consistency and paves the way for strategic long term planning, the Council recognises that political and organisational culture change will take time. The Chief Executive has now been in post for just under a year and has appointed a strong and experienced Council Management Team with significant permanent appointments such as the Chief Finance Officer, Assistant Chief Executive, Director of Public Health, the Director of Children's Services and extended interim arrangements with the Director of Adult Social Care.

Underpinning this is a new JNC structure, which came into force on 21 January 2019, were a series of further appointments at Assistant Director level, with property, legal, HR, skills, enforcement and regulation and social care quality and improvement roles all populated to provide a platform for rapid change in these areas. Further senior appointments at Assistant Director level are in train with seven crucial roles out of the market in February 2019. This provides the Council with capacity, capability and the stability needed to tackle the improvement challenge, with fresh perspectives and breadth of experience from elsewhere a vital part of driving a cultural shift over time. The Council does acknowledge, however, that some of the challenges in-year 2018-19 have stretched the existing team to the limit and have potentially slowed the implementation of the improvement plans at pace.

The Council's past inadequacies in terms of governance and partnership working have been well documented. In the past, the Council has been criticised for failing both to take and to implement difficult decisions and for a lack of transparency. Through the implementation of the Council's Corporate Governance Improvement Plan, we have started to address this challenging history and to fundamentally change the culture of the organisation. This includes a whole-system review approach to role definition of Elected Members and Officers, staff/union engagement procedures and formal decision-making processes.

During 2018-19, the Council has over-hauled and strengthened its financial planning and control framework and reasserted 'grip' of the financial position with a series of interventions that have enabled the Council to manage out a £28m *in-year* pressure since the May 2018 election. This is a milestone achievement, and has stabilised the position such that the Council anticipates closing the 2018-19 financial year in surplus – albeit using a sizeable amount of reserves as planned for in the 2018-19 budget. In parallel, the Council's new Cabinet and Management Team worked as one team, early in the year to develop a 2019-20 budget that was pragmatic and deliverable. The Council approved a reserves policy on 21st January 2019 and the 2019/20 Budget has been set in line with this reserves policy meaning that *reserves have not been used to mitigate the requirement to make ongoing savings*. This was an explicit expectation cited by the Secretary of State in September 2018,

and the Council has met that challenge. These critical actions have provided the Council with a platform for modernisation in 2019-20 and beyond.

The Council's four year strategic outcomes and priorities, together with performance measures were agreed in consultation with Executive members within a month of the May 2018 local elections. In June 2018, the Executive Management Team (EMT) undertook an extensive review and evaluation of the demographic research, insight and residents' surveys, deploying a thematic approach to produce the Council Plan 2018 – 2022 in line with the Labour Manifesto. This enabled the authority to adopt a "priority-based conversation" to align the use of financial resources with its policy priorities for 2019 onwards, and involving consideration of performance and unit cost information. The result was the achievement of a budget that was a balance between a "stabilisation budget" (a budget that was deliverable for the next year and beyond without relying on reserves to mitigate the requirement to identify savings) with service transformation elements. The Council is planning to build on this and, pending Comprehensive Spending Review delay, embark on a three year budget process in summer 2019 with the aspiration to produce a medium term budget that is transformation and priority led. This process is being complemented by an ongoing level of external challenge as the Council strengthens its existing partnership with the Chartered Institute of Public Finance and Accountancy (CIPFA) in both augmenting the audit challenge to Birmingham's financial position relative to peers, whilst also improving the functionality and modernisation of the Council's strategic and technical capacity and capability.

The Corporate Governance Improvement Plan has therefore provided a range of solutions to improve decision making and transparency, which has led to some tangible improvements in approach in 2018-19. For example, the Council has instigated processes that help it tackle difficult and complex decisions where difficult political choices were made, such as:-

- Consulting on, agreeing and commencing implementation of the most ambitious set of Clean Air proposals of any core city in the UK – with the city's Clean Air Zone Business Case now endorsed by Government;
- Reviewing and making savings in 'Travel Assist' services to children;
- Day service modernisation for vulnerable adults and those with learning disabilities;
- Reablement services in adult social care; and
- Waste management industrial relations.

This rigour in decision-making processes has been accompanied by a concerted effort to improve policy development processes and address long-identified gaps in strategies in areas such as: -

- Community cohesion;
- Local Industrial Strategy;
- The Council's future framework for Localism;
- Empowerment and equality in democracy;
- Public Health;
- Community Safety; and

- A holistic review and changes to the Council's framework for partnership working.

Clearly, some of these issues have then faced significant issues in implementation post-decision due to some of the same constraints that were identified in the June 2018 stock-take report. The Council has, however, put in place foundations in this first year post-election to provide a much stronger platform to take forward implementation of difficult decisions and, with key appointments and changes to Council service delivery models, is now in a better position to tackle crises as they occur. Crucially, the Council has started to address those structural factors that peers would expect to see in stable and leading Councils in the UK, such as budget 'grip' through monthly budget boards and financial reporting; rigour in capital funding prioritisation and monitoring; a whole-sale review of performance and risk management processes; underpinned by the foundations for a culture change in officers, elected members and expectations of the public.

Similarly, in terms of culture change, there have been significant improvements in behaviour and approach in partnership working and leadership. The workforce strategy was agreed in autumn 2018 and implementation and grip of such issues started in January 2019. The pilot 'Owning and Delivering Performance' culture change work undertaken within Adult Social Care in 2018 provides a template that will be rolled out across the rest of the Council in 2019. As highlighted above, this has coincided with the population of the senior officer structure to enable the Council to have strategic leaders to drive this process as part of the new council management team. Progress has also been made with the transparency agenda with officer and members pushed beyond comfort zones with peer challenges from Leeds and other authorities resulting in changes to Cabinet decision making protocols to mark the start of this process. The Council acknowledges, however, that some of these changes have moved more slowly than anticipated and therefore will continue to be a theme in our 2019-2020 planning alongside some of the areas mentioned above.

There are a number of critical issues and risks that the council is actively managing and, rightly, these will be areas of focus for external and internal audit, Overview and Scrutiny (O&S) and Government departments in 2019-20 and beyond. In addressing issues of strategic financial management and budgetary control, we have placed a particular emphasis on delivery against the statutory recommendations made by the Council's external auditor. The statutory recommendations, issued in July 2018, stated that the Council needed to: -

Finance

- *deliver its savings plans in 2018/19, in particular by identifying alternatives where existing plans are not deliverable, to mitigate the impact of the combined savings and budget pressure risks*
- *develop a realistic medium term financial plan for 2018/19 to 2021/22 which incorporates realistic and detailed savings plans and takes account of key budget and service risks*
- *ensure that it maintains an adequate level of reserves to mitigate the impact of budget risks, in particular one-off risks such as the Commonwealth Games and Equal Pay*

Transparency and Governance

- *ensure that its financial monitoring and budget reports are clear, transparent, and timely particularly in relation to the use of reserves, whether in-year or at year-end*
- *report governance failures and emerging issues promptly and clearly to Members and local citizens*

Subsidiary Bodies

- *Ensure that appropriate arrangements are implemented in relation to the Council's subsidiary bodies, including regular financial reporting and Council representation on subsidiary body boards, to ensure that emerging risks are monitored, reported and managed promptly*

Place Directorate

- *ensure that robust management and governance arrangements are put in place within the Place Directorate, particularly to ensure effective oversight of the waste service, to ensure that it delivers its financial and service objectives*

These recommendations, along with the Council's formal response, were considered at the Full Council meeting in September 2018 by which time, in our view, significant progress was underway against each of the areas of focus. In our view, decisive progress has been made against six of the seven core external audit recommendations which places the Council on a very robust footing relative to the financial health and resilience of national peers. The one area that continues to cause the Council significant and unique concern is in relation to waste collection management and industrial relations within the city as highlighted below.

In-year 2018-19, a range of specific risks have been identified which are relevant to the Council's future financial sustainability and potential use of reserves, namely, through medium-term uncertainties and / or unique risks to Birmingham linked to legacy issues around capital investments and planned returns. Some specific examples are: -

- **Industrial Relations** – the Council continues to work through a series of challenging industrial relations processes that have the potential to undermine budget, transformation and service performance aspirations. The Waste Governance Review has now been published and clearly sets out the lessons to be learned from the Council's internal governance processes and legal and finance risks around wide-spread industrial action in previous years. Despite the difficulties, these lessons were deployed in response to the waste dispute in 2018-19. There are revised governance arrangements in place and EMT is presenting a cohesive and consistent response with clearly planned contingencies put into place and transparent reporting of risks and issues to Cabinet. As highlighted above, the Council will be putting in place specific actions around waste industrial relations as part of 'heads of terms' with trade unions, but does not underestimate the breadth of the challenge which remains a uniquely impactful issue in terms of resident experience and threat to the Council's financial position. Similarly, the Council acknowledges the potential 'contagion' effect that such constraints can have on modernisation and financial strategies.
- **Equal Pay** – the BIIP has been regularly updated throughout 2018 on the history and latest position regarding the Council's Equal Pay risks and the financial summary of this position is included in the Council's Medium-Term Financial Strategy for 2019-

2023. Cabinet agreed a mitigation strategy for Equal Pay in November 2018 and internal governance arrangements will closely monitor the issue. It remains however a significant financial risk.

- Commonwealth Games – this tremendous growth opportunity for the City and Council obviously brings with it significant delivery expectations (in terms of capital project management and delivery of legacy benefits) for the Council as well as significant financial commitments. The BIIP and external audit colleagues have understandably expressed concerns about the Council’s ability to ‘parallel run’ such a major project alongside delivery of core Council business. Working with Games Partners and the Organising Committee in particular, the Council will ensure appropriate capacity is in place to discharge all responsibilities whilst honouring the firm commitments to ‘cap’ local financial risk. A full time Programme Director has been in place since the end of May 2018 to oversee, coordinate and manage delivery of the Council’s obligations within the Host City Contract. In addition, appropriate governance arrangements have been implemented across the workstreams relating to the Games, and in particular around the capital projects.
- Paradise Circus – the funding for phase 2 of this major capital development has now been agreed and the development can now proceed. We will be monitoring the development to ensure that we remain on budget and in light of the recent late report to Cabinet, will be ensuring full transparency going forward. This issue facilitated the (re)introduction of urgent capital prioritisation and internal reporting mechanisms that had previously been lacking and, hence, the Council would expect such risks to be more managed in a more transparent and timely manner in the future.
- AMEY Contract – the Council’s successful court action against this major contractor served to publicise the ‘client side’ risks around delivery of vital highways services. The long-term and complicated nature of the contract and the Council’s status within the wider ‘Special Purpose Vehicle’ necessitates close monitoring and crucial negotiations with all parties. The Council has proactively engaged with Cabinet Office support and the negotiated outcome and any subsequent transition arrangements will continue to be a vital issue throughout 2019.

Political Leadership

This section concerns effective political leadership working as a constructive partnership, with clear definition of roles and a shared agenda with the Council’s senior officer team.

Following a turbulent time with changes in political leadership in 2016-17, the stock-take report in 2018 accentuated the need for stability, clarity of role and transparency in political leadership. The ongoing process of member development and encouragement of political culture change has started with the building blocks for this in place following extensive activity and commitment in 2018-19. Member and officer relationships have improved at a strategic level. This is evidenced from the feedback from Members in the monthly ‘temperature take’ sessions with opposition leaders and EMT. There is also a formal

member/officer protocol in place which in turn is framed by BCC values and behaviours¹. By building trust as a collective team, CMT and Cabinet have been able to progress some difficult decisions as highlighted above, and there is a discernible difference in the quality, tone and nature of the debate publicly and privately.

Engagement from all of the political groups is positive and the working relationship between group leaders and respective portfolio holders and their 'shadows' is respectful, professional and productive. All the political groups have undergone self-assessments and group secretaries have engaged in this process with support from legal services. A number of changes were made by the Labour Group in April 2018 to introduce more stability into their working practices and the Chief Whip from the Labour Group is also seeking regular advice from Legal Services on particular issues, giving an indication that they are working effectively on personnel and standards issues. Conservatives, Labour and Liberal Democrats are now following a revised code of conduct which will be included in the refreshed constitution in April 2019. Furthermore, there is now a refreshed Group Leaders' meeting cycle in place with a structured agenda. Elected Members are not complacent about improvements required to group and governance processes.

Over the last year there has been increased Member support available to all councillors alongside an on-going programme of Member development with the LGA and a Member induction programme (welcome/welcome back programme). It was designed and informed by a Members' steering group to ensure it met Members' preferences and the Council's objectives taking suggestions from previous, current and new elected Members. The feedback from Members was on the whole positive.

However, it is fair to say that the Council's work in respect of Member development is not yet fully developed. Opportunities have been presented but attendance has been variable. Practical steps have been taken to address this such as holding training events just before Full Council which saw a 50% improvement in take-up, and introducing partners to brief members on wider system issues across the City. The Council is now concentrating on the interplay between democratic services and HR support to bolster Elected Members' development in their critical role.

The Council has continued to seek external challenge and independent support through the INLOGOV "Outside the Box" project with follow up research into officer and member relations during 2018. The original report, "Exploring Relationships between Partners, Officers and Elected Members in Birmingham City Council", ² was produced in 2015 and published in 2016 and will provide the baseline against which we can measure progress. The headline results from the exercise are now available, and they point to a number of improvements since the earlier report in 2016; namely:

- Positive change at a senior Leader / Cabinet level in terms of shared and inclusive decision making;
- The Council moving away from a silo mentality with a shared narrative building between senior officers and elected members;

¹ Member & Officer Protocol

² Exploring Relationships between Partners, Officers and Elected Members in Birmingham City Council

- An absence of defensiveness compared to previous years with both officers and members highlighting the need for change;
- Increased stability and new managerial team seen as a force for good;
- Improved Overview and Scrutiny arrangements; and
- Strong relationships between neighbourhood staff and elected members.

Despite these positive foundations that have been put into place in 2018-19, the INLOGOV report does, however, cite a series of very challenging, deep-seated issues that the Council will need to continue to confront in political and officer culture change. These range from a 'culture of fear' around the nature of industrial relations in the Council; ongoing issues around changing and modernisation of roles; a lack of empathy and understanding between officer and members' different roles and pressures; through to a lack of responsiveness and joint capacity at ward level and in support of member queries. This analysis has been augmented by the Council undertaking the first Elected Member survey in 2018. Encouragingly, 44 councillors responded to the survey, an overall 43.6% response rate. The topics covered by the survey include issues of role definition, understanding of decision making processes, safety, training and development and the degree to which the modern councillor role is manageable. Overall the response presents a mixed picture, with a balance between councillors who feel comfortable and well supported and those who continue to experience significant difficulties. The Council will not shy away from confronting these challenges and recognises that these changes will take time.

To understand the issues around member commitment to personal and collective development, it is important to understand some unique pressures regarding the role of Elected Members in UK core cities. The Deputy Leader of the Council has established a Member development governance group to encourage a reflective and 'owned' approach from Elected Members on this issue whilst understanding their lived experience. There is now a detailed programme for the next 12 months and a programme that looks forward to the next four years. Following each election cycle, there will be mandatory elements that will have to be completed within the year and certain modules will be on a Continuing Professional Development (CPD) basis. The responsibility for Member development is now effectively resourced and is seen as crucial in preventing issues regarding member conduct. We are planning to give the member development programme elevated status and concerted challenge. For example, the Council is the first nationally to work with the University of Birmingham and the LGA as part of a 'kitemark' project regarding 21st Century Public Servant framework and we are now developing a number of peer mentor relationships with other councils, including support for all Cabinet Members and dedicated support from Rotherham to the chair of the Audit Committee.

Important foundations have been laid with officers and Members working effectively together to produce a four year council plan and vision for the authority which contained the associated performance measures. Improvement planning has been at the heart of council planning with improvement plans integrated into the monthly performance and finance monitoring cycles. The Council plan was produced through a series of Executive Management Team away days and drew on research and insight data on the state of the city and residents' opinions.³ Following on from this, planning was commenced much earlier

³ State of the City Report and Council Plan 2018-2022

in 2018. Budget workshops were held throughout July to October to build towards a robust and meaningful consultation on a four year medium term financial framework.

The governance arrangements for the Council have been revised, strengthened and enforced. There is a new “Cabinet clearance” process which includes a better dialogue with Overview and Scrutiny and is intended to reduce the number of late reports. Currently we still have a higher level of late and or private reports than other core cities. As the new corporate governance processes embed, the late and private reports will be a real exception. Decision making is more integrated across all levels of the Council with an aligned and integrated forward plan managing the flow from Council Management Team, through to Cabinet and subsequently to Full Council, with appropriate challenge and quality assurance throughout.

The role of Overview and Scrutiny committees has been strengthened. The overview and scrutiny committees have full work programmes and have ensured alignment with the Council Plan / Improvement Plans / Committee activities.⁴ The Leader and Deputy Leader regularly engage the scrutiny committees to maintain this alignment and to ensure constructive scrutiny and co-ordination arising from the monthly MHCLG- BIIP BCC meetings regarding the Council’s improvement processes. Scrutiny committees are all looking beyond Birmingham in their work programmes to understand best practice. The Council recognises, however, that there are still improvements to be made to ensure parity of esteem and consistent quality for O&S in 2019/20 and, therefore, will be looking at these improvements through a refreshed work programme and a refresh of the earlier stocktake and review of Scrutiny as presented to Full Council in 2018.

The Council has undertaken a review of all outside bodies, systematically working through all the commercial entities and has been addressing requisite issues as they arise in recognition of the high risk profile and legacy issues with financial issues in certain Council subsidiaries. Throughout 2019-20 the Council will build on the training and development steps that have been taken in-year to improve skills of Council nominees such that, by 2020/21, member and officer appointments to outside bodies will be assessed against a skills framework, with requisite training, to ensure they have the ability to adequately challenge and contribute to risk and performance manage of the third-party bodies that they participate in. To oversee this process, the Council has established a new group company governance committee which the Deputy Leader chairs.

A Modern and Progressive Organisational Culture

Effective political and managerial working must be underpinned by an organisational culture that promotes shared working across Directorates, encourages transparency and honesty, and supports leaders to take personal responsibility of issues and challenges

The Kerslake Report in 2014 identified a ‘Council knows best’ attitude and the need to look outside and learn from others. There has been significant culture change in this respect. The Council now looks outward to others for best practice. And the feedback through the monthly temperature takes with partners has demonstrated that the Council is now listening and has reduced the “Council knows best” attitudes. Members have spent time

⁴ O&S Work Programmes

looking at good practice in comparable city authorities, visiting with officers from Oldham, Leeds, Manchester and, most recently, Bristol and Nottingham. Officers have been involved proactively in peer reviews within the sector (in Haringey, Suffolk and Warrington), have been active participants in Core Cities and regional peer networks; whilst our work with CIPFA has helped to establish a new national benchmarking pilot on financial resilience. Work in partnership and within the community is showing a broader spectrum of ideas and a different set of leadership skills, with cohesion strategy and localism 'white paper' reported by partners to be excellent examples in this regard.⁵

In terms of internal communication and transparency, there has been very positive feedback from Members and officers on the Chief Executive's weekly bulletin to all staff. The Chief Executive is also getting around, visiting as many people as she can. And there have been dedicated 'open' CMT sessions with staff. In these sessions, the staff members were very positive. People said how proud they were to work for BCC whilst proposing ideas for change. More of these CMT sessions with staff are planned and the Council is planning to create a staff forum (Forward Together) with a maximum of 300 staff to act as a flexible sounding board for the organisation.

The Council now has a revised workforce strategy that sets out the themes and intended actions to build a new organisational culture and drive modernisation, whilst starting the process of strategic workforce planning linked to the Medium Term Financial Strategy. The Council is currently developing a more detailed implementation plan, with a new Assistant Director for Organisational Development in post to drive this forward. The workforce strategy is supported by a workforce planning toolkit which will help managers assess and plan for future staffing arrangements over the medium term. The pace of implementation of the strategy however, is slower than planned due to capability and capacity issues in the Council during 2018, with a degree of fire-fighting arising from events such as industrial disputes and a tendency for the organisation to err on the side of caution.

It is also increasingly clear that culture change has been a vital element in driving effective service transformation activity in Council services. There is a very robust example in place in Adult Social Care where the design and delivery of a new neighbourhoods' model in 2018 was accompanied by an extensive culture change programme and emphasis on performance management which is, already, starting to demonstrate impact for citizens in terms of process and outcome improvement. Similar developments in the Children's Trust and Customer Services start to build a picture of a Council investing in medium-term improvement with the workforce at the heart of these changes. The Council has now developed and agreed an approach to rolling out this framework for culture change across the rest of the Council as part of the workforce strategy implementation.

The Council has, in the past, been criticised for avoiding making and implementing difficult decisions. Cabinet has demonstrated that it is tackling difficult decisions head on where difficult political choices were made, such as:-

- Consulting on, agreeing and commencing implementation of the most ambitious set of Clean Air proposals of any core city in the UK;

⁵ DV strategy; the Cohesion Strategy; temperature takes; city partners' board

- Reviewing and making savings in ‘Travel Assist’ services to children;
- Day service modernisation for vulnerable adults and those with learning disabilities;
- Reablement services in adult social care; and
- Waste management industrial relations.

The Council is demonstrating that it has learnt from the 2017 waste dispute and independent governance report, with the Executive Management Team now providing a more united front with appropriate Elected Member and Officer role-definition and statutory advice being considered transparently as Cabinet takes decisions. Undoubtedly, it has been challenging for a Labour administration to approve decisions around enablement and waste – due to complexities in the national, regional and local party dynamics and extremely challenging relationships with trade unions that continue to constrain the local authority. There is full recognition that to modernise the Council’s approach industrial relations ways of working will absolutely take time and concerted effort. Those decisions have been approved in Cabinet as they seek to reset the nature of the relationship – respecting the role of elected members and the important role of trade unions – but a huge amount of work will be required over a number of years to rebalance that approach for the benefit of the citizens of Birmingham.

Managerial Leadership

This section concerns effective managerial leadership working as a constructive partnership, with clear definition of roles and a shared agenda with the Council’s Elected Members.

The majority of the commitments made in the June 2018 stocktake have been achieved namely:

- A re-invigorated approach to the Executive and Management Team meetings devoting time to develop a new Council Plan and associated performance framework and then move towards an early Medium Term Financial Plan and associated budget cycle;
- Empowerment of the new Chief Executive to implement a whole-system change to the Council’s Chief Officer structure with engagement and support from all political parties through the JNC panel;
- Dedicated sessions of the Extended Leadership Team (ELT) of JNC officers on a monthly basis and thematic basis, with an emphasis on peer learning and joint policy development; and
- Changes to Council Management Team (CMT) arrangements to embed rigour and forward planning and use of technology to address staff resistance to change (for example, Chief Executive updates, blogs and use of Yammer).
- Population of the JNC structure is starting to develop the capacity and capability within the Council’s senior management community and the culture change programme is underway.

As the wider leadership team continues to be populated at Assistant Director level, the Council will be in a position to invest in their development. In order to increase productivity and give managers the tools to support the effective running of the organisation and modernisation in 2019-20, significant investment will be made in training and development. Cultural change will be crucial in concert with our partners, with senior colleagues learning to 'give a little to gain a lot' in our new relationships. Such investments will also be supported by system and process reviews to modernise the approach to Council management practice with, for example, the implementation of a new Enterprise Resource Planning System (ERP) for the HR/payroll and Finance transformation programme. This will assist in terms of new ways of working; talent management; appraisals; inductions; apprenticeship; succession planning and improved business processes.

Improved communication and engagement

There is a mixed picture in terms of communications and engagement. The Council has gained a number of awards for its digital offer to citizens, campaigns and web communications including the 'Luvvies', 'Webbys', Plain English award for the Website and an award for its use of email to improve schools admissions. The Council has also taken a more open approach to feedback from external bodies and inspections such as the Care Quality Commission and the Ofsted Special Educational Needs and Disability inspection.

The use of new tools and techniques to reach new audiences and build engagement with key issues has also been demonstrated through the Council's approach to the consultation around the Clean Air Zone, which attracted the largest ever approach to a Birmingham City Council consultation, the annual budget consultation and the preventative work it and partners around the city are doing to address the issues of homelessness and rough sleeping.

In addition, there is a strategic communications grid which includes a range of key campaigns from across the Council as well as tracking key events and issues that could have an impact on the reputation of the organisation and/or the city. There is also an increased rigour in the evaluation of the reach and impact of delivered activity.

But there remain a number of challenges. The first is the need to refine a coherent and cohesive Council-wide narrative which is aligned to the Council Plan and its priorities as well as the long term vision for the city that bridges into a simpler, better defined 'social contract' with citizens. The other area of challenge is the ability of the organisation to 'get ahead' of issues in the media. In part this is a cultural issue for the organisation, relating back to the point made earlier about 'erring on the side of caution'. This is also an issue of process, governance and clarity of the role of strategic communications which the Council's leadership recognises needs to be addressed if it is make its voice heard more widely. Whilst recent industrial relations issues have seen the Council be more proactive, they serve as high profile reminders of the need to maintain focus on this area in 2019-20.

Strategic Planning, Financial and Performance Management

Effective corporate and financial framework to ensure strategic focus, transparency and governance

Financial Management and Sustainability

In year monitoring and in-year spend

The level of reporting is much enhanced encompassing all aspects of Council finances as well as being more transparent and much more open. The Council has instigated processes around controlling spend in-year, namely; putting accountability back to Directors and reintroducing star chambers as a way of being able to transparently control spend. The refocused role of Finance Business Partners, and the ongoing work with CIPFA to recognise and baseline the current state of Finance and to work with the Chief Finance Office in developing best practice and benchmark the Council against its peers, will continue to provide strategic capacity to ensure rigour and budget 'grip' is retained in the medium-term. Early 'wins' in 2018 also focussed on the Council developing a single view of capital expenditure, delivery of the 2017-18 out-turn report at pace and with a new structure to lay the ground for 2018-19 grip.

These changes have already reaped a dividend with a series of interventions that have enabled the Council to manage out a £28m *in-year* pressure since the May 2018 election. This is a milestone achievement, and has stabilised the position such that the Council anticipates closing the 2018-19 financial year in surplus – albeit using a sizeable amount of reserves as planned for in the 2018-19 budget. In parallel, the Council's new Cabinet and Management Team worked as one team, early in the year to develop a 2019-20 budget that was pragmatic and deliverable. The Council approved a reserves policy on 21st January 2019 and the 2019/20 Budget has been set in line with this reserves policy meaning that *reserves have not been used to mitigate the requirement to make ongoing savings*. This was an explicit expectation cited by the Secretary of State in September 2018, and the Council has met that challenge. These critical actions have provided the Council with a platform for modernisation in 2019-20 and beyond.

There is therefore a strengthened financial regime and improved financial awareness and accountability for both Cabinet Members and Senior Officers. This has led to improved ownership of financial outcomes. The level of the Council's reserves has been assessed against key risks by the Chief Finance Officer and compared with those of other Core Cities. We have also used the CIPFA beta test Financial Resilience model and made changes to stop the use of in-year reserves to fund budget pressures or the non-delivery of savings. If the Council continues with its currently improved position in respect of managing within its financial resources and can manage its risks, the level of reserves is likely to prove adequate.

However, the finance directorate itself is in transition and there is a reliance on interim post holders to provide the necessary expertise and capacity which is largely lacking in the former permanent workforce. Nevertheless, steps are in place to shore up the finance department and establish a permanent more skilled finance team. There is further work to be done, but significant strides have been made, with embedding through a focussed approach to financial capability training and development of all senior staff in 2019-20.

Medium Term Financial Strategy (MTFS)

The budget process was introduced early in the year and the Council was much more disciplined in conducting a rigorous review of all spend and existing / new pressures, transparency around risks (equality and implementation) with a tightly programme-managed process. As previously stated, EMT dedicated significant time to review all the evidence from research and insight to agree priorities against which to develop the budget proposals. The workshops ran from July through to October culminating in November with the launch of the public budget consultation, again commencing much earlier than in recent years. The end product was a mixture of service transformation and stabilisation which has left the Council well placed to embrace priority based and transformational budgeting from 2020 onwards. This year's process however could have been better, and the plan is to start even earlier next year.

The consultation outcomes and the Finance settlement were taken into account on formulating proposals that were recommended for approval by Cabinet on 12 February 2019. For the first time in a number of years, the Council is able to formulate a balanced 4 year budget with significant elements on transformation and without any reliance on reserves to mitigate the requirement to make savings. Further transformative work in the areas of assets, workforce, fleet and SEND needs further development before savings can be safely realised but these form the bedrock for future financial resilience.

In terms of budget delivery, the Council has now established a Programme Management Office to drive budget delivery with central visibility and business partnering support. The Council is monitoring all the implementation plans through a programme board and, when one goes off track, challenge and mitigating actions are picked up early. The Financial Plan was presented to Cabinet and Full Council in February presenting a robust financial position for the Council in the medium-term - which has been a perennial problem for this authority for a number of years. It is now imperative to keep the pressure on directorates to deliver with support from the PMO and the programme board. The Council is acutely aware that some of the implementation plans, in support of savings, are not as advanced in their depth, rigour and with assurance regarding capacity to deliver as would be ideal at this time. However, the analysis of feasibility at this stage in the budget process represents a clear step forward for the Council. Continued challenge and support will therefore be required through the PMO and in terms of senior officer and political leadership. Similarly, it will be important for the Council to bridge beyond solely project managing delivery of savings, and increasingly adopt a one Council approach to the programme management of change and modernisation.

Performance Management

The performance management reporting has improved with alignment to the Council Plan priorities, enhanced benchmarking with peer areas, clarity on quartile positioning for indicators, rapid turn-around in reporting and more honest / transparent narrative in reporting. There is a better understanding of what is being reported and it is more outcome focused and significant progress has been made in improving the learning from insight and intelligence. The Council still needs to focus on how best to deploy such reports and insight to further facilitate improvement across the Council through new and innovative internal challenge mechanisms. This will be a priority for 2019-20.

Therefore the first phase of the Council's efforts in year one were focussed on the foundation stones of strategic planning, budget resilience and a new performance framework. In year two, the Council needs to move beyond the strategic clarity provided by the Council Plan and performance framework, and embed a more holistic integrated strategic planning framework that traces the golden thread from the Council Plan, to directorate and service plans right through to individual appraisals. The newly appointed Head of Business Improvement and Insight will be taking this forward in spring 2019 in concert with the capacity provided within the programme management office.

Community Cohesion

The Council moved quickly in 2018 to launch a wide ranging and evidence-based strategy development process regarding community cohesion given the critical importance of this agenda for the city. Community cohesion is a key priority for the Council. Following a range of best practice identification and liaison with Government regarding the national strategy, the Council convened a summer of engagement that helped shape the first community cohesion strategy for Birmingham. The consultation was open from 9th July to 31st August 2018. It was important to engage widely to ensure the strategy accurately reflects the different views, needs and ideas of the people of Birmingham on how to improve cohesion whilst also 'lifting the lid' on some sensitive issues.

Despite the consultation taking place over the summer holiday period; we still managed to engage over 300 people with 210 responses from 14 focus groups. We consulted with people with a wide range of socio-economic characteristics and cultural backgrounds, including asylum seekers, gender specific community groups, BAME community groups, and young people.

Focus group sessions were largely hosted and facilitated by colleagues in the voluntary & community sector and partners. This approach ensured that the consultation wasn't council-dominated and also that we were listening to new communities and groups who are too often ignored. Also, our partners and communities felt they had influence in shaping the agenda it also gave them a sense of ownership. It was only through officer relationships with existing networks with partners and stakeholders that made it possible to convene these sessions that were geographically spread across the city. The consultation also found examples of great work already being delivered by a range of partners and communities that have been included in the strategy.

During the consultation partners, including Aston University made a commitment to play their part in delivering the strategy. Aston University has agreed to convene a research and intelligence group made up of academics and researchers from across the different universities and public sector

The strategy was approved at Cabinet in November 2019 and full Council in December 2018. It has also been circulated to our partners to sign up to the vision and aims of the strategy.

A community cohesion summit is being planned for March 2019 and directorates have made strong commitments as part of a wider implementation plan in 2019. It is clear, however, that the Council cannot (and will not seek) to deliver this alone, with vital roles for schools, businesses, other statutory agencies and the voluntary and community sector in bringing

forward good practice. In this regard, the Birmingham strategy is distinct from the approach to 'grant and spend' still being undertaken in peer cities in the UK. This approach to 'living strategy' will ensure that community cohesion is an on-going process that develops in response to new ideas, research and examples of cohesion in action.

Commonwealth Games

The Council has continued to make important progress on delivering its responsibilities pertaining to the Birmingham 2022 Commonwealth Games since the 2018 stock-take report, working closely with strategic and regional partners to build robust and collaborative governance arrangements that move us from an inception and mobilisation phase into strategic planning phase, as per the overarching Games delivery model and learning from previous games. Key to this has been considerable efforts in relationship building, considered efforts in defining roles and responsibilities across the Games partners and establishment of key priorities for the Games at a strategic level.

Within the Council, work has continued apace since the previous update by which point we had established and embedded robust governance arrangements, and secured the appointment of an experienced Programme Director. A project board has been established within the Council, and all relevant work streams have a lead council officer in place. This enables cross council collaboration, coordination and management of planning, issue resolution and risk management in relation to the Games.

Based on learning from previous Games, our focus has been to embed a 'whole of council' approach to delivery. This has involved considerable effort on establishing where capacity and capability lie across many council departments to ensure we can meet the obligations of the host city contract, and more importantly focus on maximising the benefits of hosting the Games for the citizens of Birmingham.

The Council also recognises the opportunity hosting the Games creates towards supporting and embedding integrated planning processes and coalescing around key themes which not only support Games delivery, but also have a lasting legacy in the form of supporting the Council achieve its ambitions within the 2018-2022 Council Plan. A series of cross council workshops and strategic planning sessions have taken place to achieve this, and to help us align the work and benefits of the Commonwealth Games against the strategic priorities set out in the 2018-2022 Council Plan. The intent behind this work is to have clear action plans for where the Games support the Council to deliver on its wider priorities and embed a sense of collaborative working across departments which will have benefits far beyond the delivery of the Games in terms of integration, staff engagement and outcome focused planning and service delivery.

Externally Birmingham City Council has taken the lead on creating the Games narrative defining the Vision and Mission and driving forward outcome based legacy or benefit programme associated with the Games. To enable this council officers have been collaborating effectively with strategic partners to achieve a shared view of the key priority focus areas for the Games legacy and the associated incremental legacy outcomes that they could deliver, which was signed off by the partnership Strategic Board on 16th January 2019. Underneath this sits five delivery pillars, namely physical activity and wellbeing, Community Cohesion and Civic Pride, Trade, Business, Digital, Jobs & Skills, Infrastructure and

Sustainability and Culture and Tourism. The Council will lead on 'Community Cohesion and Civic Pride' and 'Culture', providing collaborative leadership supported by the Organising Committee on Culture, while working alongside colleagues in Sandwell Metropolitan Borough Council and Transport for West Midlands on 'Infrastructure'.

Our priority continues to be the Capital Programme comprised of the Commonwealth Games Village, the Alexander Stadium, Sandwell Aquatics Centre and Transport infrastructure, as these are the most time pressured and fundamental products required for the games. Considerable progress has been made on these significant programmes with highlights including:

- The Commonwealth Games Village project securing c. £165 million in funding from MHCLG and being granted planning permission on 20th December 2018.
- A main contractor being appointed for the Commonwealth Games Village project and demolition of the previous Birmingham City University campus being near completion.
- Master planning for the Alexander Stadium and surrounding site being near completion and contractors appointed to Project Manage the works.

The Aquatics Centre continues to be delivered by Sandwell Metropolitan Borough Council, and Transport in collaboration with regional partners, primarily Transport for West Midlands and the West Midlands Combined Authority.

Financially Birmingham City Council is still committed to providing 25% of the Organising Committee games budget plus the Games Village, with Birmingham City Council's contribution being comprised of our own funds, and contributions from regional partners. Birmingham City Council has been fully involved in the games budget setting process, although the initial budget is yet to be announced by the Government. Our projected contributions have been fully considered in our internal budget setting process and will be published alongside the Council's Medium-Term Financial Strategy in February 2019. Progress has been made with regional partners over the past period in defining the composition of the 25% funding. This will remain a key focus of the Council throughout 2019 to ensure the funding is secure and robust governance is in place to assure the management of those funds.

Partnership and collaboration with our strategic and regional partners remains fundamental to the success of the games to ensure we extract maximum value for citizens of Birmingham and the wider region. To that end we continue to play a leading role in the multi-agency space, working effectively with our partners in the Birmingham 2022 Organising Committee, the sponsoring Government department (DCMS), the Commonwealth Games Federation, Commonwealth Games England and associated delivery partners, the West Midlands Combined Authority, Transport for West Midlands and West Midlands Police.

The Council is alive to the delivery; financial and reputational risks associated with the Games and have active risk management and programme management arrangements in place to ensure prompt and timely resolution of issues.

By placing the Commonwealth Games at the core of the Council Plan 2018-2022, the Council can ensure that the planning and delivery of the Games both maximises the benefits for our citizens, but also can strongly support the wider improvement agenda within the Council as a whole.

City Partnerships

The Council has made a concerted effort to transform its leadership style, joint strategy and integration as part of more effective partnership working in the city at both officer and Elected Member levels. Recognising that strong and effective partnerships take time to build and embed, the Council has made significant progress in-year by agreeing the structures and the model for our strategic partnership working, but appreciate that this is in the early stages. The Council is beginning to build trust through delivery and arrangement in all them all thematic areas will continue to mature. For the first time in a decade, the Council established a City Board which adopted the Council Plan vision and priorities as the priority framework for the partnership working in the city, and sought to prioritise those outcomes that were not currently being addressed by the city's statutory partnership framework for 2019. These are; young people and knife crime, homelessness, child obesity, and a new external brand / city narrative to promote Birmingham nationally and internationally. These are closely aligned with our Council plan priorities. There has been strong youth representation with the setting up of a shadow youth board and an engaging new 'distributed leadership model' with representation and self-determination from sectors across the city. The Council has actively sought to play a different leadership role by asking Rt Hon Jacqui Smith to act as an independent chair.

There has also been a review of key strategic partnerships during 2018 which found that some partnership forums are more developed than others. There have been significant advances in collaborative efforts to improve children's outcomes through partnership with, for example, with the Chief Executive chairing a new Children's Strategic Board and series of strategic responses to Ofsted processes with strong commitment and alignment around the children's agenda from Health, safeguarding board and wider partners in an integrated partnership. Outcomes for our most vulnerable citizens are starting to demonstrate improvement as a result. After twelve years of failure, Ofsted moved Birmingham out of the inadequate rating for children's safeguarding in 2018 and we are awaiting formal feedback after a positive inspection process on fostering and adoption. The Council is now demonstrating vital progress relative to peers in the Adult Social Care outcomes framework and service user feedback surveys in response to a challenging Care Quality Commission report early in 2018. Similarly, efforts around Special Education Needs and Disability arrangements for children and the Multi-Agency Safeguarding Arrangements are moving forward quickly and ahead of Government expectations in response to challenging Ofsted inspections in 2018.

The Health and Wellbeing Board continues to meet regularly and is providing leadership in key areas. With a focus on its contribution to making a difference across the 'life-course', the Board is now well-positioned to play its key leadership role across the care and health sector and respond to CQC recommendations in 2019. The first Director of Public Health report in three years was delivered in 2018 and this has been super-ceded by a consultation on the Public Health strategy with work underway to develop the city's first Health and Wellbeing strategy.

The Council is a vital and active partner in the Sustainability and Transformation Partnership which has developed a clear vision, a strategy for how it was going to improve health outcomes for the citizens of Birmingham and a delivery programme is already well resourced and 'in flight' as we head into 2019. The findings from the Newton Review, led and commissioned by the Council, have given the system a strong and trusted evidence base for this work. We now have a robust programme management model in place, a mature delivery programme and a different delivery approach. With the publication of the NHS Long Term Plan year plan, there is a clear role and process for STPs to put in place the plans which will deliver the ambitious goals the Government has set out for the NHS.

The Community Safety Partnership has suffered in the past from a lack of strategic direction and stable membership. The Chief Executive now chairs this partnership giving it a renewed purpose, focus and sense of clarity. In the space of three months in 2018, the partnership revised its governance arrangements, refreshed the strategy and performance framework and deployed its resources differently prior to 2019-20. The partnership has a crucial agenda for change in 2019-20 to address citizen concerns and troubling trends, but now has the leadership buy-in and foundations for success. The Council is stepping up to take a leadership role across the West Midlands in working with the police on youth violence, exempt accommodation and organised crime.

The Council continues to build on its excellent reputation as being 'open for business' with the Council's efforts in development, regeneration and growth consistently regarded as being an exemplar with a strong reputation nationally and internationally. The Council has started to bridge from its existing strengths in city centre and town centre development (linked to the Big City plans, wider development framework and proactive inward investment strategy) to start to tackle challenging policy agendas such as clean air, inclusive growth and homelessness in partnership with regional peers, the local business community and local Business Improvement Districts. Similarly, the Council has revitalised its important, strategic relationship with the city's five universities in 2018-19 both individually and as a collective group. By way of example, regular strategic engagement with the University of Birmingham is starting to identify crucial themes such as 'student city' advantages and challenges (for example, safety) and strategic growth opportunities such as energy, life sciences and the Commonwealth Games.

Finally, the Council has improved and valued its relationship with the voluntary and community sector in the city – building from some fractious decision points in 2016 regarding legacy funding arrangements. The Council has sought to partner productively on crucial change agendas in adult social care, homelessness and cohesion / localism whilst developing a more mature strategic dialogue with infrastructure bodies such as BVSC. The city is also actively becoming a vanguard area for social enterprise and social finance, with the city awarded the accolade of UK social enterprise city in autumn 2018, in part, due to the strenuous efforts of Council officers and members in investing in new ways of working at a community level.

We recognise that these partnerships are relatively new in their current form and that this is a fairly fragile phase for partnership working in the city. Feedback from partners has been provided to the BIIP and MHCLG on a monthly basis through our 'temperature take'

arrangements and partners from the VCS, Health sector and Children's Safeguarding Board provided direct feedback in December 2018. Although at an early stage of development, consensus from partners is that the Council CMT and Cabinet has demonstrated early signs of progress in all forms of partnership working – accelerating forward at pace in some, whilst putting in the building blocks in others. Elected Members have on the whole moved away from the traditional paternalistic style to play a different role and lead in a more facilitative manner. This is evident in the distributed leadership model in operation at the City Board. Senior officers are credited with launching and sustaining a different approach to partnership on a day-to-day basis, this has yet to filter down through the entire organisation so there is a need to embed this throughout the organisation of part of workforce development in 2019-20.

Local Leadership

The last year has seen significant steps forward in the implementation of a new model of devolution; one based more on bottom-up engagement with communities and less on City Council structures. The old structure of district committees and budgets has been removed and new management and delivery arrangements put in place. The new electoral system of smaller wards with one or two elected members and four yearly elections was introduced in May 2018 and has been “bedding down” through the year. Ward Committees have been replaced by Ward Forums and many wards have developed a more inclusive, partnership based approach and experimented with new ways of engaging communities.

The consultation on the green paper “Working Together in Birmingham's Neighbourhoods” was completed in September, but this was only the first step in a longer term process of engagement with local neighbourhoods to explore how local groups can have more of an impact on service design and local issues. In addition to formal consultation on the paper, there was also engagement with community leaders and groups who have then led their own dialogue on these issues.

The final policy statement (“white paper”) was approved by Cabinet on 22 January. It sets out a new direction for localism in the city and a policy framework for working with neighbourhoods, including a “Framework of Relationships”, Neighbourhood Charters, the setting up of further parish or town councils and local Devolution Deals. The Framework of Relationships sets out the full range of rights and options available to neighbourhood organisations, including various options for the transfer of services and assets to the local level.

The Council is now engaging further with a small number of areas who are already interested in looking at the parish council option. Discussions are also on-going with Royal Sutton Coldfield Town Council about a first Devolution Deal for the city.

The Cross Party Working Group has met three times and engaged fully in the production of the White Paper. Elected members have agreed that it should continue meeting, in recognition of its value.

However, the City Council continues to face serious challenges in identifying the necessary resources to maintain or enhance support to councillors and their ward work and to support the ambitions set out in the White Paper. As the green paper consultation highlighted in no

uncertain terms, the infrastructure of local services and support to local groups, as well as to elected members has been severely reduced in recent years and the City Council received many proposals for the reinstatement of previous arrangements which are now simply unaffordable.

The Council recognises that these challenges must be addressed on a partnership basis. The aim is to find ways to support neighbourhoods in meeting their own objectives and not to create dependency on council grants or support. The White Paper therefore announces a partnership based resource review, which will be conducted during 2019. This will seek to achieve stronger collaboration between public services but also look at the resources available to communities themselves and through the social and community sector, trusts and foundations. This work will have a vital 'cross-over' to the Council's property strategy where the public sector footprint in communities will be reviewed alongside the asset base of key partners such as the police and NHS.

The White Paper also announces work to explore ways of redesigning services to make them more responsive to local neighbourhoods, building on our pioneering neighbourhood networks model in Adult Services. In addition we are exploring ways of changing the culture across our management structures to enable managers to operate beyond their specific service roles and engage more directly with both local places and the overview and scrutiny process. The aim is to create an organisation as a whole that is more responsive to local needs and concerns and the importance of place in residents' lives.

Regional and National Leadership

Collaboration with the Combined Authority, the elected Mayor and the other West Midlands authorities has continued to develop over the last year as the partnership matures. There has been consistent attendance at the WMCA as well as the LEP. Developments during the year have included a skills deal and first housing deal, as well as effective collaboration around the Commonwealth Games 2022 and new programmes such as the 5G pilot and the Town Centres programme. Birmingham has played a leading role in all these developments through both member engagement and officer capacity. It is the lead authority on homelessness and also plays a key role in initiatives on town centres, employment support, air quality, culture and cycling. The City Council holds the Economic Growth portfolio, which means we lead on key policy areas such as Industrial strategy. Officers from the Council and the CA actively support this role through regular briefings and clear officer responsibilities within BCC.

The City Council also engages fully in the Core Cities network. The Deputy Leader and the Cabinet Member for Health and Social Care both sit on LGA boards.

Service Improvement Blocks

The attached 'service modernisation' timeline describes some of the changes that have occurred in crucial service areas since 2015. Vital improvements have been made to Adults, Children's and Digital / Customer services as part of concerted modernisation and transformation agendas, whilst significant challenges remain in some areas to clarify and implement this change agenda.

Future Priorities and Quality Assurance

The attached 2019-20 plan builds from the analysis in this report and the regular monitoring of progress in 2018-19. To maintain momentum, the Council will preserve a concerted approach to good governance, prudent financial discipline, transparency and putting citizens at the heart of decision making. We will continue to develop our use of intelligence, data analysis and insight to ensure that all our improvement programmes rest on a solid evidence base, allowing us to move confidently and decisively to improve service delivery outcomes. Through the improvement work undertaken in 2018-19, the Council has started to develop a level of maturity in inviting challenge and benchmarking with peer authorities but, with the proposal that Birmingham Independent Improvement Panel stand itself down, alongside our 2019-20 programme it will be necessary to construct a new model to ensure continued internal capacity to challenge and ongoing third-party support and engagement. To that end, the Council is putting in place a new quality assurance framework to monitor pace and quality of improvement work, including personalised packages of support from key national bodies such as the LGA and CIPFA. This will take a 'value-added' approach rather than replicating day-to-day governance arrangements outlined by the new Constitution, to avoid duplication of work.

Closing Reflections

It has now been over four years since the Birmingham Independent Improvement Panel was asked to support Birmingham City Council in its improvement journey following the Kerslake review in 2014. Since the elections in 2018, the new Cabinet and Executive have changed the approach to the Panel to one of collaboration. This had been previously not been possible. This change in relationship and approach heralded the requisite honesty around the scale of the challenge and sense of strategic purpose in order to start the improvement process in earnest.

Clearly, there continue to be risks which require active monitoring and on-going rigour in improvement work across the Council, and a continued degree of humility is required as the Council approaches the priorities within the 2019-20 improvement plan. Despite the settling of the waste industrial dispute, the Council acknowledges that the recent industrial action has, unfortunately, framed this stock-take report and the end of the BIIP process at a time of risk and uncertainty for the Council. It is notable, however, that the Council's response to the recent industrial relations dispute has been a collective and managed one with Members and Chief Officers working together, as one team, but with clarity and respect for different roles.

The Council does not underestimate the breadth of the challenge in waste industrial relations, which remains a uniquely impactful issue in terms of resident experience and threat to the Council's financial position and, as such, has publicly committed to launching an independent review of waste services to consider cost, quality and an optimum operating model for the period beyond the current 'Memorandum of Understanding' agreement. The Council will engage positively with a joint working group of trade unions in undertaking this review, but will take sole responsibility for commissioning the review and acting on the findings. Given the potential 'contagion effect' of industrial relations constraints on the Council's wider modernisation and financial strategies, the Council has highlighted this as a significant risk and priority to be maturely tackled in the 2019-20 work programme.

Whilst grateful for the significant investment of energy, experience and perspective from the BIIP to date, the Council is firmly of the view that the foundations are now in place to allow the Elected Members and Senior Officers of the Council to take ownership of the Council's improvement journey without the additional resource and reporting arrangements as required by the BIIP process. In order to maintain a level of constructive and critical challenge, the Council is actively working with audit, overview and scrutiny and external peers to drive a sector-led approach to sustaining improvement in the future. With a 'one council' approach, and placing the needs of citizens at the heart of our agenda, the Council looks forward to a period of stability, improvement and opportunity in 2019-20 and beyond.