

BIRMINGHAM CITY COUNCIL

BIRMINGHAM CITY COUNCIL

TUESDAY, 02 APRIL 2019 AT 14:00 HOURS
IN COUNCIL CHAMBER, COUNCIL HOUSE, VICTORIA SQUARE,
BIRMINGHAM, B1 1BB

A G E N D A

1 NOTICE OF RECORDING

Lord Mayor to advise that this meeting will be webcast for live or subsequent broadcast via the Council's Internet site (www.civico.net/birmingham) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2 DECLARATIONS OF INTERESTS

Members are reminded that they must declare all relevant pecuniary and non pecuniary interests arising from any business to be discussed at this meeting. If a disclosable pecuniary interest is declared a Member must not speak or take part in that agenda item. Any declarations will be recorded in the minutes of the meeting.

3 MINUTES

To confirm and authorise the signing of the Minutes of the meeting of the Council held on 26 February 2019.

4 LORD MAYOR'S ANNOUNCEMENTS

(1400-1410)

To receive the Lord Mayor's announcements and such communications as the Lord Mayor may wish to place before the Council.

5 PETITIONS

(15 minutes allocated) (1410-1425)

To receive and deal with petitions in accordance with Standing Order 9.

As agreed by Council Business Management Committee a schedule of outstanding petitions is available electronically with the published papers for the meeting and can be viewed or downloaded.

5 - 48

6 **QUESTION TIME**

(90 minutes allocated) (1425-1555)

To deal with oral questions in accordance with Standing Order 10.3

- A. Questions from Members of the Public to any Cabinet Member or Ward Forum Chairman (20 minutes)
- B. Questions from any Councillor to a Committee Chairman, Lead Member of a Joint Board or Ward Forum Chairman (20 minutes)
- C. Questions from Councillors other than Cabinet Members to a Cabinet Member (25 minutes)
- D. Questions from Councillors other than Cabinet Member to the Leader or Deputy Leader (25 minutes)

7 **APPOINTMENTS BY THE COUNCIL**

(5 minutes allocated) (1555-1600)

To make appointments to, or removal from, committees, outside bodies or other offices which fall to be determined by the Council.

8 **EXEMPTION FROM STANDING ORDERS**

Councillor Martin Straker Welds to move an exemption from Standing Orders.

49 - 62

9 **ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL 201819**

(15 minutes allocated) (1600-1615)

To consider a report of the Council Business Management Committee.

The Leader Councillor Ian Ward to move the following Motion:

"The recommendations made by the Independent Remuneration Panel on Page 4 of its Annual Report be accepted and implemented with effect from 21 May 2019."

(break 1615-1645)

63 - 86

10 **EXTRAORDINARY AUDITOR'S REPORT - STATUTORY RECOMMENDATIONS MADE UNDER SECTION 24 LOCAL GOVERNMENT AND ACCOUNTABILITY ACT 2014**

(30 Minutes allocated) (1645-1715)

To consider a report of the Section 151 Officer and Cabinet Member for Finance and Resources.

The Leader Councillor Ian Ward to move the following Motion:

"The Council accepts the statutory recommendations of Grant Thornton made under section 24 of the Audit and Accountability Act 2014 and the responses and actions set out in section 3 of this report."

The report was to follow.

87 - 262

11 **BIRMINGHAM INDEPENDENT IMPROVEMENT PANEL**

(30 minutes allocated (1715-1745))

To consider a report of the Leader.

The Leader Councillor Ian Ward to move the following Motion:

"That Council notes the final formal assessment of the Council's improvement journey prior to the Birmingham Independent Improvement Panel (BIIP) stepping down at the end of March 2019 and notes the City Council's priorities for improvement 2019/20+."

263 - 266

12 **MOTIONS FOR DEBATE FROM INDIVIDUAL MEMBERS**

(90 minutes allocated) (1745-1915)

To consider the attached Motions of which notice has been given in accordance with Standing Order 4(i).



**MEETING OF BIRMINGHAM
CITY COUNCIL
26 FEBRUARY 2019**

**MINUTES OF THE MEETING OF BIRMINGHAM CITY COUNCIL HELD
ON TUESDAY 26 FEBRUARY 2019 AT 1400 HOURS IN THE COUNCIL
CHAMBER, COUNCIL HOUSE, BIRMINGHAM**

PRESENT:- Lord Mayor (Councillor Yvonne Mosquito) in the Chair.

Councillors

Muhammad Afzal	Peter Fowler	Majid Mahmood
Akhlaq Ahmed	Jayne Francis	Karen McCarthy
Mohammed Aikhlaq	Eddie Freeman	Saddak Miah
Alex Aitken	Peter Griffiths	Gareth Moore
Deirdre Alden	Fred Grindrod	Simon Morrall
Robert Alden	Roger Harmer	Brett O'Reilly
Tahir Ali	Kath Hartley	John O'Shea
Olly Armstrong	Adam Higgs	David Pears
Gurdial Singh Atwal	Charlotte Hodivala	Robert Pocock
Mohammed Azim	Jon Hunt	Julien Pritchard
David Barrie	Mahmood Hussain	Hendrina Quinnen
Baber Baz	Timothy Huxtable	Carl Rice
Bob Beauchamp	Mohammed Idrees	Lou Robson
Matt Bennett	Ziaul Islam	Gary Sambrook
Kate Booth	Morriam Jan	Kath Scott
Sir Albert Bore	Kerry Jenkins	Lucy Seymour-Smith
Nicky Brennan	Meirion Jenkins	Mike Sharpe
Marje Bridle	Julie Johnson	Sybil Spence
Mick Brown	Bridgid Jones	Ron Storer
Tristan Chatfield	Josh Jones	Martin Straker Welds
Zaker Choudhry	Nagina Kauser	Sharon Thompson
Debbie Clancy	Zaheer Khan	Paul Tilsley
Liz Clements	Narinder Kaur Kooner	Lisa Trickett
Maureen Cornish	Chaman Lal	Ian Ward
John Cotton	Mike Leddy	Mike Ward
Phil Davis	Bruce Lines	Suzanne Webb
Adrian Delaney	John Lines	Ken Wood
Diane Donaldson	Keith Linnecor	Alex Yip
Barbara Dring	Mary Locke	Waseem Zaffar
Mohammed Fazal	Ewan Mackey	

NOTICE OF RECORDING

19169 The Lord Mayor advised that the meeting would be webcast for live and subsequent broadcasting via the Council's internet site and that members of the Press/Public may record and take photographs except where there are confidential or exempt items.

The Lord Mayor reminded Members that they did not enjoy Parliamentary Privilege in relation to debates in the Chamber and Members should be careful in what they say during all debates that afternoon

The Lord Mayor indicated that those Members who wished to speak should press their microphone button once and be patient whilst the operator switched the microphone on.

DECLARATIONS OF INTEREST

19170 The Lord Mayor reminded Members that they must declare all relevant pecuniary and non-pecuniary interests relating to any items of business to be discussed at this meeting"

Any declarations would be recorded in the minutes of the meeting.

The Lord Mayor noted that if a disclosable pecuniary interest is declared a Member must normally not speak or take part in that agenda item. However, the Independent Chair of Standards Committee, Peter Wiseman, has granted a dispensation to all Members attending Full Council on 26 February 2019 for the purpose of debating and voting on the Financial Plan 2019-2023, provided they have made a disclosable pecuniary interest.

The grounds for this dispensation are

that granting the dispensation is in the interests of persons living in the authority's area

or

that it is otherwise considered appropriate to grant a dispensation."

The Lord Mayor requested Members to please note that If a Member would like to speak on a matter where a pecuniary interest has been disclosed, then the Member will need to say BEFORE speaking on the substantive issue, that he/she has a pecuniary interest and that the details have already been disclosed to the Monitoring Officer before the start of the Meeting.

MINUTES

It was moved by the Lord Mayor, seconded and –

19171 **RESOLVED:-**

That the Minutes of the Meeting of the City Council held on 5 February 2019, having been printed and a copy sent to each Member of the Council, be taken as read and confirmed and signed.

LORD MAYOR'S ANNOUNCEMENTS

19172 The Lord Mayor indicated that she had no announcements to make.

PETITIONS

Petitions Relating to City Council Functions Presented at the Meeting

The following petitions were presented:-

(See document No 1)

In accordance with the proposals by the Members presenting the petitions, it was moved by the Lord Mayor, seconded and -

19173 **RESOLVED:-**

That the petitions be received and referred to the relevant Chief Officers.

Petitions Update

The following Petitions Update was submitted:-

(See document No 2)

It was moved by the Lord Mayor, seconded and -

19174 **RESOLVED:-**

That the Petitions Update be noted and those petitions for which a satisfactory response has been received, be discharged.

CITY COUNCIL APPOINTMENTS

Councillor Martin Straker Welds made a number of nominations and it was-

19175 **RESOLVED:-**

- i) Councillor Josh Jones to replace Councillor John Cotton on the Co-ordinating Overview and Scrutiny Committee and as Chair for the period ending with the Annual Meeting of City Council in May 2019.

- ii) Councillor John Cotton to replace Councillor Tristan Chatfield on the Standing Advisory Council on Religious Education and as Chair for the period ending with the Annual Meeting of City Council in May 2019.
 - iii) Councillor Phil Davis to replace Councillor Sybil Spence on the Licensing and Public Protection Committee for the period ending with the Annual Meeting of City Council in May 2019.
-

FINANCIAL PLAN 2019-2023

At this point in the meeting Councillor Martin Straker Welds moved a procedural Motion which was seconded.

It was -

19176

RESOLVED:-

That, pursuant to a Council Business Management discussion, Standing Orders be waived to allocate the remaining time of the meeting to 1915 hours for the whole debate on the Financial Plan 2019-2023 report, permit the Leader of the City Council to make a speech of up to 30 minutes, permit the other Group Leaders to make a speech of up to 30 minutes each, permit all other speakers in the debate to speak for up to 5 minutes, permit the Leader of the City Council to reply to the debate without time limit, and agree that amendments to the Motions should be taken in the order that the amendments were notified to the Lord Mayor.

The Leader Councillor Ian Ward declared a pecuniary interest, the details of which he had disclosed to the Monitoring Officer before the start of the meeting and moved the motion which was seconded.

In accordance with Council Standing Orders, Councillors Robert Alden and Meirion Jenkins gave notice of the following amendment to the Motion:-

(See document No 3)

Councillor Robert Alden noted he had a pecuniary interest in that his wife worked in Birmingham Museums which he had disclosed before the meeting and moved the amendment which was seconded by Councillor Meirion Jenkins who reserved his right to speak.

In accordance with Council Standing Orders, Councillors Jon Hunt and Roger Harmer gave notice of the following amendment to the Motion:-

(See document No 4)

Councillor Jon Hunt moved the amendment which was seconded by Councillor Roger Harmer.

In accordance with Council Standing Orders, Councillors Matt Bennett and Ken Wood gave notice of the following amendment to the Motion:-

(See document No 5)

Councillor Matt Bennett moved the amendment which was seconded by Councillor Ken Wood.

In accordance with Council Standing Orders, Councillors Debbie Clancy and Ewan Mackey gave notice of the following amendment to the Motion:-

(See document No 6)

Councillor Debbie Clancy moved the amendment which was seconded by Councillor Ewan Mackey who indicated that he had a pecuniary interest, the details of which he had disclosed to the Monitoring Officer before the start of the meeting.

In accordance with Council Standing Orders, Councillors Paul Tilsley and Deirdre Alden gave notice of the following amendment to the Motion:-

(See document No 7)

Councillor Paul Tilsley moved the amendment which was seconded by Councillor Deirdre Alden.

A debate ensued during which Councillor Gary Sambrook declared a non-pecuniary interest in that his mother worked for Travel Assist and Councillor Brigid Jones declared a pecuniary interest in that her partner worked for the City Council which had been disclosed to the Monitoring Officer. Also during the debate it was questioned whether the date January 2018 in the fifth amendment by Councillors Paul Tilsley and Deirdre Alden should not read December 2017. Later in the meeting it was advised that the date of January 2018 in the amendment was correct.

ADJOURNMENT

It was moved by the Lord Mayor, seconded and

19177

RESOLVED:-

That the Council be adjourned until 1700 hours on this day.

The Council then adjourned at 1635 hours.

At 1705 hours the meeting resumed at the point it had been adjourned.

The debate continued.

The Leader, Councillor Ian Ward replied to the debate.

The first amendment to the Motions was put to the vote and, by the recorded vote set out below, was declared to be lost.

For the First Amendment (25)

Deirdre Alden	Eddie Freeman	Gareth Moore
Robert Alden	Adam Higgs	Simon Morrall
David Barrie	Charlotte Hodivala	David Pears
Bob Beauchamp	Timothy Huxtable	Gary Sambrook
Matt Bennett	Meirion Jenkins	Ron Storer
Debbie Clancy	Bruce Lines	Suzanne Webb
Maureen Cornish	John Lines	Ken Wood
Adrian Delaney	Ewan Mackey	Alex Yip
Peter Fowler		

Against the First Amendment (62)

Muhammad Afzal	Jayne Francis	Majid Mahmood
Akhlaq Ahmed	Peter Griffiths	Karen McCarthy
Mohammed Aikhlaq	Fred Grindrod	Saddak Miah
Alex Aitken	Roger Harmer	Brett O'Reilly
Tahir Ali	Kath Hartley	John O'Shea
Olly Armstrong	Jon Hunt	Robert Pocock
Gurdial Singh Atwal	Mahmood Hussain	Hendrina Quinnen
Mohammed Azim	Mohammed Idrees	Carl Rice
Baber Baz	Ziaul Islam	Lou Robson
Kate Booth	Morriam Jan	Kath Scott
Sir Albert Bore	Kerry Jenkins	Lucy Seymour-Smith
Nicky Brennan	Julie Johnson	Mike Sharpe
Marje Bridle	Brigid Jones	Sybil Spence
Tristan Chatfield	Josh Jones	Martin Straker Welds
Zaker Choudhry	Nagina Kauser	Sharon Thompson
Liz Clements	Zaheer Khan	Paul Tilsley
John Cotton	Narinder Kaur Kooner	Lisa Trickett
Phil Davis	Chaman Lal	Ian Ward
Diane Donaldson	Mike Leddy	Mike Ward
Barbara Dring	Keith Linnecor	Waseem Zaffar
Mohammed Fazal	Mary Locke	

Abstentions (1)

Julien Pritchard

City Council – 26 February 2019

The second amendment to the Motions was put to the vote and, by the recorded vote set out below, was declared to be lost.

For the Second Amendment (30)

Robert Alden	Eddie Freeman	Gareth Moore
David Barrie	Roger Harmer	Simon Morrall
Baber Baz	Adam Higgs	David Pears
Bob Beauchamp	Charlotte Hodivala	Gary Sambrook
Matt Bennett	Jon Hunt	Ron Storer
Zaker Choudhry	Timothy Huxtable	Paul Tilsley
Debbie Clancy	Morriam Jan	Mike Ward
Maureen Cornish	Meirion Jenkins	Suzanne Webb
Adrian Delaney	Bruce Lines	Ken Wood
Peter Fowler	Ewan Mackey	Alex Yip

Against the Second Amendment (55)

Muhammad Afzal	Jayne Francis	Majid Mahmood
Akhlaq Ahmed	Peter Griffiths	Karen McCarthy
Mohammed Aikhlaq	Fred Grindrod	Saddak Miah
Alex Aitken	Kath Hartley	Brett O'Reilly
Tahir Ali	Mahmood Hussain	John O'Shea
Olly Armstrong	Mohammed Idrees	Robert Pocock
Gurdial Singh Atwal	Ziaul Islam	Hendrina Quinnen
Mohammed Azim	Kerry Jenkins	Carl Rice
Kate Booth	Julie Johnson	Lou Robson
Sir Albert Bore	Brigid Jones	Kath Scott
Nicky Brennan	Josh Jones	Lucy Seymour-Smith
Marje Bridle	Nagina Kauser	Mike Sharpe
Tristan Chatfield	Zaheer Khan	Sybil Spence
Liz Clements	Narinder Kaur Kooner	Martin Straker Welds
John Cotton	Chaman Lal	Sharon Thompson
Phil Davis	Mike Leddy	Lisa Trickett
Diane Donaldson	Keith Linnecor	Ian Ward
Barbara Dring	Mary Locke	Waseem Zaffar
Mohammed Fazal		

Abstentions (1)

Julien Pritchard

City Council – 26 February 2019

The third amendment to the Motions was put to the vote and, by the recorded vote set out below, was declared to be lost.

For the Third Amendment (33)

Deirdre Alden	Eddie Freeman	Gareth Moore
Robert Alden	Roger Harmer	Simon Morrall
David Barrie	Adam Higgs	David Pears
Baber Baz	Charlotte Hodivala	Julien Pritchard
Bob Beauchamp	Jon Hunt	Gary Sambrook
Matt Bennett	Timothy Huxtable	Ron Storer
Zaker Choudhry	Morriam Jan	Paul Tilsley
Debbie Clancy	Meirion Jenkins	Mike Ward
Maureen Cornish	Bruce Lines	Suzanne Webb
Adrian Delaney	John Lines	Ken Wood
Peter Fowler	Ewan Mackey	Alex Yip

Against the Third Amendment (55)

Muhammad Afzal	Jayne Francis	Majid Mahmood
Akhlaq Ahmed	Peter Griffiths	Karen McCarthy
Mohammed Aikhlaq	Fred Grindrod	Saddak Miah
Alex Aitken	Kath Hartley	Brett O'Reilly
Tahir Ali	Mahmood Hussain	John O'Shea
Olly Armstrong	Mohammed Idrees	Robert Pocock
Gurdial Singh Atwal	Ziaul Islam	Hendrina Quinnen
Mohammed Azim	Kerry Jenkins	Carl Rice
Kate Booth	Julie Johnson	Lou Robson
Sir Albert Bore	Brigid Jones	Kath Scott
Nicky Brennan	Josh Jones	Lucy Seymour-Smith
Marje Bridle	Nagina Kauser	Mike Sharpe
Tristan Chatfield	Zaheer Khan	Sybil Spence
Liz Clements	Narinder Kaur Kooner	Martin Straker Welds
John Cotton	Chaman Lal	Sharon Thompson
Phil Davis	Mike Leddy	Lisa Trickett
Diane Donaldson	Keith Linnecor	Ian Ward
Barbara Dring	Mary Locke	Waseem Zaffar
Mohammed Fazal		

Abstentions (0)

City Council – 26 February 2019

The fourth amendment to the Motions was put to the vote and, by the recorded vote set out below, was declared to be lost.

For the Fourth Amendment (32)

Deirdre Alden	Eddie Freeman	Gareth Moore
Robert Alden	Roger Harmer	Simon Morrall
David Barrie	Adam Higgs	David Pears
Baber Baz	Charlotte Hodivala	Gary Sambrook
Bob Beauchamp	Jon Hunt	Ron Storer
Matt Bennett	Timothy Huxtable	Paul Tilsley
Zaker Choudhry	Morriam Jan	Mike Ward
Debbie Clancy	Meirion Jenkins	Suzanne Webb
Maureen Cornish	Bruce Lines	Ken Wood
Adrian Delaney	John Lines	Alex Yip
Peter Fowler	Ewan Mackey	

Against the Fourth Amendment (55)

Muhammad Afzal	Jayne Francis	Majid Mahmood
Akhlaq Ahmed	Peter Griffiths	Karen McCarthy
Mohammed Aikhlaq	Fred Grindrod	Saddak Miah
Alex Aitken	Kath Hartley	Brett O'Reilly
Tahir Ali	Mahmood Hussain	John O'Shea
Olly Armstrong	Mohammed Idrees	Robert Pocock
Gurdial Singh Atwal	Ziaul Islam	Hendrina Quinnen
Mohammed Azim	Kerry Jenkins	Carl Rice
Kate Booth	Julie Johnson	Lou Robson
Sir Albert Bore	Brigid Jones	Kath Scott
Nicky Brennan	Josh Jones	Lucy Seymour-Smith
Marje Bridle	Nagina Kauser	Mike Sharpe
Tristan Chatfield	Zaheer Khan	Sybil Spence
Liz Clements	Narinder Kaur Kooner	Martin Straker Welds
John Cotton	Chaman Lal	Sharon Thompson
Phil Davis	Mike Leddy	Lisa Trickett
Diane Donaldson	Keith Linnecor	Ian Ward
Barbara Dring	Mary Locke	Waseem Zaffar
Mohammed Fazal		

Abstentions (1)

Julien Pritchard

The fifth amendment to the Motions was put to the vote and, by the recorded vote set out below, was declared to be lost.

For the Fifth Amendment (87)

Muhammad Afzal	Peter Fowler	Ewan Mackey
Akhlaq Ahmed	Jayne Francis	Majid Mahmood
Mohammed Aikhlaq	Eddie Freeman	Karen McCarthy
Alex Aitken	Peter Griffiths	Saddak Miah
Deirdre Alden	Fred Grindrod	Gareth Moore
Robert Alden	Roger Harmer	Simon Morrall
Tahir Ali	Kath Hartley	Brett O'Reilly
Olly Armstrong	Adam Higgs	John O'Shea
Gurdial Singh Atwal	Charlotte Hodivala	David Pears
Mohammed Azim	Jon Hunt	Robert Pocock
David Barrie	Mahmood Hussain	Julien Pritchard
Baber Baz	Timothy Huxtable	Hendrina Quinnen
Bob Beauchamp	Mohammed Idrees	Carl Rice
Matt Bennett	Ziaul Islam	Lou Robson
Kate Booth	Morriam Jan	Gary Sambrook
Sir Albert Bore	Kerry Jenkins	Kath Scott
Nicky Brennan	Meirion Jenkins	Lucy Seymour-Smith
Marje Bridle	Julie Johnson	Mike Sharpe
Tristan Chatfield	Brigid Jones	Sybil Spence
Zaker Choudhry	Josh Jones	Ron Storer
Debbie Clancy	Nagina Kauser	Martin Straker Welds
Liz Clements	Zaheer Khan	Sharon Thompson
Maureen Cornish	Narinder Kaur Kooner	Paul Tilsley
John Cotton	Chaman Lal	Lisa Trickett
Phil Davis	Mike Leddy	Ian Ward
Adrian Delaney	Bruce Lines	Mike Ward
Diane Donaldson	Keith Linnecor	Suzanne Webb
Barbara Dring	Mary Locke	Ken Wood
Mohammed Fazal		Alex Yip
		Waseem Zaffar

Against the Fifth Amendment (0)

Abstentions (0)

City Council – 26 February 2019

Motion 1 was put to the vote and, by the recorded vote set out below, was declared to be carried.

For Motion 1 (55)

Muhammad Afzal	Jayne Francis	Majid Mahmood
Akhlaq Ahmed	Peter Griffiths	Karen McCarthy
Mohammed Aikhlaq	Fred Grindrod	Saddak Miah
Alex Aitken	Kath Hartley	Brett O'Reilly
Tahir Ali	Mahmood Hussain	John O'Shea
Olly Armstrong	Mohammed Idrees	Robert Pocock
Gurdial Singh Atwal	Ziaul Islam	Hendrina Quinnen
Mohammed Azim	Kerry Jenkins	Carl Rice
Kate Booth	Julie Johnson	Lou Robson
Sir Albert Bore	Brigid Jones	Kath Scott
Nicky Brennan	Josh Jones	Lucy Seymour-Smith
Marje Bridle	Nagina Kauser	Mike Sharpe
Tristan Chatfield	Zaheer Khan	Sybil Spence
Liz Clements	Narinder Kaur Kooner	Martin Straker Welds
John Cotton	Chaman Lal	Sharon Thompson
Phil Davis	Mike Leddy	Lisa Trickett
Diane Donaldson	Keith Linnecor	Ian Ward
Barbara Dring	Mary Locke	Waseem Zaffar
Mohammed Fazal		

Against Motion 1 (32)

Deirdre Alden	Eddie Freeman	Simon Morrall
Robert Alden	Roger Harmer	David Pears
David Barrie	Adam Higgs	Julien Pritchard
Baber Baz	Charlotte Hodivala	Gary Sambrook
Bob Beauchamp	Jon Hunt	Ron Storer
Matt Bennett	Timothy Huxtable	Paul Tilsley
Zaker Choudhry	Morriam Jan	Mike Ward
Debbie Clancy	Meirion Jenkins	Suzanne Webb
Maureen Cornish	Bruce Lines	Ken Wood
Adrian Delaney	Ewan Mackey	Alex Yip
Peter Fowler	Gareth Moore	

Abstentions (0)

City Council – 26 February 2019

Motions 2-5 were put to the vote and, by the recorded vote set out below, were declared to be carried.

For Motions 2-5 (55)

Muhammad Afzal	Jayne Francis	Majid Mahmood
Akhlaq Ahmed	Peter Griffiths	Karen McCarthy
Mohammed Aikhlaq	Fred Grindrod	Saddak Miah
Alex Aitken	Kath Hartley	Brett O'Reilly
Tahir Ali	Mahmood Hussain	John O'Shea
Olly Armstrong	Mohammed Idrees	Robert Pocock
Gurdial Singh Atwal	Ziaul Islam	Hendrina Quinnen
Mohammed Azim	Kerry Jenkins	Carl Rice
Kate Booth	Julie Johnson	Lou Robson
Sir Albert Bore	Brigid Jones	Kath Scott
Nicky Brennan	Josh Jones	Lucy Seymour-Smith
Marje Bridle	Nagina Kauser	Mike Sharpe
Tristan Chatfield	Zaheer Khan	Sybil Spence
Liz Clements	Narinder Kaur Kooner	Martin Straker Welds
John Cotton	Chaman Lal	Sharon Thompson
Phil Davis	Mike Leddy	Lisa Trickett
Diane Donaldson	Keith Linnecor	Ian Ward
Barbara Dring	Mary Locke	Waseem Zaffar
Mohammed Fazal		

Against Motions 2-5 (25)

Deirdre Alden	Eddie Freeman	Simon Morrall
Robert Alden	Adam Higgs	David Pears
David Barrie	Charlotte Hodivala	Julien Pritchard
Bob Beauchamp	Timothy Huxtable	Gary Sambrook
Matt Bennett	Meirion Jenkins	Ron Storer
Debbie Clancy	Bruce Lines	Suzanne Webb
Maureen Cornish	Ewan Mackey	Ken Wood
Adrian Delaney	Gareth Moore	Alex Yip
Peter Fowler		

Abstentions (6)

Baber Baz	Jon Hunt	Paul Tilsley
Roger Harmer	Morriam Jan	Mike Ward

City Council – 26 February 2019

Motion 6 was put to the vote and, by the recorded vote set out below, was declared to be carried.

For Motion 6 (55)

Muhammad Afzal	Jayne Francis	Majid Mahmood
Akhlaq Ahmed	Peter Griffiths	Karen McCarthy
Mohammed Aikhlaq	Fred Grindrod	Saddak Miah
Alex Aitken	Kath Hartley	Brett O'Reilly
Tahir Ali	Mahmood Hussain	John O'Shea
Olly Armstrong	Mohammed Idrees	Robert Pocock
Gurdial Singh Atwal	Ziaul Islam	Hendrina Quinnen
Mohammed Azim	Kerry Jenkins	Carl Rice
Kate Booth	Julie Johnson	Lou Robson
Sir Albert Bore	Brigid Jones	Kath Scott
Nicky Brennan	Josh Jones	Lucy Seymour-Smith
Marje Bridle	Nagina Kauser	Mike Sharpe
Tristan Chatfield	Zaheer Khan	Sybil Spence
Liz Clements	Narinder Kaur Kooner	Martin Straker Welds
John Cotton	Chaman Lal	Sharon Thompson
Phil Davis	Mike Leddy	Lisa Trickett
Diane Donaldson	Keith Linnecor	Ian Ward
Barbara Dring	Mary Locke	Waseem Zaffar
Mohammed Fazal		

Against Motion 6 (32)

Deirdre Alden	Eddie Freeman	Simon Morrall
Robert Alden	Roger Harmer	David Pears
David Barrie	Adam Higgs	Julien Pritchard
Baber Baz	Charlotte Hodivala	Gary Sambrook
Bob Beauchamp	Jon Hunt	Ron Storer
Matt Bennett	Timothy Huxtable	Paul Tilsley
Zaker Choudhry	Morriam Jan	Mike Ward
Debbie Clancy	Meirion Jenkins	Suzanne Webb
Maureen Cornish	Bruce Lines	Ken Wood
Adrian Delaney	Ewan Mackey	Alex Yip
Peter Fowler	Gareth Moore	

Abstentions (0)

City Council – 26 February 2019

Motion 7 was put to the vote and, by the recorded vote set out below, was declared to be carried.

For Motion 7 (63)

Muhammad Afzal	Jayne Francis	Majid Mahmood
Akhlaq Ahmed	Peter Griffiths	Karen McCarthy
Mohammed Aikhlaq	Fred Grindrod	Saddak Miah
Alex Aitken	Roger Harmer	Brett O'Reilly
Tahir Ali	Kath Hartley	John O'Shea
Olly Armstrong	Jon Hunt	Robert Pocock
Gurdial Singh Atwal	Mahmood Hussain	Julien Pritchard
Mohammed Azim	Mohammed Idrees	Hendrina Quinnen
Baber Baz	Ziaul Islam	Carl Rice
Kate Booth	Morriam Jan	Lou Robson
Sir Albert Bore	Kerry Jenkins	Kath Scott
Nicky Brennan	Julie Johnson	Lucy Seymour-Smith
Marje Bridle	Brigid Jones	Mike Sharpe
Tristan Chatfield	Josh Jones	Sybil Spence
Zaker Choudhry	Nagina Kauser	Martin Straker Welds
Liz Clements	Zaheer Khan	Sharon Thompson
John Cotton	Narinder Kaur Kooner	Paul Tilsley
Phil Davis	Chaman Lal	Lisa Trickett
Diane Donaldson	Mike Leddy	Ian Ward
Barbara Dring	Keith Linnecor	Mike Ward
Mohammed Fazal	Mary Locke	Waseem Zaffar

Against the Motion 7 (24)

Deirdre Alden	Peter Fowler	Gareth Moore
Robert Alden	Eddie Freeman	Simon Morrall
David Barrie	Adam Higgs	David Pears
Bob Beauchamp	Charlotte Hodivala	Gary Sambrook
Matt Bennett	Timothy Huxtable	Ron Storer
Debbie Clancy	Meirion Jenkins	Suzanne Webb
Maureen Cornish	Bruce Lines	Ken Wood
Adrian Delaney	Ewan Mackey	Alex Yip

Abstentions (0)

City Council – 26 February 2019

Motion 8 was put to the vote and, by the recorded vote set out below, was declared to be carried.

For Motion 8 (54)

Muhammad Afzal	Mohammed Fazal	Majid Mahmood
Akhlaq Ahmed	Peter Griffiths	Karen McCarthy
Mohammed Aikhlaq	Fred Grindrod	Saddak Miah
Alex Aitken	Kath Hartley	Brett O'Reilly
Tahir Ali	Mahmood Hussain	John O'Shea
Olly Armstrong	Mohammed Idrees	Robert Pocock
Gurdial Singh Atwal	Ziaul Islam	Hendrina Quinnen
Mohammed Azim	Kerry Jenkins	Carl Rice
Kate Booth	Julie Johnson	Lou Robson
Sir Albert Bore	Brigid Jones	Kath Scott
Nicky Brennan	Josh Jones	Lucy Seymour-Smith
Marje Bridle	Nagina Kauser	Mike Sharpe
Tristan Chatfield	Zaheer Khan	Sybil Spence
Liz Clements	Narinder Kaur Kooner	Martin Straker Welds
John Cotton	Chaman Lal	Sharon Thompson
Phil Davis	Mike Leddy	Lisa Trickett
Diane Donaldson	Keith Linnecor	Ian Ward
Barbara Dring	Mary Locke	Waseem Zaffar

Against the Motion 8 (33)

Deirdre Alden	Jayne Francis	Gareth Moore
Robert Alden	Eddie Freeman	Simon Morrall
David Barrie	Roger Harmer	David Pears
Baber Baz	Adam Higgs	Julien Pritchard
Bob Beauchamp	Charlotte Hodivala	Gary Sambrook
Matt Bennett	Jon Hunt	Ron Storer
Zaker Choudhry	Timothy Huxtable	Paul Tilsley
Debbie Clancy	Morriam Jan	Mike Ward
Maureen Cornish	Meirion Jenkins	Suzanne Webb
Adrian Delaney	Bruce Lines	Ken Wood
Peter Fowler	Ewan Mackey	Alex Yip

Abstentions (0)

Motion 9 as amended was put to the vote and, by the recorded vote set out below, was declared to be carried.

For Motion 9 as amended (55)

Muhammad Afzal	Jayne Francis	Majid Mahmood
Akhlaq Ahmed	Peter Griffiths	Karen McCarthy
Mohammed Aikhlaq	Fred Grindrod	Saddak Miah
Alex Aitken	Kath Hartley	Brett O'Reilly
Tahir Ali	Mahmood Hussain	John O'Shea
Olly Armstrong	Mohammed Idrees	Robert Pocock
Gurdial Singh Atwal	Ziaul Islam	Hendrina Quinnen
Mohammed Azim	Kerry Jenkins	Carl Rice
Kate Booth	Julie Johnson	Lou Robson
Sir Albert Bore	Brigid Jones	Kath Scott
Nicky Brennan	Josh Jones	Lucy Seymour-Smith
Marje Bridle	Nagina Kauser	Mike Sharpe
Tristan Chatfield	Zaheer Khan	Sybil Spence
Liz Clements	Narinder Kaur Kooner	Martin Straker Welds
John Cotton	Chaman Lal	Sharon Thompson
Phil Davis	Mike Leddy	Lisa Trickett
Diane Donaldson	Keith Linnecor	Ian Ward
Barbara Dring	Mary Locke	Waseem Zaffar
Mohammed Fazal		

Against the Motion 9 as amended (32)

Deirdre Alden	Eddie Freeman	Simon Morrall
Robert Alden	Roger Harmer	David Pears
David Barrie	Adam Higgs	Julien Pritchard
Baber Baz	Charlotte Hodivala	Gary Sambrook
Bob Beauchamp	Jon Hunt	Ron Storer
Matt Bennett	Timothy Huxtable	Paul Tilsley
Zaker Choudhry	Morriam Jan	Mike Ward
Debbie Clancy	Meirion Jenkins	Suzanne Webb
Maureen Cornish	Bruce Lines	Ken Wood
Adrian Delaney	Ewan Mackey	Alex Yip
Peter Fowler	Gareth Moore	

Abstentions (0)

Therefore it was-

19178

RESOLVED:-

1. **Revenue Budget**

That the revenue budget for the financial year commencing on 1st April 2019 of £851.590m, including the budget allocations to the various Directorates of the Council, as set out in Appendix J to the Financial Plan 2019 – 2023, be approved subject to any revision needed in the light of the ongoing and further planned consultations and equalities assessments on individual savings proposals.

2. Council Tax Requirement

That the following calculations be now made in accordance with Section 31A of the Local Government Finance Act 1992, for the financial year commencing on 1st April 2019:

	£
a. aggregate of estimated City Council expenditure, contingencies, and contributions to financial reserves	3,113,523,893
b. Parish Precepts	1,882,539
c. aggregate of estimated income (including Top-Up Grant), and use of financial reserves	(2,312,589,811)
d. net transfers to/(from) the Collection Fund in relation to Business Rates	(453,540,177)
e. Transfer to/(from) the Collection Fund in relation to Council Tax	0
f. Council Tax Requirement, being the aggregate of (a) to (e) above	349,276,444

3. Council Tax - Basic Amount

That the Basic Amount of Council Tax for the financial year commencing on 1st April 2019 be set at £1,388.33, pursuant to the formula in Section 31B of the Local Government Finance Act 1992, being the Council Tax Requirement of £349,276,444 divided by the Council Tax Base of 251,580 Band D properties.

4. Council Tax – City Council and Parish Precepts

- (i) That the basic amount of Council Tax for City Council services for the financial year commencing on 1st April 2019 be set at £1,380.85 pursuant to the formula in Section 34(2) of the Local Government Finance Act 1992:

	£	£
a. Basic Amount calculated under Section 31B		1,388.33
LESS		
b. Parish precepts	1,882,539	
DIVIDED BY		
City Council Tax base	251,580	<u>7.48</u>
		1,380.85

City Council – 26 February 2019

- (ii) That, pursuant to Section 52ZB of the Local Government Finance Act 1992, the Basic Amount of Council Tax for City Council services is not excessive in relation to determining whether a referendum is required on the level of Council Tax.
- (iii) That the basic amount of Council Tax for New Frankley in Birmingham Parish for the financial year commencing on 1st April 2019 be set at £1,403.94 pursuant to the formula in Section 34(3) of the Local Government Finance Act 1992:

	£	£
a. Basic Amount calculated under Section 34(2)		1,380.85
PLUS		
b. The New Frankley in Birmingham Parish precept	31,221	
DIVIDED BY		
The tax base for New Frankley in Birmingham Parish	1,352	
		<u>23.09</u>
		1,403.94

- (iv) That the basic amount of Council Tax for the Royal Sutton Coldfield Town Council for the financial year commencing on 1st April 2019 be set at £1,430.81 pursuant to the formula in Section 34(3) of the Local Government Finance Act 1992:

	£	£
a. Basic Amount calculated under Section 34(2)		1,380.85
PLUS		
b. The Royal Sutton Coldfield Parish Council precept	1,851,318	
DIVIDED BY		
The tax base for Royal Sutton Coldfield Town Council	37,056	
		<u>49.96</u>
		1,430.81

5. **Council Tax - Total**

That, in accordance with Section 30 of the Local Government Finance Act 1992, the amounts of Council Tax set for the financial year commencing on 1st April 2019 for each category of dwelling listed within a particular valuation band, shall be calculated by adding:

- a. the amount given by multiplying the basic amount of Council Tax for the relevant area by the fraction whose numerator is the proportion applicable to dwellings listed in a particular valuation band, and whose denominator is the proportion applicable to dwellings listed in valuation Band D; to

- b. the amounts which are stated in the final precepts issued by the West Midlands Fire and Rescue Authority and the West Midlands Police and Crime Commissioner; and shall be:

Band	Council Tax Areas without a Parish Council £	Council Tax New Frankley in Birmingham Parish £	Council Tax Royal Sutton Coldfield Town £
A	1,062.67	1,078.06	1,095.97
B	1,239.77	1,257.73	1,278.63
C	1,416.88	1,437.41	1,461.29
D	1,594.00	1,617.09	1,643.96
E	1,948.23	1,976.45	2,009.29
F	2,302.44	2,335.79	2,374.61
G	2,656.67	2,695.15	2,739.93
H	3,188.00	3,234.18	3,287.92

6. **Capital Strategy and Programme and Treasury Management**

That the proposals, as set out in Appendices L - V of the Financial Plan 2019 – 2023, be approved for:

- a) Capital Programme
 - b) Prudential Indicators
 - c) Treasury Management
 - d) Service and Commercial Investment Strategy
- and, as set out in Appendix I, for:
- e) Flexible Use of Capital Receipts Strategy

7. **Pay Policy**

That in fulfilment of the requirements of Sections 38 to 43 of the Localism Act 2011, the Pay Policy Statement, as set out in Appendix W, be approved.

8. **Fees and Charges**

That the schedule of fees and charges as set out in Appendix X, Annex 1, be approved.

9. **Financial Plan 2019 – 2023**

That the Financial Plan 2019 – 2023 be approved.

Council further re-affirms the principles agreed by Council in relation to the Commonwealth Games on 1 November 2016 including:-

- The commitment in January 2018's report that there should be "no prejudice" to day-to-day services or to council taxpayers;

City Council – 26 February 2019

- A commitment to transparency around finances and planning that will include regular updates to Council as well as to the wards directly affected by the event.

Council further agrees to work with the Commonwealth Games Federation and the Commonwealth itself to enable the development of new funding models for the Games, noting the huge significance of the event for the Commonwealth as a family of nations and peoples.

The meeting ended at 1921 hours.

APPENDIX

Questions and replies in accordance with Standing Order 10.2.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
DEBBIE CLANCY**

A1 Representing Birmingham in the Midlands

Question:

On how many occasions since 2012 has a Chair of Scrutiny withheld agreement for a Cabinet Report to be taken as a late/urgent item?

Answer:

I am not aware of any Chair of Scrutiny withholding agreement for a Cabinet report to be taken as a late/urgent item.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
RON STORER**

A2 Unite Hotel

Question:

At a meeting of the Governance, Resources and Customer Services Overview and Scrutiny Committee on 4 April 2014, a call-in was considered regarding the sale of land at Jennings Road, Eastside to Unite the Union for the building of a hotel and conference centre. The public minutes of that meeting do not contain any declarations of interest – pecuniary or non-pecuniary – of any Councillor in attendance at that meeting. What interests were declared at that meeting and at the Cabinet meeting where the decision was taken and by whom, including whether those interests were declared as pecuniary or non-pecuniary?

Answer:

At the Governance, Resources and Customer Services Overview and Scrutiny Committee on 4 April 2014, non-pecuniary interests were declared by Councillors Carl Rice, Ian Ward, Des Hughes, Ansar Ali Khan and Jess Phillips, as they were members of the Unite Trades Union. These are recorded on the private minutes.

At the Cabinet meeting on 17 March 2014, declarations of interest (non-pecuniary) were declared by Councillors Ian Ward, Stewart Stacey and John Cotton as members of Unite the Union.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
PETER FOWLER**

A3 Unite Hotel 2

Question:

What was the total cash received by Birmingham City Council from Unite the Union for the sale of land at Jennings Road, broken down by date of receipt of deposit and any instalments or lump sum of the remaining balance?

Answer:

The City Council have received a premium of £1.95m from Unite the Union.

A deposit of 10% (£195,000) was received on 12/03/2015.

The balance of £ 1,755,000 was received on 17th July 2015.

There are no further instalments or lump sum remaining as the balance has been paid in full on the 17th July 2015.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
ADAM HIGGS**

A4 Unite Hotel 3

Question:

What ground rent is paid by Unite the Union for the land leased to them by the Council at Jennings Road Eastside?

Answer:

There is no ground rental payable by Unite the Union for the lease of the land. The Union paid a premium of £1.95m for the lease in July 2015.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
ADRIAN DELANEY**

A5 PBL Ground Rent

Question:

How much does Performance Birmingham Ltd pay in ground rent for the lease of Town Hall and Symphony Hall?

Answer:

PBL currently pay a basic rent of £46,176.00 per annum with additional service charge contribution of £483,062.44 per annum and cover the cost of utilities in the sum of £230,563.76 per annum. Service charge and utility costs are variable.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
GARY SAMBROOK**

A6 Dispensation for conflicts of interests

Question:

On what date was dispensation given by the Independent Chair of Standards Committee for Members of Cabinet to be able to vote on the waste dispute item at both the 15 January and 12 February Cabinet Meetings given pecuniary interests of some members who have received sponsorship from Unite the Union?

Answer:

In respect of the Cabinet meeting on 15th January no dispensation was sought.

In respect of the Cabinet meeting on 12th February the dispensation was given on 11th February 2019 due to additional options arising from developing ACAS negotiations.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
TIM HUXTABLE**

A7 Previous Written Questions

Question:

Written Questions A18 and A24 to Full Council on 5 February 2019 were not answered in time for the meeting but a written response was promised in due course. Are you now able to answer both those questions?

Answer:

Yes - answers below:-

A18 CITY COUNCIL – 5 FEBRUARY 2019

**WRITTEN QUESTION TO THE LEADER FROM COUNCILLOR
TIM HUXTABLE**

“2012 Cabinet Decision”

Question:

In response to question D11, we were told decisions contained within the 26 March 2012 Cabinet Report ‘Fleet and Waste Management – Future Operating Model and Service Redesign’ were impacted by subsequent changes within fleet and waste. Some of the decisions in that Cabinet report related to wider workforce issues and not specifically fleet and waste. Can you confirm that they were fully implemented?

Answer:

Since 2012, Bulky Waste has been reviewed, Clinical Waste has been redefined, Refuse Collection working patterns have been changed and savings have been implemented. The only remaining outstanding action was the implementation of the Future Operating Model (FOM). A new FOM was partially implemented in 2017 and currently this is being developed to align with the Street Scene Service within Neighbourhoods.

A24 CITY COUNCIL – 5 FEBRUARY 2019

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL
FROM COUNCILLOR PETER FOWLER**

“2012 Cabinet Decision 2”

Question:

With reference to the response to Question D11 from January Council, given this was now 6 years ago and you have confirmed that at least some of the recommendations were not taken forward following the change in Administration shortly after, they would no longer be private and confidential. Can all recommendations decided on in the private report of March 2012 but not implemented now please be published, along with any others that, due to the passage of time are no longer classified as confidential?

Answer:

The only recommendation not fully implemented from the 2012 Cabinet report was the implementation of the Future Operating Model. This was partially implemented in 2017.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
ROBERT ALDEN**

A8 Use of Reserves

Question:

At the January Cabinet meeting you said you had seen a copy of a letter from the Secretary of State expressing support for *your* policy of developing a budget that does not rely on reserves. That letter was in response to a letter from Liam Byrne MP who wrote to James Brokenshire asking why the Government had blocked the council from accessing its reserves, a claim he repeated in another letter from him and 6 other Birmingham MPs to yourself objecting to your changes to the Enablement Service. Can you confirm if there is a ministerial block on the City's use of reserves or if, as you have repeatedly claimed yourself, that it is your own choice to not rely on reserves in recognition of the unsustainability of the approach you have taken in the previous 3 years?

Answer:

The letter I was referring to is the Secretary of State's letter to myself and John Crabtree, Chair of the Birmingham Improvement Panel dated 12 September 2018.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
SIMON MORRALL**

A9 Dispensation for pecuniary interest

Question:

Can you provide a copy of the (dated) request for dispensation to Chair of Standards, along with a copy of the (dated) dispensation granted by the Chair of Standards for any pecuniary interests during consideration of the waste management dispute at any of the Cabinet meetings or the Scrutiny call-in meeting where it has been discussed?

Answer:

Dispensations are published on CMIS.

I am advised that the monitoring officer does not propose to provide a copy of the request for dispensation; a Members Register of Interest is a public document and the disclosable pecuniary is set out in that document.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
CHARLOTTE HODIVALA**

A10 Partner Contributions to Commonwealth Games

Question:

How much of the c£30m partner contributions to the 25% local share of the commonwealth games has currently been formally committed, broken down by individual partner, the amount they have committed and the date this was formally approved by their respective decision making board?

Answer:

£45m has to date been provisionally committed by the West Midland Combined Authority and the GBS LEP respectively subject to the City Council meeting funding conditions. Discussions remain ongoing with a range of partners including Universities, regional LEPs and the Midlands Engine to secure the remaining £30m contributions in line with indicative estimates provided at the time of the successful bid for the Games.

The 25% local contribution to the overall cost of the Games assumes that the partner contributions are not received until 2021/22 and 2022/23.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
DAVID BARRIE**

A11 Games Tax

Question:

The Council is reportedly still exploring options for additional taxes such as a hotel tax, workplace parking levy and an airport tax to fund the Commonwealth Games. If any of these taxes were levied which element of the 25% local contribution would they fund? i.e. revenue or capital and the money already committed by the council or any potential shortfall in partner contributions?

Answer:

Partner funding commitments almost exclusively relate to capital expenditure., The Council remains committed to securing the full amount of partner contributions that were promised at the time of the successful bid for the Commonwealth Games, but it is acknowledged that there is a risk that some bodies may not honour their commitments and if this occurred, there would be a capital funding shortfall. Any gap created would be filled either by seeking alternative sources of funding or through prudential borrowing.

Additional sources of funding such as hotel tax, a workplace parking levy and/or an airport tax are actively being sought. In the first instance, any funding raised from these alternative sources would be used to offset any shortfall in partner contributions, with any remaining additional funding used to reduce the Council's current assumed revenue contribution to the games.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
MEIRION JENKINS**

A12 European Fund Managers

Question:

What work is the Council doing to attract European Fund Managers, given the well paid employment opportunities this would bring, to relocate to Birmingham post Brexit?

Answer:

Despite the complexity of Brexit, the UK is still a hub for investment management expertise and an attractive centre for fund management activity in Europe.

London is the centre for fund management activity, however there is an upward trend in the level of investment interest in Birmingham, driven by infrastructure investment and large scale regeneration.

By continuing to promote the City on an international stage, including MIPIM and through investment missions to the Far East, we are showcasing the opportunities for overseas funds to view the City as a credible place to relocate and do business.

We are also working with the West Midlands Growth Company on their regional inward investment strategy, actively engaging with foreign and UK owned companies within the business and professional sector to promote the City as a place to relocate.

**WRITTEN QUESTION TO THE LEADER OF THE COUNCIL FROM COUNCILLOR
GARETH MOORE**

A13 Bin Dispute

Question:

Does the Leader of the Council think it is helpful to the Council's defence to have Labour Groups on neighbouring local Councils hold meetings which include banners praising the ongoing bin disputes over the last two years, as shown on twitter over the last month?

Answer:

Everyone is entitled to their own views. At the moment our focus is on resolving the dispute.

WRITTEN QUESTION TO THE CABINET MEMBER FOR CLEAN STREETS, WASTE AND RECYCLING FROM COUNCILLOR MAUREEN CORNISH

B1 External waste collection staff use of vehicles

Question:

Your press statements on the Unite claims of a breach of the MOU state that all contractors have been using their own vehicles, staff and fuel. However there have been claims on social media of external waste collection crews being seen leaving the depots in BCC wagons. Are you able to categorically state that your press statements are accurate and that on no occasion during the current industrial dispute have external crews used BCC wagons (or if you need to correct your press statement on how many occasions has this happened?

Answer:

I can confirm none of the contractor's staff have used any of BCC vehicles.

**WRITTEN QUESTION TO THE CABINET MEMBER FOR CLEAN STREETS, WASTE
AND RECYCLING FROM COUNCILLOR DEBBIE CLANCY**

B2 External waste collection staff- firms used

Question:

Please list all external providers used by the council for any type of waste collection since 29 December 2018?

Answer:

To date (22.02.19) only FCC Environmental has been used to collect household waste since 29th December 2018.

**WRITTEN QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES
FROM COUNCILLOR SIMON MORRALL**

C1 Gardening Leave

Question:

How many staff in JNC grade posts have taken ‘gardening leave’ in the last 6 years, broken down by the number whose leave lasted:

- **0-3 Months**
- **3-6 Months**
- **6-12 Months**
- **12 Months +**

Answer:

There is no contractual right in contracts of employment for employees at JNC grades to receive garden leave. Any such leave arrangements are determined as part of an exit agreement, and are therefore confidential.

**WRITTEN QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES
FROM COUNCILLOR EDDIE FREEMAN**

C2 Invoice to ESN Services Ltd

Question:

A very late response to a Freedom of Information Request that appears on the Whatdotheyknow website shows an invoice for £13,747.75 was paid by the Council to ESN Service Ltd on 15 August 2018. I am unable to find details of that payment on the council's open data site, which is supposed to detail all invoices over £500. Can you please provide details of the invoice, including what it was for and who authorised it?

Answer:

The payment was not to ESN Service Ltd but payment to ESN Solicitors Ltd. In this particular case the Solicitors are acting on behalf of a private individual and payment is subject to VAT because it is not a payment for services, therefore it is not included in the open data site.

**WRITTEN QUESTION TO THE CABINET MEMBER FOR FINANCE RESOURCES
FROM COUNCILLOR BOB BEAUCHAMP**

C3 Corporate Directors

Question:

On what date did the roles of Corporate Director of Place and Chief Operating Officer become vacant?

Answer:

Neither of these roles are vacant –

As part of the recent JNC restructure:

- The Corporate Director Place has been renamed to Director Neighbourhoods
- The Chief Operating Officer role has been deleted from the structure

**WRITTEN QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES
FROM COUNCILLOR PETER FOWLER**

C4 Lendlease

Question:

Are Lendlease signatories to the Birmingham Business Charter for Social Responsibility?

Answer: Yes, they were accredited on 8th January 2019.

**WRITTEN QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES
FROM COUNCILLOR RON STORER**

C5 Parking

Question:

What is the total income received to date for parking in Cannon Hill Park since charges were introduced?

Answer:

Gross income to date i.e. before MAC profit share arrangements, excluding VAT & all running costs = £487,832 as at 19th February 2019. The 'go-live' date was 6th October 2017.

**WRITTEN QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES
FROM COUNCILLOR CHARLOTTE HODIVALA**

C6 Parking 1

Question:

How much of the revenue from parking at Cannon Hill Park has been paid to the Mac since charges were introduced?

Answer:

£45,877 (net of VAT) has been paid to date, being the 2017/18 profit share.

**WRITTEN QUESTION TO THE CABINET MEMBER FOR FINANCE AND RESOURCES
FROM COUNCILLOR DAVID PEARS**

C7 Parking 2

Question:

What are the medium and long term financial forecasts and costs for the proposal to extend parking charges at Sutton Park (including all associated measures around the park such as TROs)?

Answer:

Council officers are currently working on the different project design elements and associated costs and hope to have agreed costings by the middle of March. These costs will then inform the Full Business Case. The capital costs for the project will be covered through Prudential Borrowing, to be repaid over a term of between 10 -15 years.

Public consultation has yet to take place. This consultation will influence and inform the requirement for, and scale of, any TROs should they be required to supplement the existing traffic restrictions on surrounding roads.

Annual income will be included in the final business case and will be based on an overview of current parking income, visitor numbers and available car parking spaces.

WRITTEN QUESTION TO THE CABINET MEMBER FOR TRANSPORT AND ENVIRONMENT FROM COUNCILLOR ADAM HIGGS

D Future Tenders

Question:

The previous Cabinet Member for Finance and Resources stated at the Cabinet meeting of 18 September 2018 that they approved the Council exercising its right to exclude Amey LG from future council tenders. When was this implemented?

Answer:

The decision has not yet been implemented.

REPORT OF THE COUNCIL BUSINESS MANAGEMENT COMMITTEE

ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL

2018-19

A. INTRODUCTION

1. The Annual Report of the Independent Remuneration Panel was discussed at the Council Business Management Committee meeting of 18 March 2019 and a copy of the Panel's Report is attached as an Appendix to this Report.
2. The Panel has worked consistently within the requirements of the Local Government Act 2000 and the accompanying Statutory Guidance and Regulations on Councillors' allowances.
3. The City Council must have regard to the recommendations of an Independent Remuneration Panel before it can set up or amend its Members' Allowances Scheme. The Council is, of course, free to accept the Panel's recommendations in full, in part, or not all.

B. PANEL'S RECOMMENDATIONS

4. The Panel, having considered a range of evidence, is recommending that the link to the ASHE (Annual Survey of Hours and Earnings, place of work by local authority area (Birmingham) for a full time male comparator) is re-established. To move straight to the ASHE 2018 figure would result in a 10% rise on the 2017/18 basic allowance. The Panel's intention however, is to bring the basic allowance back to parity with ASHE over the remaining years of this four year electoral term.
5. The Panel therefore recommends that for the next municipal year (May 2019 to May 2020) the basic allowance increases by 4%, with future years increases to be determined by the Panel on an annual basis. This figure is in line with the 2% increase in the ASHE figures (between 2017 and 2018 the ASHE figures increased by 1.7%) plus a 2% step-up to start to bring the allowance in line with the ASHE figure.
6. The Panel received limited evidence on special responsibility allowances and were of the view that the approach outlined above should be taken, i.e. to bring the allowances back in line with the comparator. Therefore, the Panel recommends an increase of 4% within the current banding.

MOTION

The recommendations made by the Independent Remuneration Panel on Page 4 of its Annual Report be accepted and implemented with effect from 21 May 2019.



COUNCILLORS' ALLOWANCES

Annual Report of the Birmingham Independent Remuneration Panel 2018-2019

MARCH 2019

ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL

2018-2019

BIRMINGHAM CITY COUNCIL

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FOREWORD

Local government operates and delivers services locally but within a setting which is influenced by national, European and global matters. This year the Panel's report is written against a backdrop of continuing financial complexities and challenges for all Councillors across local government. Here in Birmingham, Councillors are responsible for decisions which will impact on the UK and affect Birmingham's economy, environment and civil society for many years to come.

In May 2018 Birmingham also had the added challenge of implementing new governance arrangements – with Councillors now being elected for a four year term of office, new ward boundaries and each ward being represented by either a single Councillor or two, previously there were three per ward. Birmingham now has 101 Councillors representing 69 wards; previously there were 120, representing 40 wards.

In considering our final recommendations to Birmingham City Council, the Panel took into account a broad range of issues, including comparators to core cities. We also took evidence from Councillors holding office as well as backbenchers, Councillors who had represented Birmingham for a number of years and those elected for their first term.

The written and verbal evidence we received confirms that the responsibilities and indeed workload of Councillors continue to become more complex. This includes attending meetings and events as a representative of the Council with local and national partners; together with work undertaken at ward level. Increasingly citizens use social media to contact Councillors and expect rapid responses to the issues they raise.

Whilst the basic allowance paid to Councillors in Birmingham does not and should not represent a wage, the Panel believes that it should keep pace with increases in local income levels and not be subject to year on year reductions in real terms. Whilst very mindful of the financial pressures the Council is dealing with, we are recommending that the basic allowance and special responsibility allowance is increased in line with the Annual Survey of Hours and Earnings (ASHE, the measure/comparator adopted by the Panel in 2013) and also that a demonstrable commitment to the comparator is re-established. To move straight to the ASHE 2018 figure would result in a 10% rise on the 2017/18 basic allowance. The Panel's intention, however, is to bring the basic allowance back to parity with ASHE over the remaining years of this four year electoral term.

I would like to thank all those Councillors and officers who gave evidence for their valuable contributions; and to Ingrid Whyte, Senior Finance & Purchasing Officer (Democratic Services) and Emma Williamson, Head of Scrutiny Services, for their help in producing this report.

Rose Poulter, Chair
March 2019

RECOMMENDATIONS

1. The Basic Allowance increases by 4% to £17,227.00.
2. The Special Responsibility Allowances increase by 4% (as shown in Appendix 1).
3. The co-optee allowances increase by 2% (as shown in Appendix 1).
4. The independent carers' allowance (hourly rate) continues to be raised in line with the Living Wage, currently at £9.00 per hour, and that this allowance remains linked to the Living Wage in future years.
5. The professional care allowance (hourly rate) continues to be raised in line with the Council's rate for a Care Assistant (Grade 2 post) taking the mid-range spinal point, currently at £9.44 (at time of writing).
6. Travel expenses and Subsistence Allowances continue to reflect the Council's Scheme for officers.

MEMBERS' ALLOWANCES

1. Background

The City Council has an Independent Remuneration Panel which is made up of people independent from the Council. The City Council may only pay allowances and expenses after first considering a report from its Independent Remuneration Panel. It is for the Council to decide on the Members' Allowances Scheme that is put in place, having regard to the Panel's recommendations.

The Panel is well-established, having been formed by the City Council at its meeting on 3 July 2001. It has made a number of recommendations to the City Council over the years on Members' Allowances and Expenses. In 2012/13 it carried out a "root and branch" review of allowances and, in recent years, has also made reports to the New Frankley in Birmingham Parish Council and the Royal Sutton Coldfield Town Council.

Last year the Panel was asked to consider maternity/paternity/adoption leave for Members, and the Panel agreed that such a policy should be implemented. A policy was introduced and adopted by the City Council, following the recommendation, as set out in the Members' Allowances Scheme.

The Panel has eight members, four of which are citizen representatives, two are appointed and two are co-opted, non-voting, members drawn from former Councillors of the City Council.

2. 2018/19 Annual Report

This report is the Panel's annual report for the allowance scheme for 2019/20. The Panel met on a regular basis between September 2018 and February 2019 to consider evidence for the 2019/20 allowance scheme, and based the recommendations on fairness, from the information received.

3. Basic Allowance

As in previous years, the Panel has worked within the requirements of the Local Government Act 2000 and the accompanying Guidance and Regulations on members' allowances in making its recommendations for 2019/20.

The Panel reaffirms the principles of the Birmingham Members' Allowances Scheme set out in previous reports. The key factors which the Panel takes into account remain:

1. The promotion of a healthy democracy by reducing financial disadvantage as a barrier to people from a wide range of backgrounds and a wide range of skills standing for election or serving as Councillors.
2. The maintenance of an ethic of voluntary public service and the need to reflect this within the Basic Allowance (BA) paid to all Councillors.
3. Councillors should not expect nor receive a full-time salary.

The Basic Allowance covers the following range of activities

- ◆ Representative role including acting as an advocate for the interests of the ward, dealing with constituents' enquiries or representations, active participation in the

shaping and management of services devolved to a local level and attendance at meetings of local organisations.

- ◆ City Council and Committee work including preparation for and attendance at meetings, interview panels, appeals, visits, seminars and conferences, service on or chairing ward forums and participation on other bodies relating to the work of the City Council.
- ◆ Service as the representative of the City Council or its Committees on outside bodies for which no separate remuneration is made.
- ◆ The time element of the Basic Allowance based on a gross commitment of no more than 3 days per week with a public service discount of 25%.

Our deliberations have been informed by the definition of the role of the Councillor as set out in the Constitution¹ and we have given this due regard in adopting it as a framework, while retaining the above.

4. Setting the 2019/2020 Basic Allowance

The “root and branch” review of the basic allowance (October 2013) proposed that the ASHE (Annual Survey of Hours and Earnings), place of work by local authority area (Birmingham) for a full time male, is used to set the basic allowance. However, over the years that link has been eroded by smaller increases than the ASHE figures would have justified. The Panel has been reluctant to recommend an increase in years 2009 to 2017 to the Council due to the continuing budget pressures which have impacted on the Council's capacity to maintain the level of services previously provided to citizens. Thus the Council accepted the Panel's advice to either maintain or increase the basic allowance by 1 or 2% over the six years in question. As a consequence, this year the figures show a gap of just under £2,000 (see Table 1).

Table 1: Basic Allowance and ASHE

	CURRENT RATE	ASHE 2018	PROPOSED RATE	
<i>Gross min. time (3 days x 52 weeks)</i>	156.00	156.00	156.00	<i>days p.a.</i>
<i>x Baseline per day</i>	135.70	150.18	141.13	
Gross Rate	21,169.20	23,428.08	22,016.28	
<i>Less public service discount 25%</i>	5,292.30	5,857.02	5,504.07	
TIME ELEMENT	15,876.90	17,571.06	16,512.21	
ADDITIONAL EXPENSES ELEMENT	715.00	715.00	715.00	
BASIC ALLOWANCE	16,592.00	18,286.00	17,227.00	<i>Rounded</i>

As in previous years and before coming to a conclusion for the 2019/20 year, the Panel invited evidence from a number of sources, including face to face meetings with the Leader and Deputy Leader of Labour, Deputy Leader of the Conservatives and Deputy Leader of the Liberal Democrats, written submissions and face to face meetings with newly elected and re-elected Councillors, including those from single and two member wards, and the Chief Executive.

¹ Birmingham City Council, September 2018

The main messages were as follows, with further detail in Appendix 2:

- The responsibilities and workloads of all Councillors continue to increase - this has been exacerbated by the change in ward boundaries, resulting in a reduction to 101 councillors (previously 120) and the corresponding switch to single or two member wards from three member wards in May 2018.
- As society is continually relying on social media as a key means of communication so too are citizens as a means of communicating with Councillors. With this comes an expectation that Councillors should deal with citizen queries, issues and problems swiftly.
- Services previously available to citizens such as CAB, Age UK etc. and indeed services provided by the Council and other public sector providers have seen further cutbacks and decline, resulting in more people seeking assistance from their local Councillors.

In addition whilst the schemes for Councillors Allowances are not permitted to act as an incentive to being a Councillor, they should not be a financial disincentive, nor only open to those with independent means. In this context the Panel was also minded of the desirability to have a Council which reflects Birmingham's growing, diverse and young population. And whilst the basic allowance for Councillors in Birmingham does not and should not represent a wage, the Panel believe that it should not be subject to year on year reductions in real terms.

The Panel also reviewed other core city allowances, noted that Birmingham Councillors are on average responsible for 11,259 citizens, compared to Manchester 5,682, Liverpool 5,461 and Wolverhampton 4,332, and recognised relevant matters noted in the Kerslake Report including the role of Councillors as community leaders.

This year, the gap was such that the Panel was faced with two options either reconsider its chosen comparator or restore the link. The Panel, having considered all the evidence (including the impact of boundary changes on Councillors), agreed to re-establish the link to the comparator.

To move straight to the ASHE 2018 figure would result in a 10% rise on the 2017/18 basic allowance. The Panel's intention however, is to bring the basic allowance back to parity with ASHE over the remaining years of this four year electoral term.

The Panel therefore recommends:-

That for the next municipal year (May 2019 to May 2020) the basic allowance increases by 4%, with future years increases to be determined by the Panel on an annual basis. This figure is in line with the 2% increase in the ASHE figures (between 2017 and 2018 the ASHE figures increased by 1.7%) plus a 2% step-up to start to bring the allowance in line with the ASHE figure. This is a reasonable move this year all other factors being taken into account, with future years increases to be determined by the Panel on an annual basis.

5. Special Responsibility Allowances (SRA)

The Panel received limited evidence on special responsibility allowances and was of the view that the approach outlined above should be taken, i.e. to bring the allowances back in line with the comparator.

Therefore, the Panel recommends an increase of 4% within the current banding (as set out in Appendix 1).

6. Co-optees' Allowances

The Panel took no new evidence on co-optee allowances and was of the view that a 2% rise would be reasonable, and in line with the increase to basic allowance (minus the step-up element).

Therefore, the Panel recommends an increase of 2% on co-optee allowances (as set out in Appendix 1).

7. Carers' Allowances

In 2012, the City Council agreed to adopt the Living Wage for all its employees, and subsequently extended this to externally-contracted care sector workers from October 2014.

In 2015, the Panel recommended that the Independent Carers' Allowance adopt the change from the National Minimum Wage to the Living Wage, currently at £9.00 per hour.

The Panel therefore recommends that this continues for 2019/20 and that this continues to track the Living Wage in line with the Council.

The professional care allowance (hourly rate) continues to be based on the Council's rate for a Care Assistant, Grade 2 post, mid-range spinal point at £9.44 per hour (at time of writing).

8. Travel expenses and Subsistence Allowances

The Panel took no new evidence on travel or subsistence expenses and recommends that these continue to reflect the Council's Scheme for officers.

The Panel emphasised the need to ensure that the list of approved duties for which such expenses can be claimed is kept up to date and in accordance with all relevant legislation.

9. Work Programme in 2019/20

During the evidence gathering undertaken this year, some issues were raised where the Panel felt that there was not enough evidence to make recommendations this year but would warrant further consideration next year. Therefore, next year's work programme will include:

- Chairs of the three Licensing Sub-Committees,
- Leaders of the opposition
- Opposition role
- Co-optees, in particular the Chair of Standards Committee
- Special Responsibility Allowance roles

Appendix 1: Proposed Members' Allowances Rates (from May 2019)

BASIC ALLOWANCE (per annum unless otherwise stated)

	£
Baseline per Day Rate	141.37
Basic Allowance	17,227.00
Time Element	16,512.21
Additional Expenses Element	715.00

SPECIAL RESPONSIBILITY ALLOWANCE (per annum unless otherwise stated)

Baseline per week (£1,170.31 discounted by 15%)	994.76
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STRATEGIC LEADERSHIP

Leader of the Council (rounded up)	52,000.00
Deputy Leader of the Council	41,600.00

STRATEGIC SHARED RESPONSIBILITY

Cabinet Member	26,000.00
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RESPONSIBILITY FOR CHAIRING KEY REGULATORY, OVERVIEW & SCRUTINY COMMITTEES

Chair of the Planning Committee	15,600.00
Chair of Licensing & Public Protection Committee	15,600.00
Leader of the Largest Qualifying Opposition Group	13,000.00
Chair of an Overview & Scrutiny Committee	13,000.00

OTHER ROLES WITH SPECIAL RESPONSIBILITY

Deputy Leader of the Largest Qualifying Group	7,280.00
Chair of the Audit Committee	5,200.00
Chair of the Trusts and Charities Committee	5,200.00
Leader of Other Qualifying Opposition Groups	5,200.00
Deputy Leader of Other Qualifying Opposition Groups	2,600.00
Lead Opposition Spokesperson (Shadow Cabinet)	2,600.00
Political Group Secretaries	2,600.00

(A Qualifying Opposition Group is one with a minimum of 6 Members)

CO-OPTEE ALLOWANCES (<i>per annum</i>)	£
Chair of the Standards Committee	1,040.00
Member of an Overview & Scrutiny Committee	865.00
Member of the Standards Committee	579.00

CARERS' ALLOWANCES

Independent care – hourly rate	9.00
Professional care with supporting documentation – hourly rate	9.44

TRAVEL EXPENSES AND SUBSISTENCE ALLOWANCES

Car, Motorcycle and Bicycle Allowance Rates are set in line with those paid to officers of the authority.

Day and Overnight Subsistence Allowances are set in line with those paid to officers of the authority or the inflation factor in the council's budget.

Car Mileage Rates

First 10,000 business miles in tax year	45p per mile
Each business mile over 10,000 in tax year	25p per mile
Supplement for official passenger	5p per mile

If car mileage is claimed for travel outside the West Midlands area, the payment will be the lesser of the value of the actual mileage claimed or the peak time standard rail fare.

Motorcycle Mileage Rates ***24p per mile Bicycle***

Mileage Rates ***20p per mile Other Travel***

Expenses

Rail Travel (supporting receipt required)	Standard Class Fare
Taxi, Tube and Bus Fares, Car Parking, Toll Charges (Supporting receipts if possible)	Actual Cost

If a travel pass is provided by the Council the recipient must make a contribution of 40% towards the total cost met by the Council. The recipient also forgoes the right to claim for travel allowances or expenses for duties undertaken in the area covered by the pass or to make use of transport services provided directly by the Council, unless the relevant travel service is not available, or there are health and safety reasons.

Appendix 2: Summary of evidence from Members

The role of the Panel is to make a fair recommendation of the remuneration awarded for the role of a Member, not all the issues/comments raised were within this remit.

On Tuesday 5th February 2019, the Panel held an open session in order to give all Elected Members the opportunity to give views about remuneration matters. Thirteen Members attended and a further four Members submitted written evidence.

The main points made to Panel members were:

- **Workload increase:** raised by most Members, particularly those in single Member wards (though not all agreed). It was said that smaller wards and representatives per Councillor does not mean fewer meetings etc. Members raised both increased demands on time as an issue, and the level of expertise/knowledge required to deal with some issues and understand the complexity of some of the decisions the Council must take. Whilst some Members thought the three-day commitment was still about right, there are increasing numbers questioning that assessment. It was also recognised that the workload issues were not solely related to the changes to boundaries – though that was an issue – but to the nature of the populations and the demand on Councillors generally.
- **Balancing other commitments:** there was general agreement that it is impossible to have a full time job without it having a significant impact on being a Councillor; Members with children have chosen to leave because of the workload and balancing family life; there is a need to attract younger Members (Birmingham has a young population and this should be reflected in local democratic structures);
- **Job insecurity:** could lose role overnight and a significant proportion of your income gone. There should be some re-address (MPs get 6 months' pay after losing seat – sort of redundancy payment);
- **Support for Elected Members:** most Members referred to reduced support for both backbench Members and Cabinet Members; many do not use the Casework system introduced earlier this year; support needed included both administrator support (such as MPs have) and ward support (with the time and knowledge to support ward).
- **Pension:** the loss of Councillors' pensions was referred to by some Members.
- **Paternity Leave:** Was welcomed and in use.

The Panel also received mixed views on:

- The time element of the Basic Allowance based on a gross commitment of no more than 3 days per week.
- The Public Service Discount.
- The comparator used.
- The decision making process.
- The challenges around the new regime faced by Councillors.
- Job descriptions for Members.
- The variable working practices.

Appendix 3: Membership of the Independent Remuneration Panel

Chair of the Panel

Rose Poulter, Brandwood and Kings Heath

Council Appointees

David Grainger

Sajid Shaikh

Citizen Representatives

Sandra Cooper, Citizen Representative, Stirchley

Graham Macro, Sutton Coldfield

Jacqui Francis, Kings Norton (Deputy Chair)

Co-opted Members

Honorary Alderman Fergus Robinson

Honorary Alderman Stewart Stacey

City Council

2 April 2019

Extraordinary Auditor's Report - Statutory Recommendations made under Section 24 Local Government and Accountability Act 2014

Report of the Section 151 Officer and Cabinet Member for Finance and Resources

1. Background

- 1.1 In July 2018, District (external) Auditor undertook the relatively unusual step of issuing a number of Statutory Recommendations under Section 24 of the Local Audit and Accountability Act 2014. This measure was a strong warning to the Council of the Auditor's concerns but stops short of a public interest report.
- 1.2 This was the second such report issued to Birmingham City council in three years.
- 1.3 A S24 notice requires Full Council to agree its response to the points included within the recommendations within 1 month of issue and to publish how it proposes to address the issues raised.
- 1.4 As permitted in the legislation, an extension was sought from the Auditor to 11th September 2018 to align with the Council meeting schedule and this was granted.
- 1.5 The 7 recommendations made at that time are set out below: -

Finance

1. *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.*
2. *Develop a realistic medium term financial plan for 2019/20 to 2021/22 which incorporates realistic and detailed savings plans and takes account of key budget and service risks.*
3. *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

4. *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.*

5. *Report governance failures and emerging issues promptly and clearly to Members and local citizens.*

Subsidiary Bodies

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

Place Directorate

7. *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.*

- 1.6 These recommendations were duly considered by Full Council on 11th September 2018 and the Council's progress in meeting the Council's response to the recommendations is being monitored by Audit Committee.
- 1.7 Significant progress is being made in relation to addressing six of the seven recommendations with only one, recommendation 7, being restricted in terms of progress as a result of industrial action in the waste service.
- 1.8 Audit Committee has been kept updated throughout on the positive progress against the agreed plan at each subsequent meeting.
- 1.9 In spite of this, the external auditor has now concluded that it is appropriate to issue further Section 24 recommendations out of the normal annual audit cycle and ahead of any 2018/19 audit work being undertaken. These will be the third in four years and the recommendations do not relate to any particular year.
- 1.10 Whilst the auditor notes the progress made against the seven previous recommendations considered by Full Council on 11 September 2018, he considers that two issues require a further report: Governance & waste Services and the council's financial challenges.
- 1.11 The possibility of further Statutory Recommendations was first flagged up in writing on 14th January 2019, just 4 months after the council agreed its plan for the previous recommendations.
- 1.12 The City Council recognises its responsibility in responding to the Statutory Recommendation under section 24 of the Local Audit and Accountability Act 2014.
- 1.13 The Act requires the Council to
 - a) Consider the recommendation at a meeting held within one month of the recommendation being sent to the Council; and
 - b) at that meeting the Council must decide:

- whether the recommendation is to be accepted, and
- what, if any, action to take in response to the recommendation.

1.14 Further reports will be provided to the Audit Committee setting out the progress in implementing the proposed activity in response to the recommendations.

2. Section 151 Officer Comment

- 2.1 The City faces challenging and uncertain times ahead if it is to deliver high quality services to its residents and businesses, at a cost that is within the annual resources available to it *and* without recourse to the use of one-off reserves intended to cover unforeseen events. The use of reserves to fund day-to-day services merely delays making the necessary difficult decisions on which services to remodel, reduce or cease.
- 2.2 As with the rest of the local government sector, funding cuts and significant local expenditure pressures have made the Council's job far more difficult and has required annual savings of £690m over the eight years to 2018/19. The Council anticipates having to make further annual cuts in the region of £85m by 2022/23 bringing total annual savings to over £3¼bn over the twelve-year period. The Council's workforce will have fallen by more than 60% over this period. Inevitably this has had, and will continue have, severe impacts both on front line and back office services in Birmingham.
- 2.3 A recent National Audit Office report noting the 49.1 per cent real-terms cut in Government funding for local authorities in 2010–18, underlined how councils are affected by growing demand for key services and other cost pressures.
- 2.4 The three years to March 2018 were especially problematic in BCC. The level of savings delivered has fallen significantly below the planned level, and other spending pressures have also emerged, which has meant that additional uses of reserves have been required over and above original plans to balance and deliver the budget since 2015/16.
- 2.5 In 2016/17, Directorates overspent by £71.9m, due mainly to the non-delivery of savings in Adults, Social Care and Health and Place Directorates as well as some base budget pressures across the Council. Corporate mitigations, including use of capital receipts flexibility, were identified totalling £42.1m.
- 2.6 2017/18 showed a similar picture with Directorates overspent by £12.7m, again due to base budget pressures in Place Directorate and some savings non-delivery across most Directorates. Furthermore, Corporate overspends of £24.1m occurred in 2017/18 relating to accumulated losses and write-offs in one of its subsidiaries (£9.5m) and the non-delivery of the Council's Future Operating Model (£14.6m). Corporate underspends were identified of £15.9m. Overall, it was necessary to use £20.9m of additional reserves taking the total use of reserves to support day-to-day spending in 2017/18 to £63m.

- 2.7 A further planned structural use of reserves of around £30m was required in 2018/19 in order to balance the budget assuming that spending is maintained within budget. By month 2, it was clear that a forecast overspend of £28m was emerging as a result of base budget pressures and savings not being delivered. By month 4, this forecast overspend had reduced to £12m and pressure continues to be applied to eradicate any overspend. By month 11, thanks to prudent financial management, a relentless bearing down on costs, strong Member and officer oversight and improved budgetary control measures, the forecast is for a small but significant underspend after absorbing £5.8m of direct costs associated with industrial action in the Waste Service.
- 2.8 The 2019/20 – 2022/23 Medium term Financial Plan (MTFS) was approved by Council on 26th February 2019 and for the first time in many years, is a plan which has no reliance on the use of corporate reserves to support financial pressures or the non-delivery of savings. This does not mean that it is without its challenges – a significant savings target to be achieved and further transformation to be delivered as well as ensuring that our reserves remain adequate to protect the Council against the risks that it faces.
- 2.9 If the Council is to move towards top quartile service performance across the board and financial stability, then it must take tough decisions on service transformation and continue to ensure that it develops robust and deliverable spending and saving plans. If problems are identified in year, resolutions must continue to be identified from within existing budgets, with any use of reserves being the option of last resort.

3. Birmingham City Council Response to the Auditors Statutory Recommendations

- 3.1 The auditor has made two recommendations. They do not relate to any specific year of account and they are not based on specific audit work of indeed any conversations with Cabinet Members or officers other than high level verbal updates with the Assistant Chief Executive and the Chief Finance Officer.
- 3.2 Whilst the first recommendation can be viewed as an update to recommendation 7 of the previous Section 24 notice in the light of industrial action taken since the 11th September 2018 Council meeting, the rationale for issuing recommendations relating to the Council's finances is less clear since the Council is likely to deliver an underspend in the current financial year, use less reserves, and for the first time in a number of years, deliver service and financial proposals over the next four years which do not require the use of reserves outside of the reserves policy.
- 3.3 The second recommendation in particular would have carried more weight had it been supported by fact-based audit fieldwork and detailed discussions on the underlying assumptions and factual basis for the agreed plan and also an in-

depth discussion on the levels of reserves held in relation to the risks faced by the Council.

- 3.4 Nonetheless, the auditor has issued these recommendations and the proposed response is as follows: -

Auditor's Recommendation 1

Governance and the Waste Service

- ensure that the terms of reference for the planned review of future options for the delivery of the refuse collection service, provide for the review to be carried out in a timely fashion, and include an examination of all options for delivering the refuse collection service going forward, in order that the service can demonstrate value for money in the delivery of its financial and service objectives; including, for instance:
 - looking to best practice models across the sector
 - examining different staffing and working arrangements
 - combining collection and disposal functions
 - other potential options, such as outsourcing
- build industrial relations capability within the Council to ensure that it is able to maintain consistent and effective relations with its trade union partners.
- commission a review of the new working practices in place within the refuse service to ensure that they are embedded and monitored robustly to minimise the potential for further Equal Pay claims

Recommendation 1 – Proposed response

On 26th March 2019, Cabinet approved the commissioning of an independent review on refuse collection and disposal which officers are now actioning. The review will report to Cabinet and will consult with the Waste Services Joint Services Improvement Board (JSIB) on the Terms of Reference and throughout the review.

This review contains a clear and repeated commitment to publish the findings of this review report at the end of the initial phase which is anticipated to be September 2019.

The Council intends to draw heavily on benchmarking and peer mentoring to support this review and will have the option to deploy additional external capacity as a result of the commissioned arrangements to support any change management required as a 'phase 2' from October 2019 onwards.

This review will also consider a risk assessment of management practice and equal pay liability in line with the auditor's statutory recommendation.

Furthermore, the Council has indicated that it will establish a dedicated unit to manage industrial relations within the authority committed to developing and maintaining consistent and effective relations with its trade union partners and thereby mitigating its risks and creating the right environment for service transformation and change. This team will be headed by Human Resources but will be a cross functional team of HR, Legal, Finance and Communications professionals who will develop an effective strategy across the Council and lead its delivery.

Auditor's Recommendation 2

Finance

- continue to reduce the likelihood of the non-delivery of savings plans for 2019/20 and beyond through the delivery of clear plans and robust programme management arrangements
- broaden transformational work across the Council's financial plan for 2019/20 to 2022/23, to help deliver savings at scale to address the impact of the combined savings and budget pressure risks
- keep under close review the potential impact of one-off budget risks, such as the Commonwealth Games, Equal Pay and Amey, by: -
 - continuing to strengthen its level of reserves; and
 - completing the development of contingency plans to minimise the effects of these risks should they crystallise.

Recommendation 2 – Proposed Response

The Council continues to move towards a priority-based budgeting approach that aligns its policy priorities with the use of its financial resources. The budget setting process for the 2019/20 – 2022/23 MTFP focussed on deliverability and exploring opportunities for service re-design and partnership working and promoting links to capital and asset strategies. In this way, the Council aims to streamline the resources it uses to achieve best fit with the priorities of the Council and reduce or eliminate spend on lower priority areas.

Target savings for the 4-year period will be of the order of £85m. The challenges of achieving this, on top of £690m of savings already delivered, are considerable but not insurmountable through sound management.

The process for the 2019/20 – 2022/23 four-year cycle commenced after the election in June 2018 – considerably earlier than in previous years. This involved a 2 day member workshop in July aimed at ensuring that every penny spent by the Council

aligns with the priorities of the administration. Further workshops were undertaken in September and October 2018 prior to the draft budget being issued for consultation.

Central to ensuring delivery is the creation of a central Project Management Office (PMO) and more robust business cases/implementation plans to enable delivery to be tracked and monitored with additional rigour compared with the current year. An officer Budget Programme Board is also being set up. Only with such a focus can the Council improve its financial performance whilst at the same time delivering its service priorities. In order not to repeat past mistakes, spend reduction and transformation proposals are only accepted into the plan once there is a clear implementation plan and a high level of confidence that delivery will happen on time and on budget. The Council has also been able to identify a savings delivery contingency budget in case difficulties are encountered.

Beginning in 2018/19, access to reserves as mitigation for base budget pressures and savings non-delivery was severely restricted and Directorates now hold only limited grant reserves and ring-fenced account reserves for specific items of expenditure. All other reserves are held corporately with access to them requiring Cabinet approval.

The updated revenue (and capital) monitoring process is more risk-focussed and concentrates on identifying solutions to issues and delivering these solutions. Where a service identifies that its spending forecast is likely to exceed the available budget, a clear process has been introduced as set out below:

- The service will be expected to identify recovery plans and/or new savings proposals to bring its spending back in line with budget;*
- If this cannot be achieved, CMT and Cabinet will consider re-allocating budgets across the Council to re-balance spending;*
- Consideration will then be given to utilising the savings delivery contingency*
- Only with these routes exhausted will consideration be given to using reserves to fund any overspend, and then, only as a year end measure.*

More formal Scrutiny arrangements have been introduced for the Council's finances and it is clear that the Resources Scrutiny Committee plays an important role in holding the Executive to account for spending, income and savings proposals thus contributing to BCCs improved financial health.

In additional, a new Capital Board, chaired by the Leader, has been established to ensure that capital controls and monitoring are in place and that capital spend proposals are in line with the Council's objectives. These controls are an essential part of ensuring that schemes are delivered on time and on budget.

Finally, the Finance Team has been restructured to allow Business Partners to work more collaboratively with budget holders in assessing the financial implications of

policy proposals along with robust implementation plans being produced to reduce the likelihood of overspends.

The Chief Finance Office is content with the robustness of this approach and will continue, along with the Cabinet Member for Finance and Resources, to take the necessary steps to deliver expenditure in line with the approved budget. This work, which is already being undertake, satisfies the first two elements of the auditor's recommendations.

Reserves are intended to be held to mitigate the financial impact of unforeseeable and infrequent events or to fund specific items of expenditure where resources are received in advance of the need to spend. They are not intended to support ongoing financial pressures or the non-delivery of savings and to use them in such a manner would be a false economy, serving only to defer rather than resolve pressures that require difficult choices to be made.

Other than those ringfenced for specific purposes, the Council anticipates holding total reserves approaching £500m at the end of 2018/19, including £153m not ringfenced for specific purposes.

In addition, the Council's existing financial plans include budget for the anticipated costs of the Commonwealth Games (based on bid assumptions) as well as building up a contingency reserve to help smooth any unforeseen annual variations. These resources come from future business rates growth and the Council continues to seek other forms of funding to minimise pressures on revenue resources.

The revised strategy, approved by Cabinet and included within the Financial Plan, restricts the use of reserves and is consistent with aiming to use reserves prudently and not to support ongoing pressures.

It is important that the Council's reserves are neither too high nor too low. The Council published in the 2019+ MTFS a risk-based analysis to identify an appropriate minimum level of reserves which it needs to hold to mitigate its risk profile.

The Council keeps under regular review its level of reserves in relation to its risks to ensure that adequate resources are set aside where necessary as its risk profile changes.

Again, existing controls are already in place to meet the auditor's recommendations

4. Motion

The Council accepts the statutory recommendations of Grant Thornton made under section 24 of the Audit and Accountability Act 2014 and the responses and actions set out in section 3 of this report.

Statutory Recommendations

Final Report

March 2019

Birmingham City Council

Audit of Accounts 2018/19

Governance Issues

Birmingham City Council: Statutory Recommendations March 2019

Our responsibilities

1. As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under the Local Audit and Accountability Act 2014 ('The Act'). These include powers to issue a public interest report, make statutory recommendations and to apply to the Court for a declaration that an item of account is contrary to law. Electors also have the right the opportunity to raise questions about the Council's accounts and to make objections in relation to the accounts.
2. We have concluded that it is appropriate for us to use our powers to make statutory recommendations under section 24 of The Act (Schedule 7) due to the Council's financial and governance challenges.

Reasons for making the recommendation

3. We included statutory recommendations in July 2018 under paragraph 2 of Schedule of 'the Act' in both our 2017/18 Annual Audit Letter and Audit Findings Report relating to operational arrangements, finance and governance. This followed the issue of a statutory recommendation in October 2016 in respect of financial resilience. 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
4. This recommendation and the Council's formal response were considered at the Council meeting on 11th September 2018. A 12 month Action Plan was agreed and is being tracked by the Council's Audit Committee.
 5. We have now concluded that whilst good progress has been made in a number of areas in delivering against the recommendations, progress in relation to the refuse collection service, in particular, has been hampered by a new wave of industrial action. The Council, in addition, continues to face a number of very significant risks, which it is seeking to manage. Accordingly, we now consider it appropriate to make further statutory recommendations under 'the Act'. This is the third set of such recommendations that we have considered it appropriate to issue in just under two years.
 6. It is encouraging that the Council has made progress in the following areas:
 - Ofsted has, for the first time in recent history, recognised improvements in children's services. The service is still judged to require improvement, but this is an important and significant step forward.
 - the Council's Management Team (CMT) has been strengthened and refreshed, including, in the last year, a new Chief Executive, Chief Finance Officer and Assistant Chief Executive, all with considerable sector experience, which has increased capacity.
 - there is a new focus on delivering service improvements and robust financial management.
 - a new council plan and workforce strategy have been developed, reflecting the Council's priorities.
 - in-year financial reporting is more transparent, particularly concerning the use of reserves and the annual Financial Plan provides greater detail than previous plans.
 - the 2018/19 budget is on target to be delivered, with a smaller call on reserves than the budgeted £30m, with greater focus on budget management and financial accountability in Directorates.
 - CIPFA has been brought in as an improvement partner to help strengthen the finance function and move it towards a top quartile performing function.
 - governance has been strengthened in relation to the oversight of the Council's subsidiary bodies, which has involved Member training and a re-focus on the importance of the 'shareholder' function; and
 - there is to be a renewed focus on the customer and customer experience.
 7. This progress is not to be underestimated and represents a step forward by a new team of officers and members in a short period of time. We accept that it would be unrealistic to expect that a relatively new management team would be able to address, overnight, the deep-seated problems which have dogged the Council for over a decade. This will take time. The independent Improvement Panel's remit finishes in March 2019 and its concluding report will provide the Panel's own final assessment of progress made against the improvement challenge set by the Kerslake report.

8. Despite the progress made, however, our view, is that the Council faces some particular challenges which need to be tackled now. The way in which recent events in relation to the waste dispute is resolved will determine how much of a corner has been turned. Strong political leadership is required to implement the hard decisions required to deliver the transformational savings needed to protect financial resilience, and to mitigate the significant financial risks that the Council is facing.
9. Accordingly, we have made the following recommendations.

Recommendation made under paragraph 2 of Schedule 7 of the Local Audit and Accountability Act 2014 ('the Act')

The Council is recommended to:

Governance and the Waste Service

- ensure that the terms of reference for the planned review of future options for the delivery of the refuse collection service, provide for the review to be carried out in a timely fashion, and include an examination of all options for delivering the refuse collection service going forward, in order that the service can demonstrate value for money in the delivery of its financial and service objectives; including, for instance:
 - looking to best practice models across the sector
 - examining different staffing and working arrangements
 - combining collection and disposal functions
 - other potential options, such as outsourcing
- build industrial relations capability within the Council to ensure that it is able to maintain consistent and effective relations with its trade union partners.
- commission a review of the new working practices in place within the refuse service to ensure that they are embedded and monitored robustly to minimise the potential for further Equal Pay claims

Finance

- continue to reduce the likelihood of the non-delivery of savings plans for 2019/20 and beyond through the delivery of clear plans and robust programme management arrangements
- broaden transformational work across the Council's financial plan for 2019/20 to 2022/23, to help deliver savings at scale to address the impact of the combined savings and budget pressure risks
- keep under close review the potential impact of one-off budget risks, such as the Commonwealth Games, Equal Pay and Amey, by:
 - continuing to strengthen its level of reserves; and
 - completing the development of contingency plans to minimise the effects of these risks should they crystallise.

Governance and the Waste Service

10. The Kerslake Report of December 2014, concluded that:

‘For a number of years and successive administrations, the council’s members and senior officers have not gripped some very significant issues, such as children’s services, waste management and equal pay. Instead there have been a series of short term fixes and annual salami slicing of services which have kicked the can down the road [...] this is no longer sustainable.’

11. The report argued that successive administrations had swept deep-rooted problems ‘under the carpet’. It went on to argue that the most important thing that the Council needed to do to improve was to change its corporate culture. Some four years on, of the significant issues referenced by Kerslake, children’s services show signs of improvement, but waste management and equal pay remain significant challenges. It is therefore legitimate to question the extent to which corporate governance has improved in the last four years.

12. While corporate management capability and capacity has strengthened, the Council has, at times, continued to exhibit the same short-termism, and tendency to avoid managing deep-rooted problems, that Kerslake identified as being the biggest block to progress four years ago. Nowhere is this better illustrated than the Council’s approach to waste services. We were critical of the Council’s failure to manage its waste services effectively in July 2018 and issued the following statutory recommendation to address its shortcomings in this respect:

‘[the Council should] 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.’

13. Our 2017/18 Annual Audit letter noted that the events leading to the original waste strike being suspended on 16 August 2017, then re-instated on 1 September 2017 when 106 workers were handed their redundancy notices:

‘did not serve to enhance confidence in the Council’s systems of governance [...] Members will recall that a key strand of the Kerslake report related to the need to re-set member-officer relations. It is of concern that initial improvements in this area may not have been sustained.’

14. The original waste strike and the failure to introduce revised working arrangements until September 2018 (which have still not been formally signed off by the unions) have given rise to significant budget pressures in both 2017/18 and 2018/19. The total additional cost of the original waste strike was of the order of £6.6m.

15. Subsequently, the Council commissioned external solicitors to review the actions of the former Leader and Cabinet in relation to the conduct of the original waste dispute over the summer/autumn of 2017. The report, which the Council published in the public domain in December 2018, concluded that the former Leader had acted unlawfully in seeking to overturn a decision made by Cabinet on 27 June 2017 regarding the re-organisation of the waste service.

16. The report states that the Leader had purported to make an agreement with Unite at ACAS to reverse the Cabinet's decision to delete 113 grade 3 posts. It goes on to say that he subsequently sought to ratify his decision via an informal Cabinet meeting on 18 August 2017. The report concludes, however, that the informal Cabinet was not a formal decision-making body and therefore had no powers to ratify the Leader's decision. The report argues that the Council should have proceeded to implement the decisions made in the 27 June report or have made a decision at a formally instituted Cabinet to modify its original decision, which would then have been lawful.
17. The report's conclusions are stark and echo many of the findings of the original Kerslake Report in relation to the Council's systems of governance. In this respect, the report notes:
- 'At the heart of this matter lies an ongoing failure to accept the norms of decision-making. This is the DNA that is the day to day governance of a council and its heart and at the material time, namely in 2017 was missing/distorted at BCC [...] The Cabinet did not operate effectively during this time. It was dysfunctional not a cabinet [...] collectively they were not an effective team. They were also played off against each other by the Leader. Meetings when they did happen were ineffective. When presented with the ACAS meeting and outcome, Cabinet members did not challenge the Leader collectively over his actions and did not stop Cllr Clancy as might be expected. At least one said that they did not do so because they did not want to lose their job as a cabinet member [...] The senior officer management team (CLT) was dysfunctional during this time.'
18. It is a picture that Kerslake would have recognised.
19. Following the original waste dispute, the former Leader resigned and a new Leader was installed in the autumn of 2017. The action was suspended on 20 September 2017 when Unite the union ('Unite') won an injunction blocking the proposed redundancies. The Court ordered the re-instatement of the dismissed workers but also the immediate implementation of the proposed revised working arrangements, incorporating in particular, a move to five day working. Whilst the dismissed workers were reinstated in different roles in January 2018, the revised working arrangements were not introduced until September 2018 and have still not been formally signed off by the unions.
20. Subsequently Unite commenced industrial action on 14 December 2018, by announcing that members would work to rule. Unite had learned that the Council had made payments totaling £68,645 to GMB members in the waste service in May 2018 on the grounds that the Council had failed to consult GMB over proposals to dismiss waste service employees as redundant, contrary to s.188 of The Trade Union and Labour Relations (Consolidation) Act 1992. According to the Cabinet report of 15 January 2019, the exclusion of GMB had been at the insistence of Unite, which Unite denies. The Council has subsequently conceded that Unite was correct in this assertion. The payments to GMB members were made under delegated arrangements and were accordingly not set out in a report to Cabinet.

21. Unite argued that there was no breach of s.188, alleged blacklisting and trade union discrimination, and demanded that its members receive similar payments to those made to GMB members. The total cost of this claim was of the order of £1.7m, as payments would also have to be made to Unison waste service members. Certain Unite members have also brought ET proceedings against the Council, alleging that the payments to GMB have been to the detriment of Unite members, on a variety of grounds. ET proceedings were timetabled for February 2020. On 11 January 2019 Unite informed the Council of its intention to begin continuous industrial action, based around working to rule, commencing 25 January 2019. The industrial action had the potential to run for some time and was causing considerable disruption to services, with additional costs running at up to £0.35m per week to bring in external contractors to remedy incomplete work.
22. In response, a public and a private report were presented to Cabinet on 15 January 2019, setting out the Council's proposed plans to deal with the industrial action. The public report stated that 'the Council does not in any way agree with Unite's position', and that it had little merit, in the Council's view. It set out four options to address the industrial dispute:
- do nothing;
 - make the payments to Unite members
 - seek binding arbitration; and
 - obtain a Court order (or 'injunction') to prevent the industrial action continuing on the grounds that it was unlawful.
23. The first two options were not recommended in the report. In particular, the second option of making payments to Unite members, was not supported, principally because, as the report states, there was 'no legitimate reason' to make payments to these workers, indeed, 'to make equivalent payments to them could be ultra vires.' The report also stated that making such payments could also represent a 'contagion' risk as other groups of Council staff might also, in future, resist any initiatives to reconfigure services to reduce costs in a similar way. The public paper states that the Council's options to respond to Unite 'are set out in this report and also the Private Report.'
24. Following the Cabinet meeting it was announced in the press and local media that the Council was to adopt a twin-track approach by pursuing arbitration, with the agreement of both parties, and by seeking a Court order to prevent the industrial action. The Council was concerned that, given a Court hearing date of February 2020 for the ET proceedings, significant additional costs might accrue, assuming that industrial action continued. The Cabinet member for Clean Streets, Waste and Recycling, however, promptly resigned as he was opposed to the proposed injunction. Unite then issued proceedings to obtain an injunction, later to be joined by Unison. Unite also announced a new programme of industrial action.
25. While the Council's legal advisers had advised that the industrial action was unlawful, the Council took subsequent legal advice which argued that it would be lawful for the Council to make payments to Union members, if they were made, pursuant to settling litigation, rather than being made in recognition of the validity of Unite's claim. Our own legal opinion broadly reflected the Council's legal advice. Negotiations on a 'without prejudice' basis were then conducted with the Unions with a view to agreeing suitable payments to end the dispute. These were not successful.

26. A suite of options was then included in a report for Cabinet to consider on 12 February 2019 to resolve the dispute, which broadly reflected the options provided within the Cabinet report of 15 January 2019. The report included no officer recommendation. On the day of the Cabinet meeting, however, a late hybrid option was included in the report, option 5, which was to seek a negotiated settlement through ACAS. This involved making the offer of payments to Unite and Unison members to end the dispute. It also stipulated, however, that, should the offer not be accepted by close of play on February 12, the Council would move to injunct the unions. Discussions subsequently broke down and the Council accordingly put in place its plans to take legal action by way of injunction. This was a difficult decision for the administration to take.
27. On 28 February 2019, the case was heard and the Council was not successful in its application for an injunction preventing the current industrial action of Unite and Unison from continuing. In summary, the Court held that s.222 (1) (b) TULRCA required the Court to look at a union's reasons for undertaking industrial action. What mattered, the Court held, was the belief of the union. He concluded in this instance that the unions believed that industrial action was to seek parity payments for their members. The Council decided against appealing the Court judgment.
28. Subsequently, following discussions at ACAS, the Council and Unite agreed, on a without prejudice basis, a draft Heads of Terms which was approved by Cabinet on 15 March 2019. These proposals are intended to settle all litigation and all industrial disputes including ceasing all current industrial action. The public Cabinet report states that the Council will pay to Unison and Unite members, in summary, £3,000 to all valid individual claimants, and an additional payment of £500 to all individuals who were members of each union as set out in the Heads of Terms agreed by cabinet on 15th March 2019. The amounts are likely to be net of any applicable tax or national insurance. The gross amount payable to a standard rate taxpayer if tax and NI were payable, would be £5,754 to each individual. This will cost £1.864m in total. The proposed settlement needs now to be formally signed off by all parties.
29. Whilst a potential end to the industrial dispute, is a welcome outcome, it comes at a cost:
- the failure to consult with GMB in 2017 over the changes to working arrangements led the Council to make payments to GMB of £68,645, of itself a relatively modest sum. However, this was to have far-reaching and 'unintended consequences', in the Council's own words, resulting in the industrial action taken by Unite and Unison, disruption to services, and additional costs amounting to £6m to hire agency staff and other costs and to settle the dispute.
 - in addition, the Council will also have to pay £1.864m to bring to an end the dispute to Unite and Unison members.
30. A positive outcome, is that the draft Heads of Terms provide for an independent review of future options for the waste service to be carried out. The terms of reference for the review will be set by the Council on 26th March 2019. A Joint Services Improvement Board will be established and will be consulted upon in relation to the terms of reference. The Board will be chaired by a Cabinet Member and the membership will include all joint trade unions GMB, Unison and Unite.

31. This is, an important moment for Council and its politicians, in particular, to demonstrate, that they can act in a decisive manner to tackle a long-standing issue. The way in which the review is managed will impact on the Council's ability to contain the 'contagion' risk referred to in the Cabinet report of 15 January 2019. The Council has a challenging industrial relations history as the ongoing strike action involving the enablement service, which commenced in 2017, demonstrates.
32. The Council now has a chance to improve its relations with trade union partners by building industrial relations capability and also to look at options to ensure that the waste service delivers value for money for local citizens. In this respect, it is important that the independent review, agreed as part of the Terms of Settlement, should include all options for delivering the service going forward, so that any decision is informed by a comprehensive analysis of the choices available to the Council.
33. Assuming that the present dispute is resolved satisfactorily, it will still remain the case that the service is not as efficient as it could be. For instance, few councils that we are aware of, employ a waste reduction collection officer on each refuse freighter. Refuse collection also has a history of service disruption which does not represent a good stewardship of public funds.
34. In addition, looking back over the history of the waste dispute, the Council's unwillingness over a long period to tackle working practices within the waste refuse service has also cost it dearly. In particular, over the last decade, many of the Council's Equal Pay claims have resulted from comparisons between male refuse workers and female workers deemed to be in comparable posts who were paid significantly less. The Council has received claims under the Equal Pay Act 1970 and recognised total Equal Pay (EP) liabilities totalling £1.2bn, which relate to working practices and changes to terms and conditions which have been in place for more than a decade. This has involved successive political administrations. Funding the payment of these claims has proved a significant ongoing drain on the Council's finances.
35. The Council has put in place revised working arrangements in the waste service, and monitoring arrangements, to ensure that they minimise the potential for further Equal Pay claims. The Council also agreed a Mitigation Strategy on 24 August 2018 to include review of working practices Council-wide, to ensure compliance with equal pay requirements. It would seem sensible to gain further assurance around the robustness of these arrangements, as they pertain to waste services, by commissioning a review to ensure that they are embedded and are being monitored robustly.

36. For these reasons we make the following recommendations:

The Council is recommended to:

- **ensure that the terms of reference for the planned review of future options for the delivery of the refuse collection service, provide for the review to be carried out in a timely fashion, and include an examination of all options for delivering the refuse collection service going forward, in order that the service can demonstrate value for money in the delivery of its financial and service objectives; including, for instance:**
 - **looking to best practice models across the sector**
 - **examining different staffing and working arrangements**
 - **combining collection and disposal functions**
 - **other potential options, such as outsourcing**
- **build industrial relations capability within the Council to ensure that it is able to maintain consistent and effective relations with its trade union partners**
- **commission a review of the new working practices in place within the refuse service to ensure that they are embedded and monitored robustly to minimise the potential for further Equal Pay claims**

Finance

Savings Plan delivery

37. The Council has not delivered all of its planned savings in recent years. In 2017/18, the Council reported a net overspend of £4.9m after use of £63.1m of reserves (£42.2m of which were planned) plus £11.7m to fund pension guarantees. The Council applied £116.8m of reserves in 2016/17 and 2017/18 to deliver a cumulative deficit of £35m. We noted in our Audit Findings report for 2017/18:

‘If the Council had not applied any reserves over the last two years, it would have had to deliver £150m more in cumulative savings to achieve balance. It has effectively been running an annual deficit of £75m.’

38. The Council has, however, made progress in the last 12 months. The Council’s financial plan provides for £52.9m of savings in the current year, 2018/19, after applying £30.5m of reserves. In this respect, the month 9 budget report is forecasting a £2m overspend, which is a stronger position than at the same stage this time last year, when the Council reported a £4.5m overspend after the utilisation of £75m of reserves. It is also expected that not all of the £30.5m will need to be utilised to support the budget. Under delivery of savings in 2018/19 is likely to amount to £9.7m (18% of planned savings) which is a better position than in previous years. In 2017/18 under delivery of savings amounted to £22.6m (32% of planned savings) and £55.8m (63% of planned savings) in 2016/17. Bearing down on non-delivery of planned savings will continue to be a very important area of focus for the Council.

39. 2019/20 and beyond, however, continues to look extremely challenging. The Council is seeking to strengthen its monitoring processes and embed accountability for delivery of savings more strongly within Directorates. The Council needs to deliver £86m in savings by 2022/23. To put this into context, this is equivalent to around 8% of its current controllable budget (that is, excluding non-controllable costs such as delegated expenditure to schools). £36m of savings needs to be delivered in the next financial year, 2019/20, but £18m in savings, are still being consulted on. Savings to be consulted on in the following three years amount to £73m.
40. The Financial Plan for 2019/20 to 2020/23 includes mostly medium-scale savings plans but includes few 'transformational' savings plans. The Council argues that it has learnt lessons from the non-delivery of large savings plans in the past and that it will now only include transformational plans in its Financial Plan that are properly worked up. This is a sensible approach, but the absence of transformational plans within the current Financial Plan, will become more important in later years as it may become more difficult to achieve significant savings through less ambitious schemes. There are a number of one-off budget risks, (referred to later) which if they crystallised, might require an increase in the amount of savings to be delivered. Equally the Council needs budget headroom programme to meet any other changes in business assumptions in the overall medium term financial plan.
41. In this respect, there is an opportunity to broaden existing transformational work across the Council's financial plan for 2019/20 to 2020/23 to help deliver additional savings at scale to address the impact of the combined savings and budget risk pressures. The current financial plan includes a savings plan to reduce the costs of social care high-cost provision by £6.25m in 2019/20, but this plan remains an exception.
42. There is also an opportunity to learn from past experience. Some large projects have delivered more substantial savings, others have not. For instance, the 2017+ Financial Plan provided for an ambitious plan to radically reorganise the Early Years Service. This was one of the largest of the Council's transformational plans. The initiative was intended to deliver £10m in savings. A recent Internal Audit Report of January 2019 explained that a key element of the reorganisation plans involved the TUPE transfer of 140 Council staff to four partner organisations. However, due to late concerns expressed in relation to collective bargaining rights, staff have been, instead, seconded and not TUPE'd to the partner organisations. As a result, according to the Internal Audit report, the £10m predicted savings from the initiative will 'almost certainly not be achieved.' The delay in starting the contract has cost £4.7m according to the report.
43. It is right to exclude any project from the Financial Plan which is not sufficiently well-developed. The example of the Early Years Service project, however, should not deter the Council from continuing to develop similarly ambitious projects. The experience of that project, and, indeed the waste services dispute, suggest that cost reduction schemes involving significant service re-configuration, may require more effective engagement with staff and unions at the outset, and better joint understanding of the objectives of the change plans by Members and officers. The approach that the Council intends to take review the future operation of the waste service, reflects this approach, and if well-managed, could provide a model for other service reviews.

Medium Term Financial Plan (MTFP)

44. The Council is seeking to develop a more robust MTFP which is less dependent on the use of reserves to support budget delivery. Whilst the original 2018/19 plan, as noted, was reliant on £30.5m of reserves, the Council argues that this was a recognition that it needs time and capacity to transform its services. The Council is seeking to strengthen financial resilience by setting a maximum council tax increase of 4.99% for 2019/20.
45. The MTFP is central to delivering financial balance over the medium term. It reflects current assumptions about future service and financial pressures and likely fee, government grant and other income trends. Developing more transformational savings plans may be one way in which the Council can build in headroom to accommodate financial pressures arising from increases in service demand, legislative requirements and, in particular the large one-off risks, such as The Commonwealth Games and Equal Pay, which are only two of the potential financial pinch-points referred to in the next section.

Adequacy of Reserves

46. The Draft Financial Plan 2019-2023 notes that the Council will hold £152.8m in general reserves and £121m in earmarked reserves at the end of 2019/20. A Policy Contingency of £42.2m is also available 'to protect against unplanned expenditure.' The earmarked reserves are planned for specific uses and are therefore not available to support the general budget. Therefore, in reality, the Council has effectively £195m to support the budget and to meet contingencies.
47. The Council has recognised that it cannot continue to use reserves to support the revenue position, as it has done up to 2018-19. It also plans to make a net contribution to reserves of £17m in 2019/20. The Council's new reserves policy makes it clear that general reserves should not be used to mitigate the requirement to make ongoing savings. The 2019-20 budget, however, relies upon the use of £5.9m in general reserves to support the budget, and £21.1m (net) of earmarked and other reserves will also be applied elsewhere, for instance, to pump-prime savings schemes.
48. While the Council's reserves, earmarked and un-earmarked, are substantial, they should be viewed in the context of the unique financial risks that the Council faces, which are more considerable than those faced by most other local authorities. These remain significant; key risks have emerged as follows:
- **Equal Pay:** remains a significant financial risk, although it is difficult to quantify the extent of the risk as there are inherent uncertainties surrounding the potential volume, timing and chances of success of any future claims. The incidence of claims has reduced in recent years and the Council has been negotiating an agreement with the main unions which will mitigate risk.
 - **Commonwealth Games:** at December 2017, the Council had committed to providing £184.7m for the project, £145.1m in capital funding and £39.6m to meet revenue expenditure. These are considerable commitments. The Council will also incur additional costs during the Games and the project assumes partnership funding of £75m of which £30m still needs to be agreed by partners. The Council has budgeted for the expected cost of the games and, in addition has provided a £4.7m provision in 2018/19 to further mitigate timing risk. Pressure must be maintained to ensure that the overall budget is not exceeded, either through construction projects not coming in on budget, or through escalation of costs elsewhere. Accordingly, there remains a risk that the Council might have to meet further liabilities if costs are not well controlled.

- **Amey Contract:** this contract was one of the first Highways PFI contracts and commenced in 2010. It is a £2.7bn project over 25 years, involving a £328m refurbishment of the highway infrastructure. Following a series of legal challenges, the Court of Appeal determined that Amey's interpretation of the contract from 2014 had the effect of reducing its workload. The Court ruled that this interpretation was incorrect. Subsequently Amey and the Council have been in dispute regarding amounts due to the Council, following the Court ruling, and the Council has, in turn, withheld contractual payments from Amey. Negotiations are ongoing to resolve the dispute but there remains a risk that Amey could exit the contract which could result in financial liabilities accruing to the Council. In particular, the Council remains highly dependent on Government-funded PFI credits which contribute £50m towards the annual £80m unitary charge for the highways services provided. If the PFI arrangement could not be continued, the Council would face a very significant financial liability.
- **Paradise Circus:** is a Local Enterprise Partnership (LEP) programme started in 2014, carried out under the auspices of the City Enterprise Zone (EZ). It will develop office space, hotel and car-parking around Paradise Circus, a City Centre site under three anticipated phases. Phase 1 has overspent by £29.1m (from £37.68m to £66.79m) and Phase 2 costs are anticipated to increase by £21.43m (from £28m to £49.45m) yielding a total cost overrun of £50.53m. The Council's own arrangement for oversight of the project, as problems emerged, were inadequate. The project finances have now been restructured and remains fully funded through Business Rate growth via the EZ programme within the GBSLEP. The restructured deal provides additional benefits and risk mitigations to the Council and strong management is needed between BCC, GBSLEP and the PCLP to ensure that no further overspends occur on the remainder of the project. The Council is the Accountable Body.
- **Acivico:** is a Council wholly-owned company which has been poorly managed in recent years. The Council funded the write-off of a £10m deficit in 2017-18. The Council has put in place a refreshed management team during 2018-19 and involved a turnaround team to help the company attain greater financial stability. The Council will then make a decision as to the company's longer-term future. Early signs are that progress is being made and the Council's financial exposure is now better understood and more actively managed. It remains, however, a financial risk for the Council, albeit not on the scale of the risks outlined above.

49. There are other potential financial risks which are signposted in the Council's Draft Financial Plan 2019-2023, including the potential need to increase employer pension contributions, as well as additional service cost pressures, particularly in relation to social care service. The Council is prudent in recognising and articulating these risks.
50. However, the Council in our view faces a unique level of one-off risks. In addition, any failure to deliver on planned savings over the next three years, could also lead to a depletion of reserves. Having regard to these risks, we make the following recommendation:

The Council is recommended to:

Finance

- **continue to reduce the likelihood of the non-delivery of savings plans for 2019/20 and beyond through the delivery of clear plans and robust programme management arrangements**
- **broaden transformational work across the Council's financial plan for 2019/20 to 2022/23, to help deliver savings at scale to address the impact of the combined savings and budget pressure risks**
- **keep under close review the potential impact of one-off budget risks, such as the Commonwealth Games, Equal Pay and Amey, by:**
 - **continuing to strengthen its level of reserves; and**
 - **completing the development of contingency plans to minimise the effects of these risks should they crystallise.**

What does the Council need to do next?

51. Section 24 of The Local Audit and Accountability Act 2014 (Schedule 7), requires the Council to:

- consider our recommendations at a meeting held within one month of the recommendations being sent to the Council; and
- at that meeting the Council must decide:
 - (a) whether the recommendations are to be accepted, and
 - (b) what, if any, action to take in response to the recommendations.

52. Following the meeting the Council needs to notify us, as the Council's auditors, of its decisions and publish a notice containing a summary of its decisions which has been approved by us.

REPORT OF THE LEADER**BIRMINGHAM INDEPENDENT IMPROVEMENT PANEL****A. INTRODUCTION**

- 1.1 The attached stocktake report (Appendix 1) provides the final formal assessment of the Council's improvement journey prior to the Birmingham Independent Improvement Panel (BIIP) stepping down at the end of March 2019. It charts the progress made against the previous stocktake report, which was considered by Cabinet in June 2018.
- 1.2 It is accompanied by the final in-year update to the Corporate Governance Improvement Plan 2018-19 (Appendix 2); a narrative regarding service transformation and improvement (Appendix 3); and 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 (appendix 4). These are the documents that are intended for consideration by the Secretary of State for Housing, Communities and Local Government.
- 1.3 Key areas of progress since June 2018 include: improved financial planning, control and performance management; improved education, adults and children's social care regulatory assessments; 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.
- 1.4 The report is a candid assessment of where progress has been made and where there is still work to be done. These areas are outlined as 'critical issues and risks' with priorities then captured in the improvement priorities for 2019/20.
- 1.5 The final analysis and independent set of reflections from the Birmingham Independent Improvement Panel (BIIP) are to follow.

MOTION

That Council notes the final formal assessment of the Council's improvement journey prior to the Birmingham Independent Improvement Panel (BIIP) stepping down at the end of March 2019 and notes the City Council's priorities for improvement 2019/20+.

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.

**BIRMINGHAM CITY COUNCIL
CORPORATE GOVERNANCE IMPROVEMENT PLAN**

March 2019

1. Political Leadership <i>Effective political and managerial leadership, working as a constructive partnership</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
1.1	Well-organised, stable and effective political groups.	<p>Formal self-assessments required by all political groups – with process and developmental changes formally captured and reported against. ACE to coordinate with Leader, Deputy Leader and Group Leaders.</p> <p>Collate summary of changes that have been made by political groups.</p> <p>Update to INLOGOV report to be commissioned in-year 2018.</p>	<p>Formal updates against self-assessment action plans to follow on a monthly basis. Commencing in August 2018.</p> <p>INLOGOV update report as a year 1 stock-take evaluation in September 2018. Interim report deliverables to be provided prior to March 2019. Subsequent actions for years 2-4 to be identified.</p> <p>Discipline for social media and actions – Member protocols consistently understood and adhered to, learning from previous investigations.</p>	<p>ACE with Group Leaders / Deputy Leader Group secretaries have been engaged in the review processes with support from legal services colleagues (September 2018).</p> <p>Procurement complete. Start-up meeting arranged with NLGN and INLOGOV (November Update).</p> <p>LGA and INLOGOV agreement for BCC to be one of four national pilots regarding a kite mark process for 21st Century leadership (August 2018 update) The project is continuing. There is ongoing liaison with the LGA. BCC is formally involved in the pilot process. (November Update)</p> <p>The INLOGOV project has commenced and the LGA have agreed to integrate their 'kite mark' project into the same series of interviews and focus groups - which have been scheduled for early in 2019. An interim summary report will be available for the BIIP in February (December Update)</p> <p>The interim results on Phase One will be available in February 2019 (January Update)</p> <p>Green pending Panel approval <u>City Solicitor and Chief Whip</u> May and June 2018 member induction processes included detailed briefing on code of conduct (including social media protocols). Revised code of conduct, including social media guidance, being developed for inclusion in Constitution. Training to follow (October update).</p> <p>Revised code of conduct to be included in refreshed Constitution in April 2019 (January Update)</p>
1.2	Effective, timely and balanced communication and engagement of all political groups.	<p>A structured briefing programme to be offered for all political groups based on a robust, published forward plan.</p> <p>Formalise senior officer discussions with</p>	<p>Annual survey of councillors to establish satisfaction with connectivity with Council and briefing arrangements. October 2018.</p>	<p>City Solicitor / ACE in concert with Group Leaders / Deputy Leader Survey agreed with Group Leaders (October Update). Tying in survey to be complementary with the "Outside the Box" project. Survey circulated to members in December and</p>

1. Political Leadership <i>Effective political and managerial leadership, working as a constructive partnership</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
	Effective and timely officer support into all political groups of the Council.	<p>Group Leaders through monthly CEO 1-1 briefings with group leaders, ACE co-ordination of agenda and briefing pattern for joint group leaders and regular consideration at CMT.</p> <p>More emphasis on all-member sessions as part of / following medium-term induction plan.</p> <p>Review of role and terms of reference of CBM as part of constitutional review.</p> <p>Ongoing training for members around social media and internal communications networks to enable more agile provision of information.</p>	Actions and changes to group leaders meetings effective from July 2018 .	<p>closed on 22nd January 2019. Analysis undertaken on 24.01.19 and shared with group leaders, CMT and INLOGOV to inform wider analysis of member / officer dynamics. (January update)</p> <p>Revised group leaders meeting cycle in place with structured agenda (July 2018 Update) Completed Task</p> <p>On-going programme of member development underway with engagement of LGA _More detailed report was provided to BIIP / MHCLG for October monthly meeting (October Update). A summary of LGA training and mentoring sessions has been provided to BIIP colleagues. (January update) The new Member development group is chaired by the Deputy Leader and there is a member development programme for the next 12 months, with a further four year programme planned (January Update)</p> <p>Initial consultation completed as part of the LEAN review. Findings will feed into Scrutiny Inquiry into City Council meeting which has now commenced. Conclusions will inform new approach to Full Council ways of working from May 2019 onwards-(January update).</p>
1.3	<p>Effective, modern governance and decision-making processes at Full Council and Cabinet in line with accepted best practice (learning from good practice and guidance identified by Solace and CIPFA)¹</p> <p>Guidance of decision-making through a modern constitution, coherent Council Plan and robust policy framework.</p>	Extensive joint working between the new Cabinet and CMT to agree a new Council Plan and Performance Framework (June 2018)	<p>Actions to be implemented and monitored monthly within municipal year 2018 / 19.</p> <p>New Council Plan and Performance Framework (June 2018)</p> <p>Changes to the policy framework to be agreed at Cabinet / CBM (July 2018.) Gap analysis against policy framework (reviews) to be undertaken quarterly</p>	<p>Council Plan and associated measures agreed at June 2018 Cabinet meeting. EMT workshops in advance helped to build wider understanding, collaboration and ownership across Cabinet.</p> <p><u>City Solicitor</u> Policy framework agreed at Full Council in May 2018. This will, again, be reviewed as part of the Full Council and constitution refresh as part of 2019-20 planning arrangements</p>

¹ [Delivering Good Governance in Local Government \(Solace and CIPFA\)](#)

1. Political Leadership <i>Effective political and managerial leadership, working as a constructive partnership</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
	Modern and effective support functions to underpin the decision-making process.	<p>Changes to the policy framework to be agreed at Cabinet / CBM with a programme of policy review undertaken against the revised framework (ongoing 2018-19).</p> <p>Complete the constitutional review</p> <p>Complete the report structure review (July 2018)</p> <p>Complete the LEAN review of Council and Cabinet decision-making cycle and implement changes.</p> <p>Complete service reviews of the Democratic Services and Cabinet / Leader support functions to ensure modern and effective ways of working (September 2018)</p>	<p>Complete the constitutional review (September 2018)</p> <p>Complete the report structure review (July 2018)</p> <p>Complete the LEAN review of Council and Cabinet decision-making cycle and implement changes (September 2018)</p> <p>Monitoring of reduced late reports (monthly)</p> <p>Annual survey of councillors to establish satisfaction with decision-making processes.</p>	<p>(January update)</p> <p>City Solicitor New Constitution under review; for Group Leaders/Committee Review September 2018. Due for review in April 2019 and will therefore feature as part of the Council's 2019-20 improvement plan. New report template issued for use at November Cabinet onwards (September update). Subsequent review of public / private report arrangements will inform a further review to templates and guidance as part of 2019-20 planning. This has been considered by O&S in January. (January update)</p> <p>City Solicitor New process for Cabinet designed, agreed by CMT on 23.07.18. New process underway, training underway, new Corporate Clearance occurring for each Cabinet meeting (September Update).</p> <p>LEAN review of City Council – consultation complete, findings to feed into Scrutiny Inquiry into the City Council meeting (October update)</p> <p>Scrutiny Inquiry into the City Council LEAN review underway, on schedule to report to City Council in April 2019 and as such will feature in 2019-20 improvement planning (January Update)</p> <p>Green pending Panel review City Solicitor New Cabinet 'clearance' process in place and aims to make late reports a real exception with better dialogue with O&S and opposition leads. Subsequent review of public / private report arrangements will inform a further review to templates and guidance as part of 2019-20 planning. This has been considered by O&S in January. (January update)</p> <p>City Solicitor Survey now complete – as above (January update)</p>

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	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
			<p>External audit letter to highlight no material concerns re timeliness and probity of decision-making (March 2019).</p> <p>Report to CBM mapping out proposed nature of business to Full Council (September 2018) in line with O&S work programme, policy</p> <p>Reduced paper arrangements in Report to CBM mapping out the proposed nature of business to full council (September 18) in line with O&S work programme, policy framework and council plan</p> <p>Reduced paper arrangements in place (November 2018)</p>	<p>City Solicitor / Assistant Chief Executive Consultation has closed for the review of Leader / Cabinet Office with agreement from all parties. Implementation planned for September 2018. (August 2018 update). Implementation of VR and related HR processes underway throughout September – November 2018 in advance of 2019-20 financial year. (October 2018 update).</p> <p>City Solicitor Tracker and monitoring of full council decisions and cabinet decisions now in use. City Council/CBM forward plan now in use. Work to further populate the policy framework is ongoing linked to constitutional review and will feature in 2019-20 improvement planning (January Update).</p> <p>City Solicitor Paper agendas and reports no longer circulated, members offered training on making best use of new devices, and first Council meeting to be “paperless” was 06 November 2018. (November Update)</p>

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	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
1.4	An effective and proactive Scrutiny function / work programme in line with national best practice (informed by the expertise of Centre for Public Scrutiny) ²	<p>Implementation of O&S changes</p> <p>Forward planning workshops for the new O&S oversight committee (chairs committee) with formal engagement with all group Leaders.</p> <p>Utilisation of O&S for policy development purposes.</p> <p>Each committee to engage peer councils in elements of work programme during 2018</p>	<p>O&S review actions undertaken and / or report back to Full Council (September 2018.)</p> <p>Genuinely integrated O&S work planning in light of the Council Plan and priorities (September 2018).</p> <p>Robust programme of Scrutiny activity with flexibility for well-organised topical work (September 2018 onwards)</p> <p>Scrutiny members with strong links into Local Government Association, peers and able to access advisory resources outside the Council, e.g. Think Tanks.</p>	<p><u>City Solicitor</u> The O&S review was undertaken prior to the municipal year 2018-19 and changes implemented for the new O&S committee structure and ways of working. Committee Chairs has proposed a subsequent phase to the review prior to the 2019-20 municipal year, so this will feature in the Council's 2019-20 improvement plan. (January update)</p> <p><u>City Solicitor</u> The O&S Committees have developed work programmes following meetings with Cabinet Members and following Council Plan adoption in July. Focusing on key priorities. (August Update).</p> <p>Session held with the co-ordinating committee in June 2018 (along with private chair briefing) to ensure alignment between Council Plan / Improvement plans and the activities of committee(s). Leader and Deputy to regularly engage committee to ensure alignment. Monthly sessions now underway with Leader / Deputy and Co-Ordinating Committee to ensure scrutiny and co-ordination arising from monthly BIIP-MHCLG-BCC meetings. <u>(August / September 2018 updates)</u></p> <p>As above, a further review of the O&S function will be undertaken prior to the 2019-20 year. Linked to this a public session was held with the BIIP in January 2019 and input will be sought from O&S chairs prior to finalisation of the 2019-20 improvement plan. (January update)</p> <p>O&S chairs are maintaining a concerted focus on the Council's improvement and performance framework. The first</p>

² [Realising the Potential of Scrutiny \(CfPS\)](#)

1. Political Leadership <i>Effective political and managerial leadership, working as a constructive partnership</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
				<p>of 2 workshops with Scrutiny Chairs to agree the KPI's required by each committee to ensure the information they receive and utilise enables them to identify and focus on key priorities or issues. The 2nd workshop is scheduled to take place on 28 Jan 2019. (January update)</p> <p>LGA peer mentoring arrangements for Cabinet Members and Audit Committee chair agreed with commentary and support from BIIP. Scrutiny work engaging with other councils to understand best practice, e.g. Resources O&S Committee will do some work on the LTFP as part of which they will look at best practice elsewhere. (October Update). Impact of the mentoring to be evaluated.</p>
1.5	Depth of understanding of governance rules and standards, including financial regulations across all Elected Members (learning from good practice and guidance identified by Solace and CIPFA) ³	<p>Extensive, ongoing new member development programme required including:</p> <ul style="list-style-type: none"> • Induction • Information • Guidance • Peer support <p>Elected Member mentoring programme and evaluation of its impact.</p> <p>Ongoing LGA, professional body and peer working required challenging and assuring the BCC governance arrangements for / throughout the 4-year term.</p>	<p>Member Induction and Development Programme on offer for all Members (May 2018), including dedicated sessions on 'governance'.</p> <p>Rolling-programme of induction and briefings (June – September 2018).</p> <p>INLOGOV update report as a year 1 stock-take evaluation (September</p>	<p>HR Director / LGA Principal Advisor (WM)</p> <p>A 3 day induction over May and June was provided to new and previous elected members as welcome/welcome back. This has been really well received with feedback provided. Elected Members had made reference to the checklists provided being a great aid memoire and that the planning and layouts of the events has been well thought through. Market places are in the calendar to occur before Full Council meetings to provide updates on a more informal basis throughout the year. A calendar of training and learning events is being planned and underway. (July Update).</p> <p>We have taken a new approach to Member Development and introduced a tri approach. Legal Services are the lead supported by ACE and HR Director so that policy, training and governance are linked. (July Update). Member Development Strategy produced. New cross party Member Steering Group initiated and met on 7th November 2018. (November update)</p> <p>Member Development Strategy agreed setting out the plans going forward for member development and will feature strongly in 2019-20 improvement planning. (January Update)</p> <p>Assistant Chief Executive Project commenced at the beginning of November following</p>

³ [Delivering Good Governance in Local Government \(Solace and CIPFA\)](#)

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	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
			<p>2018) to identify that members have a good understanding of the governance rules and standards.</p>	<p>start-up meeting. Interim reports will be provided in February 2019 with project rolling-forward to assist 2019-20 improvement planning (January Update)</p>
			<p>Reduced standards committee referrals. (March 2019)</p>	<p>LGA and INLOGOV agreement for BCC to be one of four national pilots regarding a kite mark process for 21st Century leadership (August 2018 update). The project is continuing. There is ongoing liaison with the LGA and the initiative will inform roll-out of Council Workforce Strategy in 2019-20. (January Update)</p>
			<p>Structured LGA partnering programme in place for all key political post-holders</p>	<p><u>City Solicitor</u> New revised Code of Conduct and Procedure currently circulated for consultation. All Group Leaders advised that complaints must be allowed to be handled in Group (27.06.18). New Code to be included in new Constitution. Timing has slipped in terms of new constitution delivery, but this will be in place for the new municipal year and feature as part of 2019-20 improvement planning (January update)</p>
				<p>LGA peer mentors are in place for all Cabinet members and the chair of the audit committee with regular collective and individual engagement. This process will continue into 2019-20 with regular review and challenge of effectiveness by LGA colleagues. The peer model will also be an important part of the Council's post-BIIP quality assurance model and will feature strongly in 2019-20 improvement planning. (January update)</p>

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	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
1.6	Appointments to outside bodies (working with the LGA principal advisor to assess effective national exemplars)	Deputy Leader guiding a process of review with support from City Solicitor - reviewing what Council appoints to and why, how we manage relationships and degree of support & training to mitigate risk for councillors and officers sitting on third party boards.	Initial AGM appointments confirmed (June 2018) Wider representational roles amended (September 2018) Third-party training in place (September 2018)	City Solicitor / Deputy Leader AGM appointments made in May 2018. Group Company Governance Cabinet Committee now meeting monthly /6 weekly and annual work plan currently being refreshed to include reporting to next Committee in November 2018. Robust training programme now in place for all BCC representatives on third-party boards (January Update)

1. Political Leadership <i>Effective political and managerial leadership, working as a constructive partnership</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
1.7	Effective joint working between senior members and officers, with clarity of roles and responsibilities (as identified in the 21 st Century Public Servant ⁴ and 21 st Century Public Councillor ⁵ research)	<p>A comprehensive and transparent view of the Council's improvement journey needs to be understood and 'owned' by the new administration and the new senior officer team.</p> <p>An independent review on governance of waste services is underway.</p> <p>Member and officer development programme on the range of roles of a councillor:</p> <ul style="list-style-type: none"> • What the Council is and does • What being on outside bodies means • Other appointments • Community roles • Partnership roles • Strategic governance and scrutiny roles <p>Regular meetings of Leader and Deputy Leader and Chief Executive</p>	<p>All Members and officers clear as to roles and responsibilities. Robust and consistent induction and 'line in the sand' for all members post-election. (May 2018)</p> <p>Waste review findings implemented</p> <p>INLOGOV update report as a year 1 stock-take evaluation (September 2018) to identify improvements in role definition. Interim report deliverables to be provided prior to March 2019.</p> <p>Refreshed staff survey and improved results (September 2018)</p>	<p>Chief Executive and Leader Initial induction processes complete with particular emphasis on standards, governance and roles / responsibilities and evaluation shared with BIIP in October 2018. (October update)</p> <p>To ensure constructive challenge and improvement, follow-up sessions on 21st Century Public Servant and role of ward-members have been undertaken. The 'outside the box' project and LGA kite mark processes are continuing and will feature strongly in 2019-20 improvement planning. (January 2019)</p> <p>Chief Executive and Leader Third-party independent waste review completed and published in December 2018. Findings will inform legal, financial and HR considerations in any future industrial relations disputes whilst also informing corporate governance improvements in our 2019-20 improvement planning.. (January update).</p> <p>Assistant Chief Executive LGA and INLOGOV agreement for BCC to be one of four national pilots regarding a kite mark process for 21st Century leadership (August 2018 update). The project is continuing. There is ongoing liaison with the LGA. BCC is formally involved in the pilot process. (November Update). As highlighted, (focus groups and interviews now being set up to take place Dec-Jan (December update). Interim findings in February 2019 and project will inform 2019-20 improvement planning. (January Update).</p> <p>HR Director Staff Survey went live 2 months earlier than planned on 3 July 2018 and closed on the 20 July, with paper returns received up to 27 July. 26% of the workforce responded (significant increase from 12.5% in 2016). Early results shared w/c 6 August with CMT and all staff. An ELT session is scheduled</p>

⁴ [21st Century Public Servant](#)

⁵ [21st Century Councillor](#)

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	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
		<p>Structured programme of joint EMT & CMT workshops to generate the four year council plan, performance framework and budget.</p> <p>Restating of importance of Forward Plan process in order to inform EMT preparation around key cabinet decisions</p> <p>The Deputy Leader will continue to undertake exit interviews and gather information from previous members of what went well and what can we learn from. Similar such processes are required for senior/non-senior staff exits</p>	<p>Efficient and effective forward planning process with appropriate preparation / quality assurance of report risks / implications in good time – in line with the formal Forward Plan (July 2018 onwards)</p> <p>We will continue to obtain feedback from our stakeholders and partners and build this into our learning and improvements.</p>	<p>for 15 August and staff workshops ran during Aug/Sept to explore further and to develop “involved” solutions. Headline report was attached at the August Update. Action plan being developed which involves each Directorate and managers holding team meetings to discuss the Staff Survey and a corporate communication to this effect was issued in September 2018. (September Update) Following corporate communication from Chief Executive in September, managers are meeting with their teams to have local discussions and engage re actions required to address the feedback from staff. Results of the survey are being used to inform discussions at ELT. E.g. A session on reflective practice and emotional intelligence was held to improve manager’s ability to respond to the needs of their teams. Followed by a challenge to ELT to discuss findings at their leadership team meetings with monitoring by senior officers to the impact of the work. (January Update)</p> <p>May / June workshops in advance of June Cabinet complete, culminating in agreement of a Council Plan and associated measures.</p> <p>Budget workshops with EMT were held throughout July – October to build towards proactive consultation on a 4-year medium term budget framework (October Update) In addition a Budget Engine Room has been a dedicated agenda for the Council Management Team. (November Update) with proactive EMT sessions leading to timely delivery of budget and MTFS documentation and a robust financial position for the next four years.</p> <p>New Forward Planning arrangements in place for CMT and EMT, with weekly review through a new integrated officer group. (July Update). This is working well (November Update)</p> <p>Review of partnership activity undertaken March – June with specific implications for H&WB, CSP and Safeguarding Boards now being implemented. City Board met in September 2018 with follow-up meeting planned for December 2018. Monthly ‘temperature take’ calls inform Corporate</p>

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		<p>and interim officer feedback.</p> <p>Work programme with INLOGOV and University of Birmingham to ensure that we are developing 21st Century Councillors and Officers – including a session purely on this as part of the Member Development Programme</p>	<p>On-going member development programme for Elected Members, co-ordinated by the Member Steering Group. (July 2018 onwards). Evaluation findings from the programme to demonstrate whether new approaches have added value / had an impact. (September 2018)</p> <p>On-going development programme for officers, co-ordinated by OD team on behalf of Council Management Team. (July 2018 onwards)</p>	<p>Governance Plan updates (October Update). . Partners inputted to December BIIP. Positive feedback.(January update)</p> <p>Deputy Leader member development / review process on-going. Member development update provided above. (July Update)</p> <p>As stated above, a 3 day induction over May and June was provided to new and previous elected members as welcome/welcome back. This was well received (with feedback provided). Elected Members had made reference to the checklists provided being a great aid memoire and that the planning and layouts of the events has been well thought through. Market places are in the calendar to occur before Full Council meetings to provide updates on a more informal basis throughout the year. A calendar of training and learning events is being planned and underway. (July Update).</p> <p>We have taken a new approach to Member Development and introduced a tri approach. Legal Services are the lead supported by ACE and HR Director so that policy, training and governance are linked. (July Update). Member Development Strategy produced. New cross party Member Steering Group initiated and met on 7th November 2018. (November update)</p> <p>More detailed report provided to BIIP / MHCLG for October monthly meeting (October Update).</p> <p>Member views on the induction / programme to form part of the Annual Member Survey (October update)</p> <p>As above, member development will continue to feature strongly as part of 2019-20 improvement planning.</p> <p>JNC Restructure proposals launched July 2018; this will see recruitments and selection activity over the next few months. It is planned to undertake individual and team assessments once this is in place, to understand and utilise our collective strengths. (September 2018).</p>

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	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
				<p>Consultation feedback received. Chief Executive and HR Director undertaking formal individual consultation meetings with JNC Chief Officer. (October Update)</p> <p>Restructuring process on-going with final proposals agreed discussed with Trade Unions and elected members. Communications shared with the effected JNC cohort and recruitment processes now underway. (December Update)</p> <p>Final structure agreed and is being implemented in phases by 31st March 2019. Line management reports changing with effect from 21 January 2019. Recruitment campaign in progress for vacancies. (January Update)</p>
1.8	True reflection of the city's population in the governance of the Council (Fawcett Society and LGiU; ⁶ Councillors Commission) ⁷	Strategic review of equality and diversity across all levels of the Council's operations – learning from good practice from across the country (e.g. Coventry) – and benchmarking the degree to which the Council is representative in terms of characteristic groups, 'place' and social mobility / cohesion.	<p>Clear equality plan for the Council in place, and actions underway (October 2018)</p> <p>A more representative Cabinet and engaged body of councillors in consideration of wider diversity and</p>	<p>Chief Executive and Leader)</p> <p>ELT workshop undertaken and self-assessment complete against Local Government Equalities Framework. Equality objectives and action plan to follow in October with due consideration by EMT. Extensive workforce equalities analysis complete and ready for publication. Staff networks reconvened with strategic group and new HR lead support. CMT / EMT papers in train for January to launch new corporate approach to equalities. Timeline</p>

⁶ [Does local government work for women? \(Fawcett Society and LGiU\)](#)

⁷ [Representing the future \(Councillors Commission\)](#)

1. Political Leadership <i>Effective political and managerial leadership, working as a constructive partnership</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
		<p>Implementation of Women's Leadership actions.</p> <p>Constructive response to the WMCA Leadership Commission findings.</p>	<p>equality around different political groups. (June 2018)</p> <p>Implementation of Women's Leadership actions. (September 2018) Evaluation against criteria for success agreed at the start.</p> <p>Constructive response to the WMCA Leadership Commission findings. (July 2018)</p>	<p>has slipped but robust arrangements are in place for delivery of this agenda in 2019. Equalities will therefore feature strongly in 2019-20 improvement planning. (January update)</p> <p>Cabinet is now more representative from a gender and BAME perspective and Full Council endorsement of Inclusive Leadership policy is a significant step forward. (January update).</p> <p>Assistant Chief Executive and Deputy Leader</p> <p>WMCA Leadership Commission events have taken place in September and October, with the Council an active participant and committed to supporting three key next steps – a) firm policy pledges; b) peer-to-peer support; and c) contribution to a repository of regional good practice. Group Leaders agreed future consideration of Fawcett findings at Full Council planned for December 2018. Special EMT session planned around women's leadership actions in advance of Full Council (October 2018 update). Final agreements around 'pledges' are in place. Timescale has slipped with WMCA project but Council has kept pace with work and is an active participant.</p> <p>Women in Leadership strategy and action plan was agreed at full council in December. Actions underway (December update).</p>
1.9	<p>The Council should prioritise local leadership and neighbourhood empowerment.</p> <p>Redefinition of the Community Councillors' role with emphasis on neighbourhood convening and local leadership (for example, taking learning from leading practice as identified by the LGA to involve and understand residents)⁸</p>	<p>The Council should develop a compelling policy response to the O&S review into local leadership.</p> <p>A minimum offer for support around Ward forums and Ward Plan has been put in place. Consideration is being given through the budget process as to the relative priority of investment in this area.</p>	<p>'Green Paper' Working Together in Neighbourhoods (July 2018) 'Localisation' policy paper adopted by Cabinet in March 2018</p> <p>White Paper' Working Together in Neighbourhoods (October 2018) and implementation plan (ongoing).</p> <p>Green paper covers the development of new town and parish councils and</p>	<p>ACE and Place</p> <p>Green Paper endorsed by Cabinet in March 2018 and 'summer of engagement' underway to derive feedback and inform development of a new localism model. Process being actively led by the new Cabinet member with proactive officer and project management support. Engagement sessions happening throughout city in September. Cross Party Working Group (including external parties NALC, Locality, RSCTC, Frankley PC) now established and meeting in October to review the initial feedback on the consultation. Cabinet Report on new policy for Working Together in Neighbourhoods. Reviewed by O&S in December as a pre-decision piece of scrutiny with Cabinet report agreed in January 2019 (January update)</p> <p>A new process to support members to facilitate up to 6</p>

⁸ [New Conversations - LGA guide to engagement](#)

1. Political Leadership <i>Effective political and managerial leadership, working as a constructive partnership</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
		<p>Implementation of a new case management system</p> <p>Member and officer development programme on the range of roles of a councillor</p>	<p>establishment of neighbourhood charters and mini-devolution deals (2019-2020)</p> <p>Implementation of a new case management system (September 2018)</p> <p>On-going development programme for Cabinet Members over the next four years. (July 2018 onwards)</p>	<p>meetings per ward per year and to support Ward Plans has been instigated. (September Update)</p> <p>The new case management system has gone live on a pilot basis 14 members across two parties now using the case management system. Learning from the pilot will be used to inform the wider roll out in the Autumn. (August Update). Completed the lessons learned in November. Points to be brought forward in the roll-out for December.</p> <p>A report went to January CMT to discuss and agree options to increase take up by members, outside the changes identified in the November lessons learnt workshop. After which an action plan will be implemented to increase take up, which has not progressed since go live. Timescale has slipped so this will feature strongly in 2019-20 improvement planning. (January update)</p> <p>See 1.7 More detailed report provided to BIIP / MHCLG for October monthly meeting (October Update) Lessons learned from the deployment activities and provision so far will be fed into 2019-20 improvement planning. (January Update)</p>
1.10	A need to focus on priorities and outcomes – explicitly putting residents at the centre of improvement planning and decision-making.	<p>Key milestones for all improvement areas will be mapped out to ensure the Council is making continuous progress.</p> <p>Post-elections, a new Council Plan is being developed in collaboration with Councillors and officers that focusses on outcomes for citizens of Birmingham.</p> <p>The Council's performance framework will be extensively reviewed. Something needs to be said about the existing framework not being sufficiently self-challenging or sufficiently priority focused</p>	<p>Council Plan for 2018-2022 will identify key priorities and outcomes based on the needs of the City's citizens. (June 2018)</p> <p>The Council will make improvements in key priority areas. (Monitored monthly)</p>	<p>Chief Executive and Leader Council Plan agreed by Cabinet in June 2018 and improvement planning arrangements published in June 2018. (July Update).</p> <p>Deputy Leader and CMT Improvement plans integrated into monthly performance and finance monitoring cycles. Performance briefing undertaken with BIIP with a further workshop now undertaken with BIIP following first 'cut' of Council Plan performance framework to September Cabinet. A range of recommendations made and follow-up workshop planned for January 2019 (October Update).</p>

1. Political Leadership <i>Effective political and managerial leadership, working as a constructive partnership</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – completed task not achieved outcome; Amber – on track; Red – off track)
		<p>and outcome focused. There has been a tendency in the past toward highlighting positive progress while under-reporting and inadequately owning and addressing poor performance, BCC's extensive challenges and significant risks.</p> <p>Data from resident surveys are used in our early priority planning in the summer so that residents' priorities are reflected.</p>	<p>Early and comprehensive engagement process for the MTFP and 2019-2020 budget (October 2018)</p>	<p>Budget workshops help with the Extended Leadership Team and monthly meetings in place with all Directors and Cabinet Members to track delivery of spending plans in-year within agreed financial envelope. (July Update)</p> <p>Budget workshops with EMT have been held throughout July – October to build towards proactive consultation on a 4-year medium term budget framework (October Update)</p> <p>The Budget consultation document was agreed by Cabinet on 13 November and the formal consultation was launched running until 31st December. (November Update)</p> <p>Proactive EMT sessions leading to timely delivery of budget and MTFS documentation and a robust financial position for the next four years. (January update)</p> <p>Data from the residents' survey, plus detailed demographic analysis informed the planning stages for the council plan in June. (July Update). And as background to the City partners meeting (September update)</p>

2 A Modern and Progressive Organisational Culture <i>Effective political and managerial 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.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
2.1	Tackling defensiveness	Identify where the defensiveness emanates from in the organisation and why it occurs and how things might change.	A new strategic Workforce Plan will define a new 'culture dashboard' with appropriate timelines for monitoring improvements in years 1, 2, 3 &4. This will include staff, member and stakeholder feedback. (September 2018) We will have a genuine understanding of where we are and what needs to change (June 2018) and we are willing to be consistently explicit and honest about this with residents and other stakeholders	Chief Executive and Leader Monthly temperature checks continue to test the perception is that the council is more open and transparent. INLOGOV and NLGN project will provide a third-party challenge and capacity for culture change initiative (October update)
2.2	<p>Taking personal responsibility and owning any problems, challenges and poor performance</p> <p>Embedding a Learning Organisation approach – i.e. proactively seek out challenging comparisons and new ways of working to continuously improve effectiveness and efficiency</p> <p>Building the capability and capacity across the organisation to enable the Council to continuously adapt so that it is equipped to effectively address not only its existing challenges but is shaped so that it can meet future new challenges and effectively embrace new opportunities</p>	<p>Workforce Strategy will be developed to continue to encourage a culture of lead officers taking responsibility and demonstrating? accountability for the results of the organisation</p> <p>Accountability frameworks in place Learning and feedback? Constructively challenging each other and listening to challenge from elsewhere Responses to external reviews and inspections and audits – embrace and learn from the criticism rather than seeking to rebut it or excuse it</p>	<p>The council won't operate on a 'blame culture' basis and officers will instead be confident owning problems, challenges and poor performance.</p> <p>The Council's values and behaviours are part of the Members' everyday working [Culture dashboard – September 2018]</p> <p>The absence of, or rare occurrence of, Member behaviour that has the risk of bringing the Council into disrepute</p>	<p>HR Director Work in-train with Chief Executive, HR Director and Acting Assistant Director Organisational Development.</p> <p>The current People Strategy 2017-2020 has been updated to enable the delivery of the newly approved Council Plan.</p> <p>Work continues in preparation for the launch of the renamed Workforce Strategy 2018-2022 and associated Workforce Plans which will be on schedule to be completed by mid-September</p> <p>An engagement session was held with the Extended Leadership Team on 12th September 2018 and this was the first time that the group had input ahead of the Workforce Strategy going to the Council Management Team. A session with Trade Unions is also planned. The Workforce Strategy is on the agenda for CMT on 24th September 2018. (September Update)</p> <p><u>Engagement and input into the Workforce Strategy</u> Portfolio Holders Resources and Equalities - September and October 2018 Equality Working Group – through the summer and on-going Chair Resources Overview & Scrutiny - 5th September Extended Leadership Team - 12th September Trade Union colleagues - 17th September Attended Overview & Scrutiny -20th September regarding culture change and introduction of ERP system - webcam available - good feedback regarding leadership, culture change and transformation BIIP session with the panel and received feedback- 24th September Council Management Team - 24th September</p> <p>Revisions made to Workforce Strategy following feedback received from sessions as outline above in September update,</p>

2 A Modern and Progressive Organisational Culture <i>Effective political and managerial 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.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
			A new strategic Workforce Plan will define a new 'culture dashboard' with appropriate timelines for monitoring improvements in years 1, 2, 3 &4. This will include staff, member and stakeholder feedback. (September 2018)	
				<p>An executive summary; research document and outline implementation plan produced. Discussions held with elected members and portfolio holders for Resources and Equalities re their input and feedback.</p> <p>Revisions made to Workforce Strategy following feedback received from all sessions as outlined above in September update,</p> <p>Discussion session held with BIIP on 7th November 2018. (November Update)</p> <p>Workforce Strategy and supporting implementation plan agreed. Soft launch to organisation through December at team meetings and formal launch and publication early January 2019. Workforce Strategy Board currently being established - to be made up of cross directorate representatives. Remit of the Board is to monitor and report on the implementation of the strategy. First meeting 7 February Implementation of the workforce strategy is a critical issue as part of the Council's 2019-20 improvement planning arrangements (January update)</p>
2.3	Role modelling of BCC values, new culture and new ways of working	<p>The values and behaviours are key components that will be included in the new Workforce Strategy.</p> <p>The new CEO will drive forward changes to culture and new ways of working, which will underpin the new Workforce Strategy.</p>	<p>All BCC staff are confident in their understanding of the Council's values and behaviours.</p> <p>Lead officers are good role models of the Council's values and behaviours, and the new culture and ways of working.</p> <p>Clear expectations of leadership, culture, ways of working, etc. will be informed by robust data and set out in the Workforce Strategy.</p> <p>[Culture dashboard – September 2018]</p>	<p>HR Director Council Management Team, Elected Members Team and Extended Leadership Team are championing the role of culture change. There is a growing understanding that Culture Change is part of everyone's responsibilities rather than something that the OD team does and this is refreshing. Our workforce, through our recent staff survey have indicated they feel that our values and behaviours need to be renewed following the Council Plan being approved and this will now be taken forward as an action. (August Update).</p> <p>Discussions have taken place with the Chair of Resources Overview and Scrutiny regarding Culture Change and a joint presentation took place on 20th September at O&S for the Corporate Director Finance & Governance, HR Director and Assistant Director ICT&D regarding transforming BCC. The committee to follow up in the new year <u>(October 2018 update)</u></p> <p>This will be a key focus on implementing the Workforce Strategy as</p>

2 A Modern and Progressive Organisational Culture <i>Effective political and managerial 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.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
			A new strategic Workforce Plan will define a new 'culture dashboard' with appropriate timelines for monitoring improvements in years 1, 2, 3 &4. This will include staff, member and stakeholder feedback. (September 2018)	
				<p>everyone contributes to the values and behaviours, which isn't always appreciated. It is not something that HR & OD can fix and takes time to embed new ways of working. The Extended Leadership Team are working closely with HR & OD in developing leadership qualities and this is identified in the Workforce Strategy Implementation plan. Work is on-going to work as one collaborate team. There is a dedicated session on 14th November for the Extended Leadership Team on reflective practice and behaviours. (November Update)</p> <p>ELT programme to include development and shared learning. Following the reflective practice event in November the January ELT will look at mental health and wellbeing.</p> <p>OD is working with the LGA to map out a management development framework for new and aspiring managers through to executive leaders which will optimise the use of the Apprenticeship Levy, embed the Brum leader and map across to the 21st Century public servant. (January update)</p> <p>New Assistant Director Organisational Development commenced in post in January 2019, council wide induction delivered in January 2019. Cultural framework being discussed at Council Management Team on 11 February 2019 (February Update)</p>
2.4	Tackling avoiding making difficult decisions and having challenging conversations	Workforce Strategy will include continuing to promote a culture of resilience and transparency, especially in challenging contexts.	Councillors and officers will be confident in making difficult decisions and having challenging conversations. [Culture dashboard – September 2018]	<p><u>Chief Executive and Leader</u></p> <p>In train. Evidence in the EMT priority based budget workshops and baseline provided through staff survey findings. Cabinet decisions regarding Clean Air, re-ablement and in-year budget management evidence willingness to take difficult decisions (August 2018).</p> <p>Further difficult decisions will be taken as part of the ongoing budget process. E.G freeze on non-essential spend (<u>October Update</u>)</p> <p>Ongoing through the workforce strategy implementation and member development as part of 2019-20 improvement planning (January Update)</p>
2.5	Collegial working – a one-council approach is needed.	CEO and CMT to develop a joint, overarching approach.	Directorates will no longer work in silos and activity across directorates	<p><u>CMT</u></p> <p>In train. Evidence in the EMT priority based budget workshops.</p>

2 A Modern and Progressive Organisational Culture <i>Effective political and managerial 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.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
			A new strategic Workforce Plan will define a new 'culture dashboard' with appropriate timelines for monitoring improvements in years 1, 2, 3 &4. This will include staff, member and stakeholder feedback. (September 2018)	
		Effective communication and engagement plan	will complement rather than duplicate. [Culture dashboard – September 2018]	(July Update) Open and Transparent talking, team work, ownership and accountability are a constant theme through CMT discussions. An example of collegial working is the recent discussions by a Council cross working group from a number of different Directorates all working together on some key challenges facing BCC. (September Update 2018) Work is on-going to work as one collaborate team. There was a dedicated session on 14 th November for the Extended Leadership Team on reflective practice and behaviours. (November Update)
2.6	Using insight and intelligence to drive and shape improvement, and to track which strategies and plans are working.	Effective use of data in planning 4 year Council Plan.	Regular insight, intelligence and policy 'products' that provide purposeful <i>analysis</i> to inform CMT and EMT decision-making to enable and support continuous improvement. (July 2018 onwards)	<u>Assistant Chief Executive and Chief Operating Officer</u> Data and insight on the state of the city and residents' views were used to develop the council plan priorities. A similar product is being used for the city partnership board in September. Functional changes proposed in CEO restructure to strengthen this functionality. (August Update).). Some changes made to performance reporting with further improvements to be implemented. Four cross sector state of the city workshops are planned to inform policy making through the use of data and insight. The first of these workshops on the Economy has been held which was felt to be successful in terms of information sharing and collaborative working. Further are planned for January (December Update) The second workshop took place in February 2018. (January Update)
2.7	Optimistic staff attitude	Development and training Continue to promote a positive culture Regular dedicated sessions at CMT, ELT and engagement with the whole workforce. The new CEO provides weekly bulletin to all staff and members.	Councillors and officers have a positive and enthusiastic attitude to achieving lasting improvement. [Culture dashboard – September 2018] CMT will have visibility across all locations and not just the central administration buildings – as evidenced by staff survey results in year 1 2018-19. More personal touch to staff awards	<u>Chief Executive and CMT</u> Workforce strategy / culture dashboard in train. (July Update). Workforce strategy complete. Going to CMT on 24 September. (September Update). Extended Leadership Team is championing the role of culture change. Engagement sessions on much wider basis have taken place. There is a growing understanding that Culture Change is part of everyone's responsibilities rather than something that the OD team does and this is refreshing. Our workforce, through our recent staff survey have indicated they feel that our values and behaviours need to be renewed following the Council Plan being

2 A Modern and Progressive Organisational Culture <i>Effective political and managerial 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.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
			A new strategic Workforce Plan will define a new 'culture dashboard' with appropriate timelines for monitoring improvements in years 1, 2, 3 &4. This will include staff, member and stakeholder feedback. (September 2018)	
			by CEX and Leader and this will be done on site at the employee's place of work for recognition of job	<p>approved and this will now be taken forward as an action. Refer to updates on Workforce Strategy as outlined at 2.2 and 2.3 (October Update)</p> <p>Work is on-going to work as one collaborate team. There is a dedicated session on 14th November for the Extended Leadership Team on reflective practice and behaviours. (November Update)</p> <p>Improvement over the last few months; CMT is stronger and gelling better; the leadership managerially and politically is pulling in the same direction; positive feedback from members and staff to the CX's weekly bulletin; CMT road shows with staff have been enabled wider engagement and communication; people fed back how proud they were to work for BCC. Improved CMT communication and transparency. (December Update)</p> <p>CMT team development and workforce strategy implementation are critical parts of 2019-20 improvement planning (January update)</p>

3 Managerial leadership <i>Effective political leadership and managerial leadership, working as a constructive partnership.</i> Note that a number of the improvement aims in section 1 – political leadership – involve dual actions for both officers and elected members. For brevity, these actions are not duplicated below.				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
3.1	ELT with good knowledge and understanding of Council constitution, standing orders and financial regulations and a commitment to the council's corporate agenda	Senior officer development programme including: <ul style="list-style-type: none"> • Induction • Information • Guidance • Peer support Dedicated ELT development sessions on good governance and new, structured approach to strategic ELT topics with emphasis on peer learning.	Revised induction and development programme underway (by October 2018).	Chief Executive and CMT Key parts of the induction framework are being implemented. Online module based e learning in use and amendments pending JNC restructure. Managers Checklist being reviewed through cross directorate/hierarchy consultation. Corporate Induction half day scheduled. Invite to 508 starters who joined 2018 (1st 50 to attend and evaluate content). On boarding being reviewed to streamline the process and improve how we monitor the induction has taken place and is valued by staff and managers. Timeline slipped but strong progress being made and as such will feature in 2019-20 improvement planning. (January update)
3.2	Chief Officers' communication, engagement and collegial working (for example, LGA's recommendations for improving internal communications will be used to inform our approach) ⁹	Review of CMT arrangements underway - weekly CMTs, standing agenda with a balance between standing items (e.g. budget, forward plan) and business / strategy items. ELT to be made more strategic with structured approach to strategic workshop topics and transparency / inclusivity about strategic direction. Improved policy and communication products at CMT & ELT. Improved use of technology to break down staff barriers – yammer, social media and blogging / CEO updates.	CMT and ELT actions underway by July 2018 Directorates will no longer work in silos and activity across directorates will compliment rather than duplicate. (on-going) Improved staff survey response rate (September 2018) and steady increase in staff morale and engagement measures (Yr2,3&4)	Chief Executive and CMT CMT structure and ways of working reviewed in April 2018. Standing forward plan, standing agenda items and new ways of working (through SharePoint) up and running. Attendance and rigour of review/ decision making improved, but maturity and more grip required. (July Update). Improved policy products now regular slots at CMT, including the consultation tracker; the policy bulletin; regular strategic policy briefings Yammer, social media, CEO updates all now BAU.
3.3	Comprehensive and transparent advice to Elected Members to support effective decision-making	Establishment of forward plan and rigorous application of renewed CMT discipline – with cross-functional debate and risk / professional assessment prior to advice being formally provided to elected members (through Cabinet portfolio briefings or EMT.) Implementation of a revised budget and performance board, with monthly updates provided with transparency around any	Improved timeliness, grip and informed decisions in line with the Council Plan and Forward Plan / changes to CMT ways of working. (July 2018) Improved transparency of Budget and Performance Board updates and decisions.	Chief Executive and CMT CMT, EMT and groups / scrutiny forward plan in place and reviewed weekly. Monthly performance / budget board(s) in place for CMT and relevant Cabinet members. (July Update). August performance / finance CMT and EMT and Budget Board processes in-train and shared with BIIP. Performance workshop planned with BIIP in September. (August Update). Performance Workshop held in October 2018.

⁹ [LGA - Top 10 tips for better internal communications](#)

3 Managerial leadership Effective political leadership and managerial leadership, working as a constructive partnership. Note that a number of the improvement aims in section 1 – political leadership – involve dual actions for both officers and elected members. For brevity, these actions are not duplicated below.				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
		<p>changes / decisions required.</p> <p>More proactive senior officer involvement in O&S processes –including engagement in development of O&S work programme, and then senior officer support to O&S chairs to challenge policy development and advice / scrutiny of policy implementation.</p> <p>Complete the LEAN review of Council and Cabinet decision-making cycle and implement changes.</p> <p>Improved evidence and insight underpinning officer advice and options / implications presented to elected members.</p>	<p>(July 2018)</p> <p>Actions arising from O&S review to be implemented. (September 2018)</p> <p>LEAN review of Council and Cabinet decision-making cycle and implement changes (September 2018).</p> <p>Review of insight and intelligence functions and products to CMT and EMT (September 2018)</p>	<p>O&S cycles of meetings complete with pro-active Cabinet and CMT member involvement in all sessions.</p> <p>Lean review process work undertaken. Scrutiny Inquiry into the City Council LEAN review underway, on schedule to report to City Council in April 2019 and as such will feature in 2019-20 improvement planning (January Update)</p> <p>Restructure proposal out to consultation with proposed integration of policy, Public Health analytical capacity and performance / insight functions. New Head of Research and Programmes appointed in June 2018. (August Update). Consultation closed process on-going (October Update) JNC restructure ongoing, new directorate under ACE to include a broader range of functions. JNC restructure complete and implemented on 14 January, further work now to be done on the layers beneath JNC. (January Update)</p>
3.4	Robust, thorough and consistently applied staff induction processes (drawing on guidance from CIDP ¹⁰ and building on good practice from Barnet Council ¹¹ and Nottinghamshire County Council ¹²)	<p>Corporate inductions will be refreshed to reflect recent political, managerial and structural changes to the council.</p> <p>There will be a focus on corporate obedience regarding managers inducting their staff and having the relevant tools to do so.</p>	All staff will receive a full induction to the council within 2 months of starting. (As of September 2018)	Chief Executive and HR Director –The Chief Executive and HR Director have met to discuss Employee Induction, with the new Chief Executive sharing ideas that she has observed have worked well in other authorities and combining this with the experience of the HR Director – a new approach will be introduced which will be much more personal and provide a combination of learning, i.e. mixture of face to face; e-modules and networking opportunities to learn. (July Update)

¹⁰ [Induction Factsheet - CIDP](#)

¹¹ [Barnet Council - Employee Handbook and Induction Checklist](#)

¹² [Nottinghamshire County Council - Employee Induction Guide](#)

3 Managerial leadership <i>Effective political leadership and managerial leadership, working as a constructive partnership.</i> Note that a number of the improvement aims in section 1 – political leadership – involve dual actions for both officers and elected members. For brevity, these actions are not duplicated below.				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
		The new CEX is keen to run regular face to face sessions with the Leader as a welcome and introduction to BCC – this is work in progress.	Staff report (as part of survey) increased visibility of senior management	<p>Learning from other Local Authorities through on-site visits has begun and will be continual to compare and inform BCC's approach. Induction was discussed at ELT on 12th September during the Workforce Strategy session and the feedback will be collated into the Workforce Plan. (<u>September Update 2018</u>)</p> <p>On boarding discussions occurring re new starters to the organisation in 2018 to capture feedback and learning from their experiences to build into new inductions process. Actions on induction detailed in Workforce Strategy. (October Update)</p> <p>Meeting held with Chief Executive and OD team to further develop the induction programme. The Chief Executive is keen to have a hands on approach and meet new members of staff via a robust induction schedule. This is being planned. (November Update)</p> <p>The Chief Executive is fully involved in the planning for staff inductions. She is keen that the inductions are for new and existing staff rather like the Members' "Welcome/Welcome Back" detailed earlier. There is a session planned for January which will be an all staff session. We will be concentrating on new starters, but the engagement is with all staff. There will be online material which is modular based and paper versions for staff who do not have access. (December Update)</p> <p>Key parts of the induction framework are being implemented. Online module based e learning in use and amendments pending JNC restructure. Managers Checklist being reviewed through cross directorate/hierarchy consultation. Corporate Induction half day scheduled. Invite to 508 starters who joined 2018 (1st 50 to attend and evaluate content). On boarding being reviewed to streamline the process and improve how we monitor the induction has taken place and is valued by staff and managers. Timeline has slipped but strong progress in place, and as such will feature in 2019-20 improvement planning (January update)</p>
3.5	A modern and fit-for-purpose workforce	A new workforce plan will replace the current People Strategy and oversee a dramatic and sustained change to: - <ul style="list-style-type: none"> - Recruitment - Retention and talent management - Assessment of skills and competency gaps - Appraisal and staff performance management processes - Apprenticeships and graduate development - Industrial relations processes and engagement 	Completion of workforce plan (September 2018))	<p>HR Director</p> <p>Work has begun on the production of the renamed Workforce Strategy 2018-2020 and associated plans. (August Update).</p> <p>An engagement session was held with the Extended Leadership Team on 12th September 2018 and this was the first time that the group had input ahead of the Workforce Strategy going to the Council Management Team. A session with Trade Unions is also planned. The Workforce Strategy is on the agenda for CMT on 24th (<u>September 2018</u>).</p> <p>Organisational Health measures will be developed once the Workforce Strategy is agreed.</p> <p>Staff survey has been completed ahead of schedule i.e. in June rather than</p>

3 Managerial leadership <i>Effective political leadership and managerial leadership, working as a constructive partnership.</i> Note that a number of the improvement aims in section 1 – political leadership – involve dual actions for both officers and elected members. For brevity, these actions are not duplicated below.				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
		Staff survey as baseline for council improvement. The key indicators from the survey to be used and the trend analysis and the most recent baselines TBA	<p>Monthly monitoring of a new basket of internal 'organisational health' workforce measures (October 2018 onwards)</p> <p>Staff survey (September 2018) Most important measures</p> <p>Improved employee engagement and confidence.</p> <p>Improved sickness absence.</p> <p>Changed workforce demography. To better reflect the demography of the city</p> <p>Improved motivation and morale in employees.</p> <p>Leaders and employees are advocates for BCC.</p>	<p>September 2018 with a 26% return providing a baseline position. (Headlines attached).</p> <p>The free text boxes utilised during the survey included the opportunity to comment on values and behaviours and providing a message to the new Chief Executive. 2,500 messages were submitted. (September Update)</p> <p>Extended Leadership Team is championing the role of culture change. Engagement sessions on much wider basis have taken place. Our workforce, through our recent staff survey have indicated they feel that our values and behaviours need to be renewed following the Council Plan being approved and this will now be taken forward as an action. Refer to updates on Workforce Strategy as outlined at 2.2 and 2.3</p> <p>Cabinet report approved for implementation of new Enterprise Resource Planning system for HR/ Payroll and Finance transformation programme, which will assist in terms of new ways of working; talent management; appraisals; induction; apprenticeships etc.; succession planning and improved business processes. (October update).</p> <p>Extended Leadership Team is championing the role of culture change. Engagement sessions on much wider basis have taken place. Our workforce, through our recent staff survey have indicated they feel that our values and behaviours need to be renewed following the Council Plan being approved and this will now be taken forward as an action.</p> <p>Refer to updates on Workforce Strategy as outlined at 2.2 and 2.3</p> <p>Work is on-going to work as one collaborate team. There is a dedicated session on 14th November for the Extended Leadership Team on reflective practice and behaviours. (November Update)</p> <p>Producing a workforce planning toolkit which will help managers assess what they might need in the future. OD is going out to all directorates to help them in this. Workforce strategy manager in place. (December Update)</p> <p>See 2.2. The Workforce Strategy Board 7 February will build upon the success measures detailed in the strategy to agree and monitor organisational health measures. A number of these will be measured through future staff surveys, pulse checks, road shows and networks which will be implemented through an employee engagement plan.</p> <p>"Forward Together" engagement programme was launched following a series of CMT engagement sessions (29 October and 5 November). Strategic Workforce Planning Tool being reviewed by HR business partners and a number of AD's during early January. Work on target with a view to launch and support managers in line with the business planning and budget review cycle in October. Workforce strategy implementation will feature as a critical</p>

3 Managerial leadership <i>Effective political leadership and managerial leadership, working as a constructive partnership.</i> <i>Note that a number of the improvement aims in section 1 – political leadership – involve dual actions for both officers and elected members. For brevity, these actions are not duplicated below.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
				part of 2019-20 improvement planning-(January update)

4 Strategic planning, financial and performance management <i>Effective corporate and financial framework to ensure strategic focus, transparency and governance.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
4.1	An agreed City Vision and clear lines of accountability for areas of partnership activity.	<p>Further work with Partners implementing agreed review of partnership structures, priorities and aligned work programme towards owned partnership KPIs in support of the achievement of a shared vision.</p> <p>Creation of a City Board to enable strategic partners to maximise opportunities in the city and anticipate changing trends / challenges.</p> <p>Shared clarity about the mission, objectives and purpose of individual partnerships and how they will judge their performance against a shared outcomes / accountability framework.</p> <p>Shared process of monitoring, measuring and learning by seeking and acting on feedback on the council's performance from our partners and being transparent about the results.</p>	<p>Officer engagement with partners March-June 2018</p> <p>Political review, engagement and launch of proposed new partnership model June – July 2018.</p> <p>Implementation of changes following summer of engagement (September 2018)</p> <p>Formal adoption of a new partnership outcome and accountability framework (April 2019)</p> <p>Evaluation with partners required – consideration of independent evaluation (potentially through INLOGOV refresh or peer review) – January / February 2019.</p>	<p><u>Chief Executive and CMT</u></p> <p>Pending Panel review</p> <p>First meeting of the City Partners Board took place on 19 September with representation from all sectors, using a distributed leadership model. The meeting will be facilitated by the Rt Hon. Jacqui Smith. Strong young people representation at the board who contributed. Positive energy and commitment was created and clear actions agreed. The next Board will be in December. Preparatory work underway with theme leads (<u>October Update</u>)</p> <p>There has been a review of partnerships and subsequently changes to the Community Safety Partnership. The CX now chairs. There is a new children's services strategic partnership in place (November Update)</p> <p>The Youth Board has had its first meeting. Mini workshops have been held on the issues/themes agreed at the last City Board meeting. They have been led by partners and will be reported back on at the next City Board meeting on 11 December.</p> <p>Partners inputted to BIIP / MHCLG session in December with positive feedback. Second City Board was held on 11 December. Shared agreement on the focus and way forward at a strategic partnership level. Positive partner feedback through the regular temperature takes.</p>
4.2	A revised Vision and Priorities for the Council	<p>Integrated planning, priority-setting and budgeting planned with CMT and EMT post-election – based on insight, the administration's manifesto and advice regarding service priorities / demand pressures.</p> <p>Following elections, Cabinet portfolios are changing to correspond with the new priorities.</p> <p>New Vision and Council Plan to be agreed by Cabinet.</p>	<p>Clear priorities that reflect the needs of Birmingham's citizens and are agreed by members and lead officers. (June 2018)</p> <p>Clarity with officers and members around where accountability lies in portfolio and chief officer leadership roles (July 2018 onwards).</p>	<p><u>Chief Executive and Leader</u></p> <p>Council Plan in place and new Cabinet portfolios confirmed. (July Update).</p> <p>Chief Officer restructure proposals progressed through JNC and due to be consulted with staff in July 2018. (July Update). Restructure proposals out to consultation (August Update). Restructure proposal still out to consultation closed on September 19. Process ongoing (October and November update). Process ongoing (December Update) Restructure complete and new structure commenced on 14 January (January Update)</p> <p>Approval obtained via JNC Panel to the final structure in November 2018. Structure transition to occur in phases and be operational by the end of March 2019. A series of selection panels are set up in elected members' calendars from November to March to appoint (February Update) Reference Dawn Baxendale MJ article.</p>

4 Strategic planning, financial and performance management <i>Effective corporate and financial framework to ensure strategic focus, transparency and governance.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
4.3	Effective strategic performance management	<p>Strategic review of performance framework required, in concert with production of Council Plan 2018-2022.</p> <p>This refreshed performance management framework will integrate priority outcomes and measures; service outcomes and measures; and governance / improvement plans with key priority areas for improvement along with milestones to monitor progress to be included in the new Council Plan 2018-2022.</p> <p>Future KPIs will be mapped back to the new vision and priorities. Monthly CMT and EMT will review reports and take action to address resource or performance-led interventions.</p> <p>Improvement block included in Council Plan.</p> <p>Revised Council-wide performance toolkit to provide peer examples, a culture of learning and clarity on definitions / standards (on issues such as data quality and reporting protocols.)</p>	<p>Revised strategic framework in place by July 2018.</p> <p>Monthly finance and performance reporting to CMT, EMT, and Cabinet commencing July 2018.</p> <p>Integration of revised approach into business as usual and improvement plans (September 2018)</p> <p>Improved feedback from inspectorates and external auditor regarding efficacy of strategic and service performance management (April 2019)</p> <p>Annual review of framework to ensure timely reviews to show to what extent any strategies are achieving the set goals. (April 2019)</p>	<p>CMT</p> <p>Monthly performance and finance sessions underway – having begun in June 2018 – and reports shared with MHCLG and BIIP. (July Update)</p> <p>Finance monthly reporting now refined and cycle in place for future reporting to <u>CMT, EMT and Budget Board</u>.</p> <p>Performance report was refined for July following agreement of measures in the Council Plan with first formal challenge in August 2018. Meeting on 13 August (August Update).</p> <p>Other actions in train (July Update).</p> <p>Joint BIIP/BCC performance workshop held in October. Follow up to be held in December/January (<u>October and November Update</u>)</p> <p>Principles underpinning new performance management approach, building on feedback from the BIIP Tracer Session in October, were presented to CMT in November. The focus of the principles is tying research and evidence into KPI and target setting, and thereby into identification of improvement areas, programme design, implementation and continuous feedback and improvement. CMT supported principles and it was agreed that following incorporation of feedback they would be discussed at DMTs with a view to developing a new framework for presentation to CMT in the new year. (December update)</p> <p>Validation meetings for performance have been introduced, held between the Performance and Insight Team and performance colleagues across the Council. The purpose of these meetings is to develop a joined up approach to performance management and to enable more effective critique and challenge of performance narratives put forward by service areas. The meetings are held in advance of DMT performance sessions so that focus on performance at this level is increased in advance of CMT discussions.</p> <p>This approach is expected to increase the accuracy of performance information and improve the quality of performance narrative. This in turn will affect a change in the organisation-wide conversation around performance. The initial results of this approach will be reflected in the Q3 Performance Report that is due to go to Cabinet on 5 March 2019. (January Update)</p> <p>Council Plan refresh is underway with a view to April 2019 aspirational deadline. (January update.)</p>

4 Strategic planning, financial and performance management <i>Effective corporate and financial framework to ensure strategic focus, transparency and governance.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
4.4	Effective 'people performance' appraisal framework ¹³	<p>Strategic review of current appraisal system assessing 'best in class' public and private examples.</p> <p>Revised performance appraisal system in place, embedded, used purposefully and delivering improved performance.</p>	<p>Strategic review of current appraisal system assessing 'best in class' public and private examples. (October 2018)</p> <p>Revised performance appraisal system in place, embedded and delivering improved performance. (April 2019, 2020 and 2021 trajectory)</p>	<p><u>HR Director and CMT:</u></p> <p>The new Chief Executive is keen that we benchmark with others outside of the West Midlands and this is something that we are keen to explore.</p> <p>A new performance appraisal is due to be developed this year, following the feedback that has been received both on PDR and current appraisal process. (July Update).</p> <p>My Appraisal was discussed at the ELT session held on 12th September, and feedback is also being obtained from Trade Unions. Site visits to other authorities and the private sector is in progress with a number of visits already completed to share and learn from others. <u>(September 2018)</u></p> <p>Extended Leadership Team is championing the role of culture change. Engagement sessions on much wider basis have taken place. Our workforce, through our recent staff survey have indicated they feel that our values and behaviours need to be renewed following the Council Plan being approved and this will now be taken forward as an action. My Appraisal formed part of this feedback and a new process is currently being developed. Refer to updates on Workforce Strategy as outlined at 2.2 and 2.3. (October update)</p> <p>Review of performance appraisal is underway and was discussed with Chief Executive on 7th November 2018 (November Update)</p> <p>We are modelling the new appraisal system. We looked to outside to inform our plans, including talking to the LGA, Bradford, Manchester and Wolverhampton, to see if what we are doing is out of synch and it is not. We have been working on that since August. The Chief Executive is reviewing a draft at the moment. We are on target to get something in place for next April. (December Update)</p> <p>Appraisal/ succession planning has been researched in line with the review of our current SAP system. OD over the past 4 months has consulted with staff and managers to inform the development of the new system. The new approach will also be based around the review of values and behaviours and will be an important part of 2019-20 improvement planning (January Update)</p>
4.5	Effective Medium Term Financial Strategy (see CIPFA's report on medium-term financial strategies) ¹⁴	<p>Priority based budget approach to be deployed in early summer as part of the council planning process.</p> <p>Integrated preparation underway for Council plan, MTFS and budget cycle.</p> <p>Robust MTFS and priority-led covering 2019-22.</p>	<p>First cut of MTFS and budget in August 2018</p> <p>Final draft MTFS and budget / Early budget consultation October 2018 – Feb 2019</p>	<p><u>Chief Finance Officer and CMT</u></p> <p>The Council has considered updates to its forecast 2019/20 – 2022/23 budget position at EMT meetings in July and September.</p> <p>Budget workshop with EMT held on 17 September with further ones planned for 1 October and 15 October.</p>

¹³ [Performance appraisal factsheet \(CIPD\)](#)

¹⁴ [Looking forward - Medium-term financial strategies in the UK public sector \(CIPFA\)](#)

4 Strategic planning, financial and performance management <i>Effective corporate and financial framework to ensure strategic focus, transparency and governance.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
		<p>Monthly reporting to CMT and EMT of the fully integrated financial management, performance management and risk/opportunity management position.</p> <p>Clear trajectory as part of a renewed MTFS, as to how the Council reduces reliance on reserves.</p> <p>A 'total' view of revenue and capital reporting on a monthly basis to inform accurate, timely and transparent decision-making.</p>	<p>Improved rigour of reporting September 2018 onwards</p> <p>Improved trajectory of use of reserves in 2018-19 out-turn report</p>	<p>Planning to take the Budget Consultation to Cabinet in November to start the budget consultation process. Continuing to develop and refine budget consultation proposals in September and early October, with a view to get final sign off from EMT and Labour Group in October.</p> <p>Reporting is undergoing continual development to ensure that it is timely, accurate and transparent. Quarterly reports will go to Cabinet; other monthly reports to EMT and on to opposition leaders and scrutiny. (July Update)</p> <p>Expectations on the use of reserves are clear – not permissible to mitigate base budget or non-delivery of savings. Any strategic use (e.g. PFS or Invest-to-save), if approved, would be documented and pre-agreed. (July Update)</p> <p>The S24 Statutory Recommendations in the Audit Findings Report for 2017/18 were considered at the City Council meeting on 11 September. Actions will be monitored by the Audit Committee.</p> <p><u>September Update</u></p> <p>Further EMT Budget Away day held on 15 October. Budget proposals are being worked up into fact sheets and the budget consultation document is being prepared for Cabinet and public consultation in November (October Update)</p> <p>Budget proposals out to consultation earlier than the last few years (November Update)</p> <p>Budget consultation underway. Public meeting to be held on 19 December, already fully booked to capacity. Business meeting on 12 December. Significant changes made to MTFS 'narrative' based on BIIP / MHCLG advice in November. (December Update)</p> <p>Quarter 3 2018-19 budget report demonstrates significant 'grip' in addressing in-year pressures. Budget consultation closed. EMT has considered the feedback at its meeting on 17 January. Budget on track to go to Cabinet and full Council in February with a balanced position over the four year period. (January Update)</p>
4.6	Effective Capital Strategy (outlined by CIPFA) ¹⁵	<p>A 'total' view of revenue and capital reporting on a monthly basis to inform accurate, timely and transparent decision-making.</p> <p>A 'total view' of Council investment and Treasury management risk associated</p>	Fully integrated Capital Strategy (April 2019)	<p><u>Chief Finance Officer and Economy Director.</u> Capital Board is established and is meeting monthly with clear ToRs. Capital and treasury management monitoring is now reported monthly together with revenue monitoring.</p> <p>The formal Capital Strategy will be an output of the financial planning process in the Council Business Plan 2019+. On-track for delivery in April</p>

¹⁵ [Capital Strategies and Programming - Summary \(CIPFA\)](#)

4 Strategic planning, financial and performance management <i>Effective corporate and financial framework to ensure strategic focus, transparency and governance.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
		with legacy and new capital investments		2019 due to earlier MTFS and Capital process in February 2019. (January Update)
4.7	Effective risk management strategy and implementation (learning from good practice and guidance identified by Solace and CIPFA) ¹⁶	Co-ordinated revision of corporate and directorate risk registers and associated processes Reestablishment of Corporate Governance Group to oversee high risk workforce issues	Revised structure and content of corporate risk register (October 2018) Revised structure and content of Directorate risk structures (April 2019)	<u>Chief Finance Officer and CMT</u> <u>Pending Panel review</u> This work is at the early stages of definition focussed around understanding best practice from similar authorities. A future serve will need to incorporate a mature approach to assurance and risk which embeds the culture of risk and sees the process as 'dynamic' (July Update) Our approach to risk management has been benchmarked against the CIPFA Good Governance Framework, and an action plan has been developed. This includes improving documentation and e-learning material. Liaison with Directorate Management Teams is in progress, to ensure improved ownership and the developments of appropriate actions. All on track for internal governance / risk review / accountability arrangements for April 2019. (January update)
4.8	A fit-for-purpose and modern Industrial Relations Framework	a) Logistics and support b) Governance and meetings frameworks c) Style and culture d) Corporate management with members	Discussion paper for discussion with Elected Members and proposals for discussion with trades unions (July 2018) An industrial relations framework that enables the delivery of the Council Plan and MTFS (September 2018)	<u>Chief Executive and Leader</u> In train – to discuss with BIIP and MHCLG (July Update). On the agenda for the BIIP September meeting. In train (November Update) We are at the point now where the relationship with the TUs is changing, despite the disputes in waste and enablement. We have only just started to talk to the Unions about policy. We invited them to the HR redesign. We have rolled out the disciplinary policy. (December Update) Industrial relations remains a critical issue for the Council to address in driving improvement and modernisation efforts in 2019-20. The framework for this is provided by the Workforce Strategy as agreed in 2018, with implementation and mature dialogue with unions a priority as part of 2019-20 improvement planning. (January Update)
4.9	Effective Legal and Governance Services	Revised model for provision of Legal Services ready for consultation.	Model ready for consultation with a view to implement. (September 2018) Setting new standards and effective delivery of governance function, for example, reduced external costs, improved stability of staff body and improved	<u>City Solicitor</u> CMT and EMT have been consulted and new model in operation from 01 August (August Update). A range of improvements have been made to transparency of governance processes in-year with changes to report and decision-flow processes highlighted above. The full implementation of the new legal and governance services model will take place in 2019, although it is encouraging that the new AD for legal services is now appointed and commences work in early 2019. (January 2019)

¹⁶ [Delivering Good Governance in Local Government \(Solace and CIPFA\)](#)

4 Strategic planning, financial and performance management <i>Effective corporate and financial framework to ensure strategic focus, transparency and governance.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
			organisational performance measures (e.g. successful legal cases, reduced late reports.) [April 2019]	
4.10	Effective Financial Services	<p>Setting of new style and standards for financial management by finance officers</p> <p>Setting of new standards for financial management by service senior managers and training in them</p> <p>Putting in place of more reliable and more transparent financial reporting mechanisms</p> <p>Implementation to be undertaken</p>	<p>Finance officers reporting direct to S151 Officer with clear understanding of their role and part of managing the corporate whole. [July 2018]</p> <p>Service managers operating at higher level of financial management, meeting budgets and prioritising and re-prioritising [April 2019]</p> <p>Evident levels of transparency and plain English clarity in financial reporting</p> <p>Clear financial implications in all relevant report</p>	<p><u>Chief Finance Officer</u> The Finance redesign is largely complete in terms of structure. 4 senior staff will leave the Council as they could not demonstrate the skills and standards needed. (July Update)</p> <p>A new operating model has been agreed by CMT and is being embedded. An experienced interim AD has been engaged to deliver this pending the appointment of a permanent member of staff. (July Update)</p> <p>Reporting cycles and content have been reviewed and improvements made but this process will continue (July Update).</p> <p>Recruitment of interim posts nearly completed. An Interim Assistant Director of Service Finance has been appointed. (September Update)</p> <p>The CIPFA review activity in November and December 2018 has now reported and will inform the final implementation of new strategic finance systems and processes in 2019. This service redesign will continue to be a priority in 2019-20 implementation planning. (January 2019)</p>
4.11	<p>Effective Human Resources</p> <p>Realistic and robust operating model (for example, adopting learning from various models presented by CIPD)¹⁷</p>	<p>Workforce Strategy needed and overhaul of how the Council does JNC recruitment</p> <p>Embedding and review of efficacy of new model</p>	<p>New model fully effective from September 2018.</p> <p>Continuous systems and process reviews [April 2019 onwards]</p>	<p><u>Director of HR/OD</u> The new operating model for Human Resources became live on 1st March 2018, with spans and de-layering and a new organisational structure. The teams are now c70 head count less than last year.</p> <p>A whole service redesign commencing on 1st May 2018 to review all current processes and practices. It is a whole HR Redesign end to end following system thinking principles. This includes strengthening the customer experience. This includes examining purpose; adding value; understanding capability and capacity and barriers to change, reduces waste and introduces longer term change than the usual business process re-engineering method..</p> <p>Show and Tell sessions have taken place with the HR Leadership Team and managers with more planned regularly and throughout the summer. (July Update).</p> <p>Director of HR now reports directly to the CX. (August Update)</p> <p>There will be on-going continual improvement and skills transfer into the HR</p>

¹⁷ [Changing HR Operating Models \(CIPD\)](#)

4 Strategic planning, financial and performance management <i>Effective corporate and financial framework to ensure strategic focus, transparency and governance.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
				<p>& OD teams so that they can be self-sufficient in the change methodology used, which is 'BRUM' change methodology (which has been developed in collaboration with external partners and in-house expertise, and is currently being trialled in HR and also in Homelessness). (September 2018)</p> <p>Through our recent staff survey have indicated they feel that our values and behaviours need to be renewed following the Council Plan being approved and this will now be taken forward as an action. Refer to updates on Workforce Strategy as outlined at 2.2 and 2.3</p> <p>The Council is undertaking benchmarking to capture learning from other councils; working with the LGA and other partners to understand best practice. And also working with lead recruitment agencies to embed new processes.(November Update)</p> <p>Phase one new structure redesign was in March this year, phase 2 started in May - the culture change programme. There is a completely different feel now in HR. further work to do in terms of the practical side and process. ER will help in this. The Director of HR is working with the Chief Finance Officer and the Head of IT to put a new system in place. (December Update)</p> <p>The full implementation of this service redesign will continue to be a priority in 2019-20 implementation planning. (January 2019)</p> <p>Phase two of the HR redesign is underway. Consultation commenced in November 2018 to review the operating model and embed new ways of working for a new organisational design for HR and OD (February Update)</p>
4.12	Effective ICT Service	<p>Council framework for prioritisation of ICT needs to be agreed by CMT with input from elected members</p> <p>Elected Members and CMT to confirm whether transition plan will continue in current format (as part of 2019-20 budget process)</p> <p>Deliver 2018-19 savings</p>	<p>Corporate framework for prioritisation of ICT needs to be agreed by CMT with input from elected members (September 2018)</p> <p>First Phase Transition from Capita to the Council for April 2019</p> <p>2019-20 savings target to be confirmed</p>	<p><u>Chief Operating Officer, Assistant Director ICT</u></p> <p>New service "Information, Technology and Digital Services formed" and new ICT management arrangements are in place</p> <p>Joint Venture with Capita has been dissolved</p> <p>New ICT Governance framework implemented Overall roadmap agreed for the implementation of the ICT strategy (now in second cycle of review and alignment to business priorities)</p> <p>New Contract governance with Capita Implemented</p> <p>Business Case for the Transition of services from Capita agreed at March 27th 2018 Cabinet</p> <p>Transition programme now established and resourced</p>

4 Strategic planning, financial and performance management <i>Effective corporate and financial framework to ensure strategic focus, transparency and governance.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
				<p><u>September Update:</u> 2018-19 Transition plan currently on track Focus for 2019-20 remains on achieving savings and current plan being reviewed and re-focused. Other focus areas to achieving an effective use of information and technology across the council are being re-prioritised as deemed lower priority</p> <p><u>October Update:</u> 2018-19 Savings delivered Proposed project prioritisation approach agreed in principle; next stage detail being worked up ready for trialling in November Transition of services from Capita being re-planned balancing risk, savings and delivery.</p> <p><u>November Update:</u> The Transition of services from Capita has been re-planned with a target date of 1st September 2019. This will see the bulk of the services returned to the Councils Control. This has been agreed at CMT and Star Chamber.</p> <p><u>December Update:</u> A new business led prioritisation criteria and process has been agreed by the ICT Strategy Board and goes live in January 2019. Negotiations with Capita continue on the transition of services. Savings for 2019-20 remain challenging.</p> <p><u>January Update:</u> Prioritisation is LIVE. Capita concluding commercial offer for transition in February. Negotiation continues across a number threads. Is ICT an “effective Service” self-assessment completed to aid service development. This service redesign will continue to be a priority in 2019-20 implementation planning. (January 2019)</p>
4.13	Effective Procurement and commissioning	<p>Service review to be undertaken in-year as part of budget and functional planning 2018-22.</p> <p>Quarterly Commissioning and Contract Management Board to be supporting in driving continual efficiency and improvement.</p> <p>A forward plan of procurement activity with each directorate in place and</p>	<p>Improved savings accrued from contracting and strategic commissioning processes.</p> <p>Improved Council performance in relation to ‘social value’ and local spend.</p>	<p><u>Chief Operating Officer, Director of Commissioning and Procurement</u></p> <p><u>Operating Efficiencies</u> A service review has been carried out; savings proposals submitted to EMT. Ref: SS103a 19+ and implementation being carried out.</p> <p>CPS is participating in 2 CIPFA benchmarking exercises as part of Strategic Service reviews.</p> <p>CPS have carried out a self-assessment against the LGA’s National Procurement Strategy and will await feedback and potential peer reviews etc.</p>

4 Strategic planning, financial and performance management <i>Effective corporate and financial framework to ensure strategic focus, transparency and governance.</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
		continually challenged by the relevant Cabinet Member, CMT and Commissioning and Contracting Board.		<p><u>CCMB and achieving benefits</u> Procurement plans are discussed at CCMB and also with Directorates. Greater transparency of savings in award reports and through quarterly savings / income reports taken to CCMB, with projected procurement benefits for 18/19 totalling £12.1M.</p> <p>Engagement continues to support Council Consolidation Reviews for Transport and Fees and Charges work streams.</p> <p><u>Working with partners to develop and implement best practice in the Public Procurement of Innovation (PPI). Including:</u></p> <ul style="list-style-type: none"> • Involvement in developing and launching the LGA's "Encouraging Innovation" report. • Development of the Innovation Roadmap that will be published on the LGA's website. • Collaborating with WM LA's and NHS to bid for GovTech funding. • Presentations and workshops to raise awareness e.g. to the Innovation Alliance in November 18. <p><u>Social Value</u> A review of the SV Policy and BBC4SR has been done and a review of the Social Value Policy and Birmingham Business Charter for Social Responsibility (BBC4SR) was agreed by Cabinet on 11/12/18 with implementation in Q4. Unite have agreed to the proposed approach that allows for the BBC4SR to reflect the Construction Charter.</p> <p>Engagement with the Living Wage Foundation and promotion of the Living Wage continues, with a celebration of achievements at Living Wage Week on 5/11/18.</p> <p>The Council also continues to engage with the Regional and National Social Value Taskforces, resulting in development of the following:</p> <ul style="list-style-type: none"> • The National Social Value Maturity Index. • The National TOMs • The WMCA SV Policy. • National Guidance document for SME/VCSE on Social Value. (Presented in draft at the national SV conference 2018). • National Contract Management Guidance document for Social Value. • The national SV Conference 2017 (BCC presenting about SV & Innovation.) • The BSol STP's SV Policy (estimated launch in Q1 19/20). • We are co-producing the Commonwealth Games Social Value Policy <p>456 organisations have now become BBC4SR accredited, with particular success in the social value commitments for Smithfield and Peddimore projects.</p>

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	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
				<p><u>Supporting the Local Supply Market</u></p> <ul style="list-style-type: none"> Developed/published presentation for how to bid for Council contracts. Working with Centre for Local Economic Strategies (CLES) and local Anchor Institutions to analyse local spend and develop local wealth-building. https://cles.org.uk/publications/local-wealth-building-in-birmingham-and-beyond/ Supplier engagement events and regular breakfast meetings through FindItInBirmingham. Seeking SV commitments to publish sub-contract/supply chain opportunities on FIIB. (approx. 35,000 registered companies now on FIIB). <p><u>Supporting Devolution</u></p> <ul style="list-style-type: none"> Incorporation in the Commissioning toolkit. Support of options development and public consultation in planned White Paper. Seeking further use of citizen assemblies through DCMS.

5 Key Corporate Policies to enable effective corporate governance				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
5.1	Community Cohesion	<p>Continuing work on network</p> <p>Convening of Youth Seminar on cohesion</p> <p>Finalise strategy, engage group representatives and consult on draft strategy</p> <p>Ongoing engagement with MHCLG and WMCA</p>	<p>Draft strategy for May 2018 with final strategy in place for September 2018</p> <p>Implementation dates to be agreed.</p> <p>Approach to community dialogues and conference approach to learning / practice sharing to be in place by November 2018 and then repeated on an annual basis thereafter.</p>	<p><u>Cabinet Member Community Safety and Cohesion and ACE</u></p> <p><u>Green pending Panel review</u></p> <p>Draft strategy out for consultation. Engagement and consultation is underway prior to 'white paper' being brought back in October. (August Update)</p> <p>Birmingham Partners facilitation group tasked with supporting a facilitation plan for the November 'summit'. (August Update)</p> <p>Analysis of the consultation is complete. White Paper due to go to Cabinet on 13 November. Going to CMT on 24 September. Planning 10 partner events across the city continue the engagement and dialogue and to share learning. (October Update)</p> <p>Community Cohesion White Paper approved by Cabinet. Widely publicised. Work on implementation underway. (November Update)</p> <p>The Community Cohesion Strategy was agreed at full Council at the beginning of December. Further engagement programme has begun. (December Update)</p>

5 Key Corporate Policies to enable effective corporate governance				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
			Suite of performance measures in development through research and national / local research (Sept 2018)	
5.2	Equalities and Diversity	<p>Production of a new Equalities Policy for discussion</p> <p>Proactive review of impact around budget and other decisions – in concert with legal colleagues</p>	Revised equality policy and associated evaluation framework to be in place by December 2018 ; alongside whole-system review of Council systems and processes.	<p>Assistant Chief Executive Council project group underway and reviewing best-practice and self-assessing against LGA framework. Dedicated SLT session planned for September 2018 followed by policy / process review. Alignment ensured for new workforce strategy. (August Update)</p> <p>ELT session held on 12 September and had reps from employee networks such as LGBT and black workers network. Internal stocktake undertaken to assess where the organisation is against the LGA equalities framework. (September Update)</p> <p>Directorate Management Teams to build on evidence from ELT session and undertake full assessment against LGA Framework by early December 2018, to identify current practice and areas that require further work. Workforce Strategy: a review and analysis of workforce and recruitment data is underway to identify policy proposals that promote diversity at all levels of the workforce by January 2018. (November Update)</p> <p>In terms of equalities, there is improvement. There has been joint working between policy and HR. The importance of equalities is recognised. We have dedicated OD resource for this in the workforce strategy manager and her team are working with policy and the employee networks. There has been effective joint working on the budget through the budget planning group between HR, Equalities and Finance to ensure all EIAs are robust and fit for purpose in terms of the budget proposals. (December Update)</p> <p>BCC Diversity Forum established on the 3 December, which pulls together all current networks into a steering group role with actions and outcomes, for example they reviewed and made comment on the Workforce Strategy and the proposed Equality and Inclusion Development Plan which will be rolled out January 2019. The Forum brings a valuable insight and reality check into future plans and policies and supports the wider "Forward Together" programme. Having a central forum enables a wider and more diverse membership with the separate networks feeding into these regular meetings. Online resources, information and guidance for staff is to be launched January 2019. Staff feedback and equality workforce intelligence continues to inform the actions within the Workforce Strategy February update. Timeline has slipped but robust arrangements are in place for delivery of this agenda in 2019. Equalities will therefore feature strongly in 2019-20 improvement planning. (January update)</p>

5 Key Corporate Policies to enable effective corporate governance				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
5.3	Equal Pay	Actions to be co-ordinated through established governance arrangements to alleviate risk associated with the Equal Pay challenge.	Agreement of a strategic way forward to deal with current and prevent future claims – endorsed by Cabinet (private) in August 2018 . Managed spend against strategy on existing claims and improvement to spend profile over 2018-22 period.	<p>City Solicitor Mitigating strategy has developed and high level principles approved by Equal Pay Executive Sub-Group in August 2018. A timetable now developed with implementation strategies programmed to deliver mitigation – the implementation of the revised Waste Management MOU September 2018 is a key requirement of this strategy. <u>(September update)</u></p> <p><u>Cabinet agreed a position formally in terms of Equal Pay in December 2018. Equal Pay remains a critical issue for review and strategic mitigation in 2019-20. (January update)</u></p>

6 City Partnerships <i>Partnerships and key stakeholders</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
6.1	City-wide Partnership Framework	<p>Further engagement with Partners implementing agreed review of partnership structures.</p> <p>Discussion about focus on city-wide objectives and shared values</p> <p>Consideration with key partners about way forward, based on shared accountability for achieving shared goals</p> <p>Shared accountability framework to be worked on with partners Priorities to be discussed or explored for joint delivery planning.</p>	<p>Establishment of over-arching partnership framework through the Leader of the Council's convening role with key partners (August 2018).</p> <p>Shared clarity about the mission, objectives and purpose of individual partnerships and how they will judge their performance. (October 2018)</p> <p>Shared process of monitoring, measuring and learning by seeking and acting on feedback on the council's performance from our partners and being transparent about the results. (October 2018)</p>	<p><u>Leader, Assistant Chief Executive</u> <u>Green pending Panel review</u> Interviews held with partners throughout March – June and precise actions being addressed around statutory partnerships. Chief Executive and Assistant Chief Executive leading this process in concert with Chief Officers. (July Update)</p> <p>Joint signatures committed to a letter from the LoC in order to launch a Partner board in September 2018. Reaction to the letter has been very positive, and agencies across the city are actively working to nominate representatives to that Board. (July Update)</p> <p>Other activity in train in advance of deadlines (July Update)</p> <p>City Partner's Board took place on 19 September. Facilitated by the Right Hon. Jacqui Smith. A distributed leadership model has been adopted with next session planned for December. (October Update) There has been a review of partnerships and subsequently changes to the Community Safety Partnership. The CX now chairs. There is a new children's services strategic partnership in place (November Update)</p> <p>Mini workshops have been held on the issues/themes agreed at the last City Board meeting. They have been led by partners and will be reported back on at the next City Board meeting on 11 December. (December Update)</p> <p>The independent chair is in place for the city board in 2019 and the work programme is clear and agreed following correspondence with partners. (January update)</p>
	Statement of partnership values of openness, transparency, learning, collaboration, and safe and constructive challenge	Statement to be produced with partners and communicated and applied across the organisation and externally.	Building trust between the council and all our partners as tested by monthly 'temperature take' evaluation framework (July 2018 onwards) and 6 monthly partner survey (January 2019) .	<p><u>Assistant Chief Exec.</u> Monthly temperature takes have commenced and will continue throughout the coming months. (July Update) Monthly temperature takes continue during August (August Update).</p> <p>Monthly temperature takes continue throughout September (September Update) A key priority of the city board is to refine an asset-based vision for the city which all partners can coalesce around. This work will be undertaken in October, with a non-Council sponsor, and considered in the December 2018 follow-up board. (October update)</p>

6 City Partnerships <i>Partnerships and key stakeholders</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
				<p>Temperature takes continue and the feedback has been increasingly positive. (December Update)</p> <p>Partners provided concerted updates to BIIP / MHCLG in December 2018 and this remains a key part of our improvement work in 2019-20. (January update)</p>
6.2	Children and Young People's Partnership	<p>Development of partnership options and consultation on model. Timescales TBA</p> <p>Agreement on how children at heart of Council strategy. Timescales TBA</p> <p>Completion of a CYP Plan to link into overall council strategies. Timescales TBA</p>	Creation of a strategic 'home' for Children and Young People's issues in partnership and improved trust / joint working / risk and practice sharing across the CYP landscape.	<p><u>Director of Children's Services</u></p> <p>Children's Strategic Partnership Executive meeting met 19 November chaired by Chief Executive with key partners from health, Children's Trust, Police, and the Safeguarding Board.</p> <p>As planned the Birmingham Children's Improvement Forum met 26 November with 80 delegates from a range of specialisms. Opening address from Chief Executive alongside Paul Jennings, CEO of NHS Birmingham and Solihull Clinical Commissioning Group</p> <p>Alongside Local Authority and Health colleagues, the mixture of delegates included councillors and MPs, the Police, Probation Service, Birmingham Children's Trust, the West Midlands Combined Authority, Birmingham Education Partnership – plus representatives from a range of education settings and voluntary organisations and importantly parents. The session considered five key themes: continuous improvement; vulnerability; community development; partnerships; and integrated care delivery. (December Update)</p>
6.3	Community Safety Partnership	<p>More consideration with partners of current strategy.</p> <p>Emphasis on Domestic Homicide reviews and linkages with other statutory partnerships.</p> <p>No further update required</p>	<p>Delivery of statutory responsibilities and improved outcomes against agreed performance framework.</p> <p>No further update required</p>	<p><u>Place Director</u></p> <p>Meeting with the Chair, police and council representatives has taken place where it was agreed to review the governance strategy for Birmingham's Community Safety Partnership.</p> <p>Key deliverables achieved are:</p> <p>Delivery of the 2018/19 Strategic Assessment and Control Plan (in progress)</p> <p>Production of the BCSP Annual Report 2017/18</p> <p>Implementation of efficient procurement and invoicing systems in 208/19</p> <p>Negotiation with the Office of the Police and Crime Commissioner to secure legacy funding of £1,173,000 for BCSP in 2018/19</p> <p>Representation and input into the West Midlands Community Safety Partnership</p> <p>Delivering approximately 75% of actual spend against 2017/18 Community Safety Fund, with slippage of 25% carried forward into 2018/19</p> <p>Consultation and agreement from BCSP to top slice the 2018/19 CSF allocation to enable the employment of 2 FTE as Local Community Safety Managers for 12 months, thus providing a new City Centre LCSP and ensuring that the budget pressure for employing these managers did not</p>

6 City Partnerships <i>Partnerships and key stakeholders</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
				<p>rest solely with Birmingham City Council. Launch of the DV Strategy Drug testing at the Made Festival in Perry Park (July 2018) The Gangs and Violence Commission report that provides specific recommendations to prevent and protect individuals and communities. The OPCC is now developing a commissioning framework to deliver these recommendations (to a value of circa £1million) £275,000 allocation to the Youth Offending Team commissioned directly by the OPCC and a bid to the Home Offices' Early Intervention Fund (up to the value of £350K in each of 2018/19 and 2019/20) (October Update)</p> <p>BCSP is now chaired by the Chief Executive; new Terms of Reference agreed at the BCSP Board meeting on 07.11.18; review of governance arrangements undertaken; Board members requested to comment; priorities of the Board outlined in the new TOR and new ways of working explained in the governance review; performance management framework developed against statutory responsibilities, strategic priorities and emerging issues for the future direction of the Board. (November) December CSP meeting will review financial commitments for 2019 in concert with the OPCC. Birmingham continues to be a national exemplar on our PREVENT and NMAC / RMAC work. (December update)</p> <p>Update at January 2019:</p> <ul style="list-style-type: none"> • Strategic priorities and partner leads for 2019/20 have been approved. Strategy being developed for April 2019. Governance review to support strategic delivery complete. Local offer continues to be developed. • Financial commitments for 2019/20 have been reviewed and confirmed. • More accountability for Domestic Homicide Reviews has been introduced with greater emphasis on service improvement. • Increased confidence by OPCC in BCSP
6.4	Health and Well-being Board	<p>Concerted corporate direction with whole Cabinet about HWBB and STP.</p> <p>Delivery against CQC action plan.</p> <p>Revisions to membership, agenda and</p>	<p>Delivery of statutory responsibilities and improved outcomes against agreed performance framework</p> <p>Evaluation of actions and</p>	<p><u>Corporate Director Adult Social Care and Health - Green pending Panel agreement</u></p> <p>The forward programme is addressing major issues in the care and health system. Greater focus is being placed on children and young people. Profile is being strengthened along with relations with other</p>

6 City Partnerships <i>Partnerships and key stakeholders</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
		ways of working for H&WB	improved outcomes against CQC action plan	<p>partnerships e.g. safeguarding boards</p> <p>The HWB is increasingly seen as a key corporate vehicle for improving health. Feedback from DoH on the delivery of the CQC action plan is positive. Membership has been widened and strengthened.</p> <p>Statutory responsibilities are being delivered.</p> <p>The forward programme is addressing some of the challenges that will become of greater importance in the future and will challenge partners to begin the process of identifying actions in the here and now. (September Update)</p> <p>An away day was held involving Members of the Health and Wellbeing Board. It was facilitated by the LGA and was well-received. There was a high level of engagement and enthusiasm to change the way the Board works to ensure it provides leadership on the major issues concerning health and wellbeing. It was agreed that the priorities will be revisited so that there can be a greater degree of focus on a smaller number of priorities so that the Board can ensure tangible improvements are delivered.</p> <p>Following the successful away day, the HWB will confirm the way forward at its next meeting which will include, amongst other issues, proposals to make the Board more accessible and closer to citizens. The HWB continues to play a key role in monitoring the implementation of the action plan following the CQC review. Also, the Board continues to ensure the Ageing Well programme is being delivered at pace. (November Update)</p> <p>At the November meeting, the HWB received reports from the Children's Safeguarding Board and the Adults Safeguarding and from the Community Safety Partnership on Domestic Homicides. This was used as a basis to stimulate a discussion on vulnerable people coming through the care system which includes victims of Child Sexual Exploitation. It was agreed that a small group drawn from the HWB would meet to discuss how this might be taken forward at a city level.</p> <p>An update was received on Ageing well and there will be a substantive item on progress in January.</p> <p>The HWB is changing where it meets, how it conducts meetings and the priorities it is dealing with which represents significant progress. (December Update)</p> <p>January Update The Board continues to meet regularly and is providing leadership in key areas. Following wide-ranging discussion on children's issues at the</p>

6 City Partnerships <i>Partnerships and key stakeholders</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
				previous meeting, there will be a focus on taking forward the Ageing Well strategy at the first meeting in 2019. With a focus on its contribution to making a difference, the Board is now well-positioned to play its key leadership role across the care and health sector.
6.5	Birmingham and Solihull STP Board	<p>Need to maintain engagement to promote integrated approach to health and social care services across BSol.</p> <p>Need to ensure appropriate links to Council's governance processes, Corporate and Directorate Business Plans and Budget setting processes.</p> <p>Need to increase link to CYP Directorate</p>	Improved performance in line with agreed STP outcomes and evaluation frameworks.	<p><u>Corporate Director Adult Social Care and Health</u> Vision and priorities revised and engagement strategy with Boards, Council and public agreed</p> <p>Council will need to engage in the engagement events. Agreed that the System Lead will come to a meeting with Members to bring them up to speed about the STP</p> <p>All of the work streams are required to develop their priorities and work plans. Ageing Well continues to push forward and the independent partner is working in Birmingham to help move the programme forward at pace.</p> <p>Good progress continues to be made in line with agreed timescales (September Update) <u>Green pending Panel review</u> The STP Board is engaging public health across BSol to develop the golden thread that runs through care and health activity and after an initial presentation this work will be firmed and brought back to the Board to ensure it is "wired up" properly. A presentation was made on the development of the workforce strategy and system-wide approach to apprenticeships. (October Update)</p> <p>The STP Board has organised a series of engagement events. An event has been organised to engage Councillors and a Motion was debated at Full Council on the STP. The work streams of the STP have identified priorities to ensure focus for their work. Ageing Well programme continues to move forward at pace and the prototype Early Intervention project will launch on target on the 26th November. (November Update)</p> <p>The Birmingham and Solihull STP Board is holding a major event in December to engage stakeholders. This event will set out the work streams of the STP which have all identified priorities and plans to deliver them. Further events will take place in the new year focusing on citizen engagement.</p> <p>It is likely that the STP Board will consider the 10 year plan in the new year to assess its impact on the partnership in Birmingham and Solihull. (December Update)</p>

6 City Partnerships <i>Partnerships and key stakeholders</i>				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
				<p>January Update</p> <p>Successful engagement sessions were held at the end of 2018 and these will be followed up in 2019 to build on the growing engagement with stakeholders and the public.</p> <p>With the publication of the 10 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.</p>

7 Communications and transparency				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
7.1	Community engagement – a consistent and fair approach to whole-city engagement.	<p>The new Council Plan will outline our commitment to genuine community engagement.</p> <p>Workforce Strategy will be developed to include a plan for genuine community engagement.</p> <p>Regular engagement with communities will include face-to-face and online communication about our progress against the corporate plan to reach citizens in all areas of the city.</p>	<p>Council staff and the public will have a shared understanding of our approach to genuine community engagement.</p> <p>Engaging meaningfully and genuinely with communities across the whole of the city will become part of our everyday practice.</p> <p>Improved residents survey measures (March 2019 results)</p>	<p><u>Director of Place and Assistant Chief Executive.</u></p> <p>Summer/Autumn of engagement on Green paper on Working Together in Neighbourhoods will conclude at end of September following discussion across the city at Ward Forums Consultation on the Community Cohesion Strategy concluded. Cabinet Members' roadshows in train. (September Update).</p> <p>Consultation on the Community Cohesion Strategy concluded. Cabinet report planned for November 2018. (October Update).</p> <p>'White paper' on localism planned for January Cabinet. (October Update).</p> <p>The final policy statement ("white paper") was agreed 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. <u>(January Update)</u></p> <p>We now have an agreed community cohesion strategy. The strategy was approved at Cabinet in November 2019 and full Council in December 2019. It has also been circulated to our partners to sign up to the vision and aims of the strategy.</p> <p>A community cohesion summit is being planned for March 2019. (January Update)</p>
7.2	Communications that is strategic and consistent, and supports the council's priorities	<p>Finalise strategic review of communications to support Council Plan priorities and clearer 'added value' of communications to service demand management and prevention</p> <p>Start the formal functional consultation</p>	<p>Specific outcomes to be finalised with conclusion of review – to be monitored monthly thereafter. (August 2018)</p>	<p><u>Assistant Director Communications</u> <u>Chief Operating Officer</u></p> <p>Final design required regarding inclusion of 2022 staff in the new structure. All JDs evaluated and business case ready to go – just need clarity on budget for staffing Comms support for the CWG and if this will be with the central communications team. (July Update).</p>

7 Communications and transparency				
	Improvement Aim	Required Action	Outputs/Outcomes	Lead / RAG status (Green – complete / evaluated; Amber – on track; Red – off track)
		<p>Work with the development of the corporate plan to align the communications strategy</p> <p>Meet with CEO to agree draft internal comms strategy</p>		<p>Clarification given that no extra budget for 2022 communications so staffing support needs to come from the new proposed restructure in line with the reduced communications budget for 2019/20. New business case and JDs being drafted to reflect this. (October Update)</p> <p>Strategic mechanisms in place through regular grid, co-ordinated Council campaigns and enhanced internal comms approaches. Strong communications co-ordination and engagement approach through budget consultation and framing of Council strategic approach in MTFS drafting. Review of Council Plan and strategic messaging will feature strongly in service approach in 2019-20 (January Update)</p>
7.3	Effective Communications and Marketing	<p>Finalise Communications and Marketing strategy alongside strategic review of communications to support Council Plan priorities and clearer 'added value' of communications to service demand management and prevention</p> <p>Restructuring to be completed</p> <p>Draft framework for Strategy to be discussed at CMT. Public elements of Strategy for Cabinet</p> <p>Implementation headlines and key milestones to be agreed</p> <p>Measures of success and evaluation proposals to be agreed</p>		<p><u>Assistant Director Communications</u> <u>Chief Operating Officer</u> Draft Comms strategy being finalised now that the Council Plan has been agreed. Outline overview of key campaigns is ready to share with CEX and Leader, including suggested timelines and budget. (July Update)</p> <p>Research completed on citizen perceptions and insight being used to shape the channels suggested to support the key campaigns. (July Update)</p> <p>Separate work being done on 2022 activity including tender for branding and visual identity. (July Update).</p> <p>Review of communications offer taking into account budget and 2022 requirements (August Update 2018)</p> <p>New structure being costs up to reflect a reduced budget and also accommodate 2022 activity following CEX feedback on original proposals. (September update 2018)</p> <p>Branding work for 2022 underway with an Agency appointed.</p> <p>Outline of marketing and communications activity for 2018/19 developed and being delivered, including an internal communications strategy. (September Update).</p> <p>Work is on-going and on track (October/November Update) Update as 7.2 above. (January update)</p>

Temperature Take – January 2019

Précis

The feeling from partners this month is that a good groundwork has been laid for improvement at Birmingham City Council and that focus has slightly shifted to actively managing critical risks such as current waste and enablement disputes to ensure that pace is maintained. Strategic partnership working is beginning to mature, with officers at all levels taking a stronger role in strategic forums and driving forward activity in key areas of joint working such as exempt accommodation and youth crime. BCC now needs to find a way to show leadership without 'taking over', empowering partners to take ownership of different agendas and have honest conversations about challenges facing the city.

Penny Thompson (Chair, Birmingham Safeguarding Children Board) – 15/01/2019

- Part of the problem in the past for BCC was a lack of awareness of what good 'looks like'. Lots of work to improve but without a solid destination. Now there is support from a group of people across different organisations that know what good looks like and have experience of driving sustainable improvement, understanding that it does take time.
- The Children's Commissioner has called a meeting at the end of February with key stakeholders from areas where there is an issue with youth crime and gangs. Will need to produce a suite of information on the issue and need to ensure that our response is coordinated and has a coherent narrative.
- There are concerns about Public Health capacity and the strategic direction in some areas. Optimistic that the BCC restructure will enable PH to do more joint strategic working, including in children and young people.
- The children's strategic piece is progressing, meeting on Thursday to hold a development session and look at the first steps following the Ofsted inspection results.

Phil Jones (Grant Thornton) – 15/01/2019

- Working to fully understand the critical risks in Birmingham – including Paradise Circus, Acivico, equal pay, the Amey contract, Commonwealth Games – and work out if there is any action that we need to take. Will be presenting a report to the Audit Committee on 26th January, and then speaking to the BIIP.
- On the face of it, reassuring that CIPFA benchmarking places BCC in line with other core cities. However BCC faces a number of risks that other local authorities may not be facing. If there was a bad outcome in all of the critical risk areas, this would use up all reserves.
- The main risk currently is the equal pay issue. Need to sit back and understand the full picture, and where we are realistically. We have been too optimistic in assessing the situation in the past – five years ago we thought the equal pay issue was bottomed out, and now it seems like it may continue for another six years.
- Very pleased that the Cabinet and Labour Group have agreed to take a more challenging position with regard to trade unions. Trade union relations are a significant issue for BCC and will have a major impact on the improvement journey.

Cherry Dale (Chair, Birmingham Safeguarding Adults Board) – 15/01/2019

- Lots of activity at the moment. At the end of 2018 had around 70 partners in a room working out a strategy, good representation and input from a variety of BCC officers representing a number of areas including housing and social care.
- Good progress being made on exempt accommodation after bringing report to BSAB. A good example of why we need to have strategic working and constructive challenge.
- Glad to hear that a number of functions will be brought together in one directorate under the new BCC structure. This will enable us to work jointly and bring together parallel lines of activity. We only need to select a few specific joint-working areas to have a significant impact on people's lives.
- Feedback that partners are pleased that Dawn Baxendale is now chairing the Community Safety Partnership. The two meetings so far have been very constructive.
- The challenge for BCC now is finding a way to lead in key areas without taking over – sustainable leadership requires everyone to take ownership and drive activity. Leaders have to be honest about these challenges with partners, and have an open conversation about limitations such as budgets.

Cllr John O'Shea (Chair, Audit Committee) – 15/01/2019

- Confident that we are going in the right direction with Audit Committee. We will be continuing forward into 2019/20 with a focus on managing and addressing risk.
- The peer relationship with Rotherham is going well. Had our first meeting on 14th January and have booked the next one in for February. We have shared learning and they have even taken some learning back to Rotherham from us, which is positive.
- The main challenge for BCC is labour relations. We need to reset our relationship with the trade unions, not quite sure how to do this at the moment. At the end of the day, we need to carry on in our improvement journey – changes need to be made so that we can do our best for the people of Birmingham.

Birmingham City Council's Modernisation Journey

March 2019



Making a positive difference everyday to people's lives

Introduction

Since the Kerslake review was published in December 2014, Birmingham City Council has made a number of steps towards modernising and improving the way in which it delivers outcomes for local residents. This journey has included significant challenges in addition to notable successes, and the purpose of this report is to provide an honest self-assessment of the Council's current position alongside a timeline documentary of the key aspects of journey so far to provide context for the Council's starting point prior to and at the point of the Kerslake Review, and for how the changes now planned fit into the Council's overall improvement journey.

KEY FOCUS AREAS FOR IMPROVEMENT



Key focus areas for improvement

Adult Social Care

In early 2017, the Council's Adult Social Care Service was in serious financial difficulty, was underperforming in critical areas and was not driving through the improvements it badly needed. Partnership working was not developed, especially with Health, and the overall situation resulted in the service consistently ranking among the lowest performing in the country.

Since then, significant work has taken place to improve the service, promote independence and support people to live within their community, and thereby improve their quality of life. This work has included working more closely with partners to develop an overall approach that is customer-focused, introducing new ways of working that build on people's strengths and providing them with choice over their care to enable them to live independently as far as possible. The early signs of improvement through these efforts are now coming through.

The Council and its partners have acknowledged the history of poor partnership working in the city around health and social care, which were highlighted in the recent local system review by the Care Quality Commission. In response, a new drive for improvement has been started through the Ageing Well programme, which will introduce a new model of care that will enable greater independence for vulnerable adults, improving outcomes for them and their families and carers.

Key focus areas for improvement

Children's Social Care

In April 2014, Children's Services had been rated Inadequate in all areas inspected for the second time in two years. The service was led by its third Director in the same period of time and Lord Warner had recently been appointed as Commissioner for Children's Social Care. In this context, the service embarked upon a three year improvement plan, focused on initially on stabilising the service, then getting the basics right, and finally on consolidation and new ways of working. During this period the service faced further sizeable changes through two successive Social Care Commissioners and, most significantly, the creation of the Children's Trust in May 2016. The impact of this work began to be seen in September 2016, when Ofsted rated the service as Requires Improvement for 3 out of the 5 areas inspected, although the service remained judged as Inadequate overall.

Since its establishment, the Trust has kept a clear focus on getting the basics right. This includes strong governance arrangements through the Trust Board, reducing the number of agency staff and turnover of permanent staff (now at 10%), and introducing a development programme for practice leaders to improve social work practice. In their most recent inspection Ofsted rated the service as Requires Improvement, which means that for the first time in more than a decade it has moved away from being Inadequate. As the Minister noted in his letter to the Leader, this is just the start and there are a number of areas where further improvements are needed. The consistent upwards trajectory in this area, however, should be celebrated, and with the Council recently appointing its first permanent dedicated Director of Children's Services in 5 years, the service is now on a stable platform from which to continue its improvement journey.

Key focus areas for improvement

Waste Services

The industrial relations issues surrounding the Council's waste service are historic and well known. The situation continues to affect services and service users, and this is an area of significant challenge for the Council. In February 2019, Cabinet agreed to pursue legal action against the Unite and UNISON Unions on the basis of unlawful real and proposed industrial action. This represents the most serious action pursued by the political and managerial leadership of the Council to address longstanding issues relating to industrial relations in this area.

Alongside these challenges, the service has been on an improvement journey for the last two years. Work in this area has focused on a number of areas performance monitoring through improved data collection and attempts to build closer working relationships with Trade Unions through a Joint Service Improvement Board.

This situation, however, remains difficult and challenging. The dispute is ongoing and the form of and timescales for any resolution are unclear.

Key focus areas for improvement

Homelessness

Homelessness continues to be a significant issue in Birmingham. The impact of welfare reform continues to be felt by individuals and households across the city and the number of rough sleepers and households in temporary accommodation has continued to increase. In the short term the Council is repurposing high-rise blocks into temporary accommodation in order to accommodate the additional demand and has taken targeted action to reduce B&B use, working with the Homelessness Partnership Board to do so.

At a strategic level, the Council is responding to these challenges by adopting a whole-system, collaborative approach based on commissioning positive pathways and integrated provision. This work, which is taking place over two phases, is underway and will shift activity towards supporting households across the life course, preventing crises and delivering an inclusive service for all affected groups, households and circumstances.

This work is beginning to demonstrate positive impact, with reductions in the rate at which families are placed into temporary accommodation and reduction in the number of households in B&B accommodation. The first tenancies under Housing First have been created and early impressions of engagement with health partners has been positive. Difficulties and challenges remain, however. Demand size and complexity continues to increase and the shortage of properties available in the private-rented sector to discharge the Council's duties persists.

Key focus areas for improvement

Children with Special Educational Needs

SEND

We recognise that in their current guise our SEND services are not fit for purpose for a 21st Century Council in a forward thinking city and that they do not allow us to maximise the potential for local residents as set out in the Children and Families Act 2014. We also recognise that new ways of working must enable us to deliver better value-for-money services that are both more able to meet child and parental need, but also deliver more flexible, innovative and impactful educational, health and care provision and support for children and families.

The new partnership approaches that are emerging on the back of the Joint Area Review, and in particular our closer working with health commissioners and providers is the bedrock on which Birmingham will drive change at pace in this critical area of our work. Reinforcing this, the recent Ofsted report, and subsequent written statement of action gives the Council and its partners a clear, unambiguous blueprint for delivering this change. Paramount in achieving sustainable change for the city's children, young people and families will be genuine co-production with children and carers in changing service approach; stronger financial and resource control to ensure value for money for all the city's children; and better communications with parent, carers and children about Birmingham's local offer.

Running through all of the above and critical to success in the long term, will be a genuine cross partner approach between Education, Social Care and Health Commissioning partners alongside a renewed commitment to identify and deal successfully with need at a much earlier stage in a child's life.

Enabling improvement across the Council

Digital and Customer Services

The Council's customer services and some of its key back-office functions have undergone significant change over the last five years that have transformed performance and improved the experience of residents when dealing with the Council. In 2014, provision of IT services, Revenues & Benefits and the contact centre were all outsourced and this model had resulted in high-cost, low quality services. The contract was inflexible, which resulted in limited scope for change, modernisation and improvement.

To enable modernisation and improvement, the Council took the decision to in-source these services and so far the contact centre and revenues service have been brought back in-house, with IT services due to follow. Since its in-sourcing, the contact centre has expanded the range of services offered, introduced a 'one and done' approach to improve customer experience, and has shifted a sizeable level of demand to online services. This includes online school admissions, introduction of the online BRUM Account, and a re-design of the Council website.

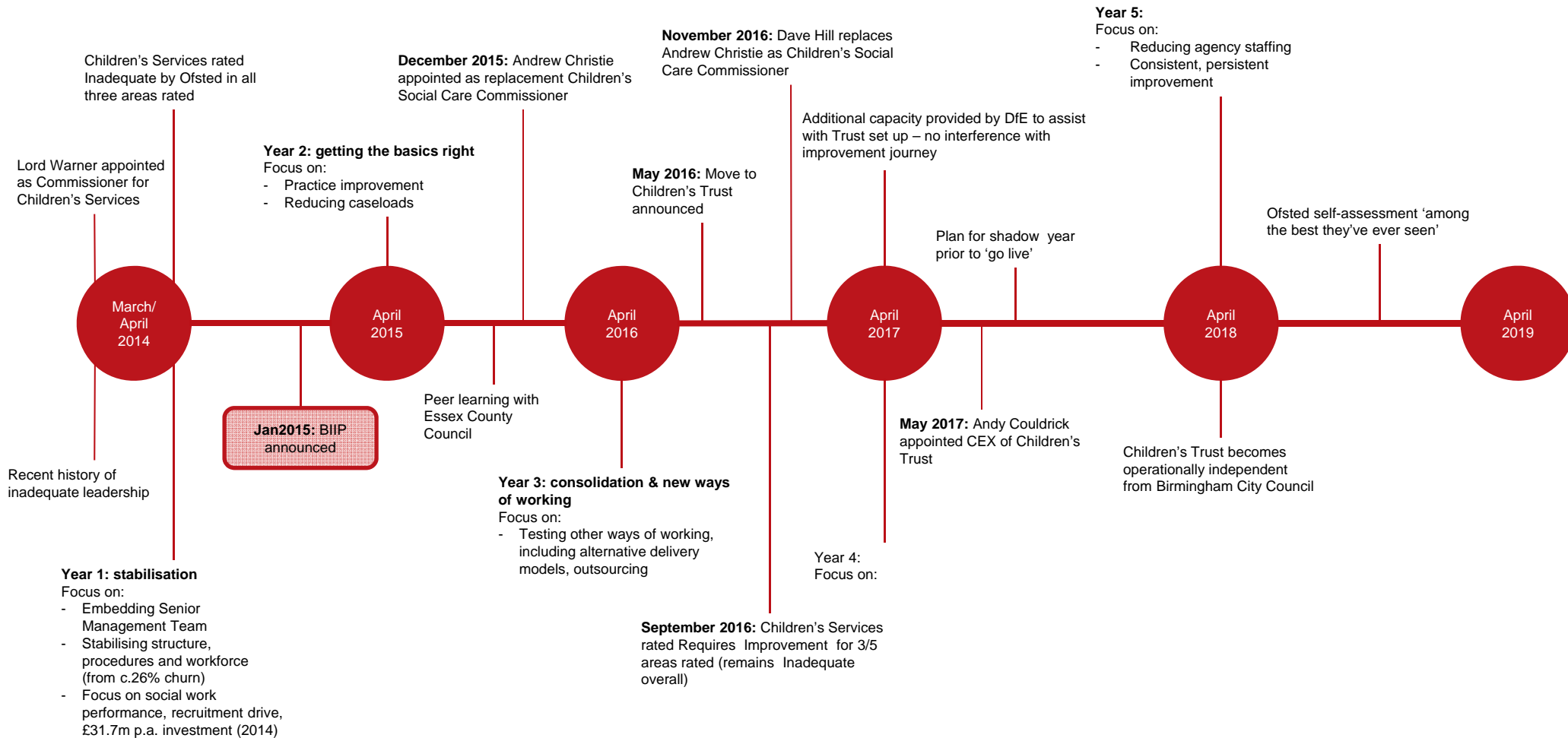
These improvements have resulted in 98% of school admission applications being submitted online, which in addition to improved customer experience has increased call answer rates through releasing additional capacity; improved income generation and debt recovery through the 'one and done' approach; and an internationally recognised, award-winning website. Since transfer the level of satisfaction reported by citizens on services delivered within the contact centre has increased by 21%. The revenues and benefits service has improved performance reporting, introduced management training and development to stabilise the workforce, and put in place new policies in key areas. The focus continues to be on getting the basics right and building from this base to an excellent customer experience.

THE COUNCIL'S JOURNEY SINCE THE KERSLAKE REVIEW



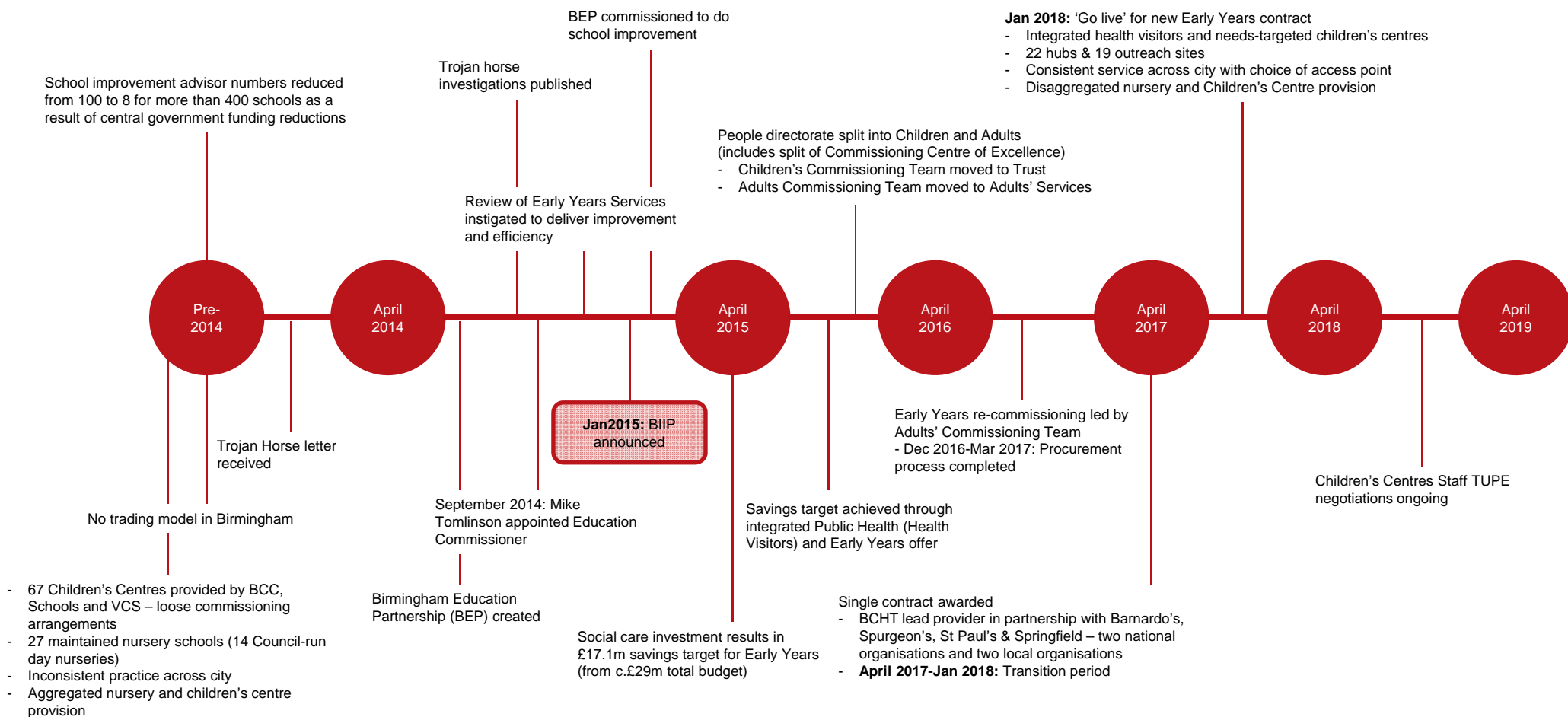
Birmingham is an aspirational city to grow up in

Children's Social Care (1)



Birmingham is an aspirational city to grow up in

Education & Skills (1)



Birmingham is an aspirational city to grow up in

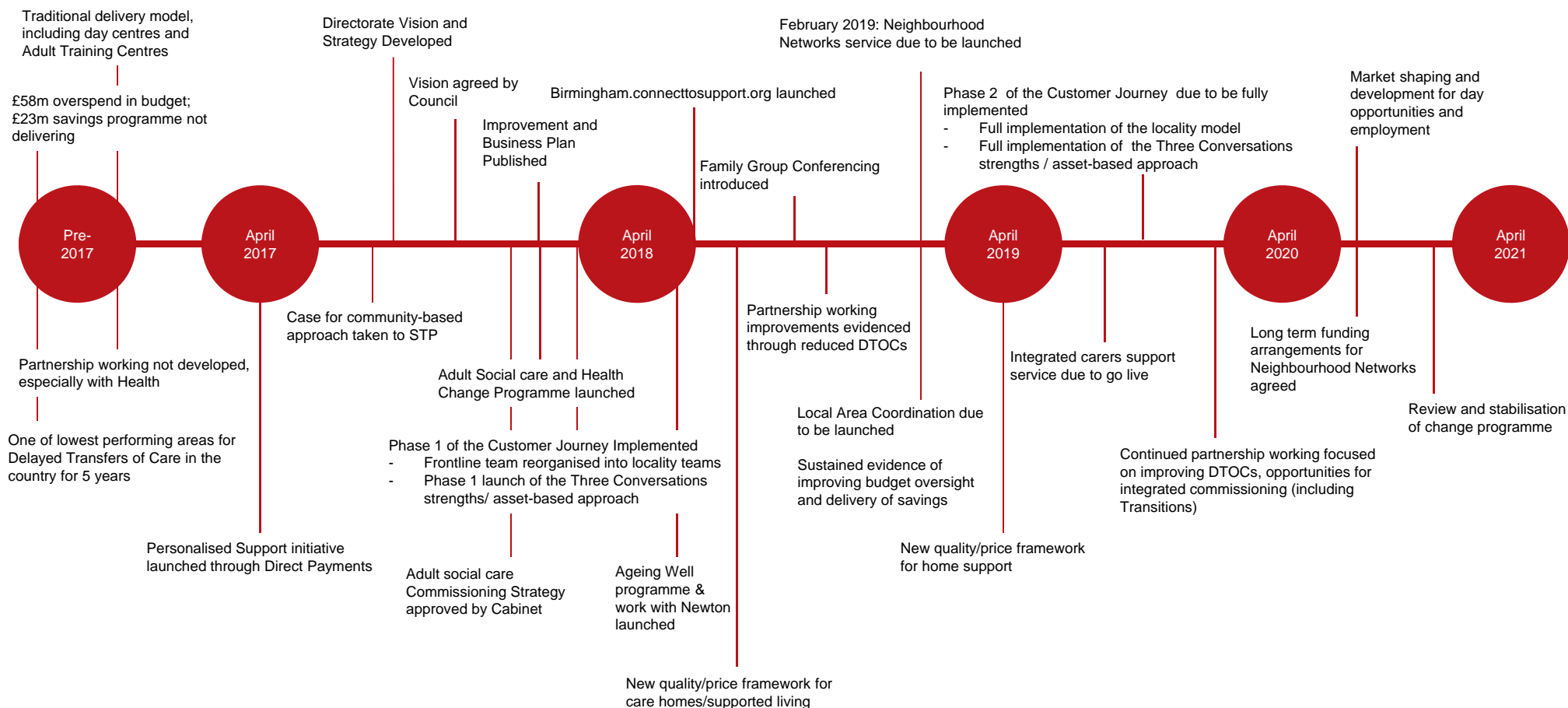
Looking to the future

Birmingham's sizeable and diverse youth population is a source of energy and strength for the city. However, Birmingham's young people face a number of significant hurdles in reaching their full potential. Child poverty levels are amongst the highest in the country, child death rates are high, childhood obesity affects many young people in the city and school attainment remains below the national average. The Council has taken on Board the findings of the recent SEND report by Ofsted and the CQC, and recognises the need to radically improve the support that young people, especially those who are vulnerable, receive.

The focus for improvement and modernisation will primarily relate to system and culture change that drives choice and control for parents and children. This more integrated approach puts collaboration and partnership working at the heart of how the council will work with young people and their families, especially in relation to early intervention and prevention. Additionally, the Council is at the early stages of developing a more collaborative approach across the school estate to develop a city-wide narrative and agree a set of shared priorities.

This model needs to be underpinned by a modern approach to insight and intelligence that drives evidence-based decision making and places the customer at the centre. The service is continuing to build closer links with other areas and enabling functions within the council to develop this approach, which will be key to tackling the major challenges facing the city's children and young people and is a critical part of the Council's strategy for making Birmingham an aspirational city to grow up in.

Birmingham is a fulfilling city to age well in



Birmingham is a fulfilling city to age well in

Looking to the future

Working closely with partners to promote independence is the core of the Council's and the city's approach to supporting vulnerable adults. Central to this approach is the strengths-based, three conversations model which emphasises supporting individuals to remain living within their communities as far as possible.

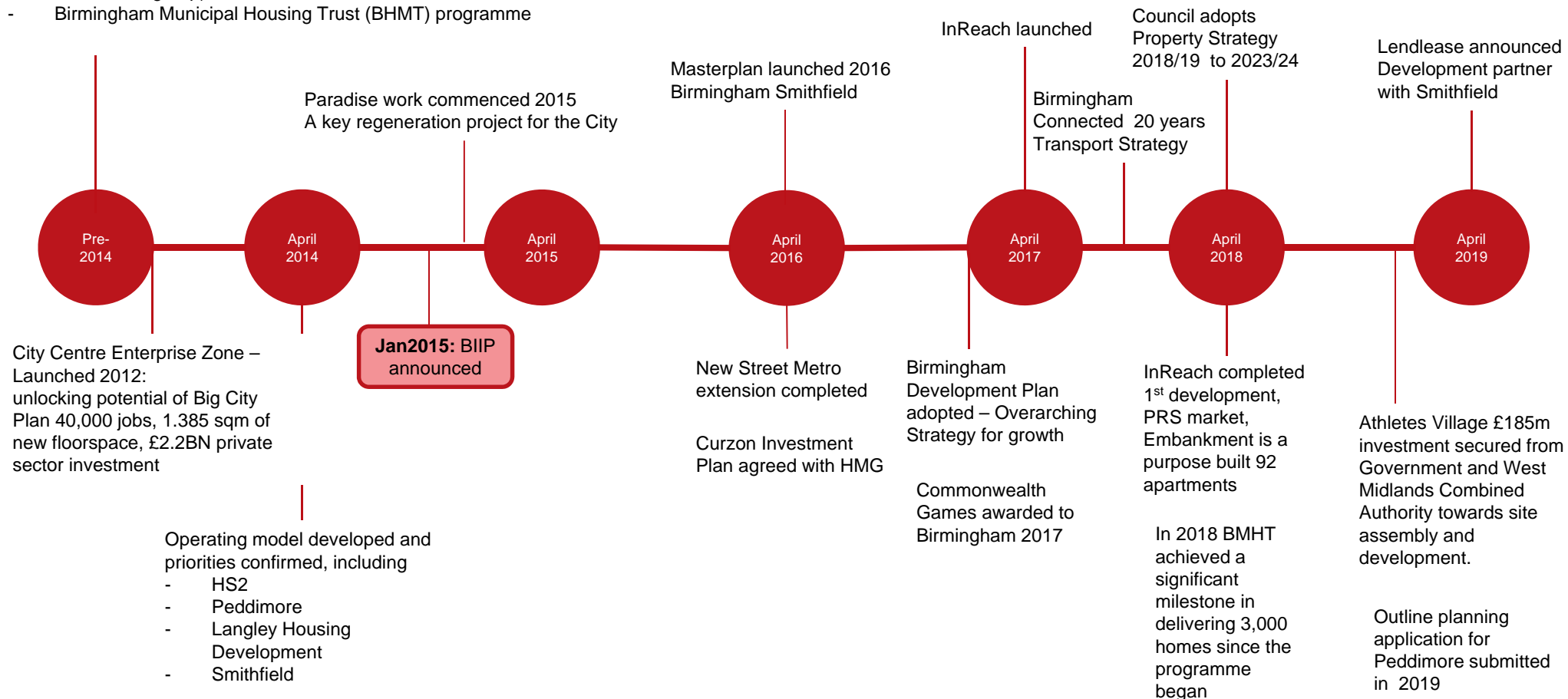
A full programme of work is underway in the council's adult social care service to transition to this model. The work includes redesigning the customer journey, developing neighbourhood networks and developing and shaping the market for day opportunities and employment for vulnerable adults. This work is progressing at pace, with a number of key milestones expected in 2019 and beyond, as outlined in the timeline.

In addition to its internal modernisation programme for adult social care, the Council is taking a leading role within the STP through the Ageing Well programme, working with Newton Europe. This work seeks to reduce the number of service users who require longer-term residential care through a new model due to be prototyped in April 2019 before completing the wider rollout by the end of the year.

Birmingham is an entrepreneurial city to learn, work and invest in

Birmingham Development Plan adopted, with priority focus on:

- Delivering 51,000 new homes by 2031
- £4bn investment infrastructure
- Release of c.700 hectares of Green Belt land (largest in Core Cities group)
- Birmingham Municipal Housing Trust (BHMT) programme



Making a positive difference everyday to people's lives

PAGE 16

Birmingham is an entrepreneurial city to learn, work and invest in

Looking to the future

We will focus on creating a 'virtuous circle' whereby learners are supported to develop the skills and behaviours that will equip them to succeed in the future workforce, and at the same time businesses and learning settings will invest in children and young people to ensure that they are provided with high quality guidance and support, and the right skills to succeed. The upcoming Commonwealth Games, combined with the significant inward investment programme on-going across the city, provide the opportunities we need to create and sustain this 'virtuous circle'.

The council's new role at the centre of partnership working, and as a broker and influencer of change, will be central to this. Both in doing this and as the country's youngest big city we will capitalise on our children and young people as perhaps our greatest 'natural asset'.

Birmingham is a great city to live in

The Council has celebrated some important achievements alongside experiencing sizeable challenges in relation to its work in making Birmingham a great city to live in. As discussed previously, specific and significant issues exist in relation to the industrial relations aspect of waste services and this is an ongoing challenge.

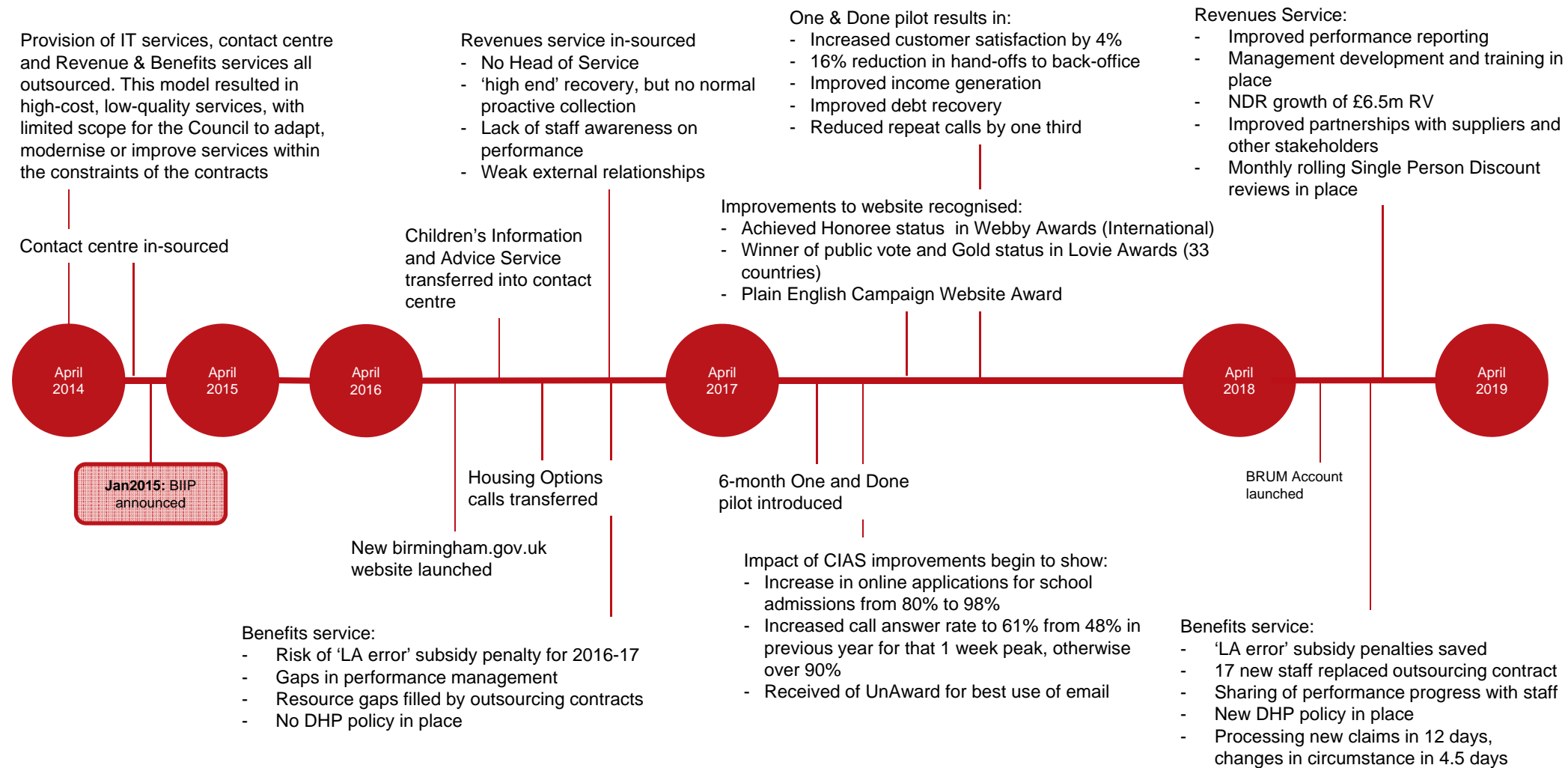
Homelessness and housing provision continues to pose challenges for the Council and the city and the Council is taking action strategically and in the short term to address this. Further details of these activities are discussed earlier in this report in the Council's Current Position section.

An important area of recent achievement for the Council has been the creation of a Clean Air Zone in the city. Air quality is a national issue and is particularly relevant for Birmingham, where poor air quality is responsible for an estimated 900 premature deaths per year. The case for the new zone was approved by Cabinet in December 2018 and is now moving to implementation.

With regard to supporting and strengthening communities, the Council's work through Prevent is recognised nationally as an example of excellent practice. The improvement journey in this area has been built on strong partnership working, both locally and nationally, and on honest, brave engagement with Birmingham's communities. The Council is continuing to seek ways to improve its Prevent work, including developing more capability and support through the Community Safety Partnership.

Enabling the Council to deliver its priorities

Digital and Customer Services



Digital and Customer Services

The Council is on a journey to modernise its customer services and technology infrastructure, and this is set to continue. Building on the successful launch of the BRUM account, more services will be brought into the online platform, which will improve the customer experience as well as result in greater efficiency. Alongside this, the planned insourcing of IT services will enable wider improvements to the Council's technology infrastructure and link closely to our Workforce Strategy, enabling a modern, flexible working environment.

Evidence- and insight- driven decisions and work practices are increasingly becoming central to the way the Council needs to work, and robust data governance is essential in underpinning this way of working. The Council's Information Management strategy, beginning in 2019-20 will ensure that we collect, use and manage data in a way that delivers business need whilst respecting the rights of customers and citizens.

The 'One Council' approach, which is designed to bring together our services around the needs of our citizens and communities, will continue to take effect as we look to consolidate our transport and other services. As a key enabling function, Digital and Customer Services will continue to support this journey.

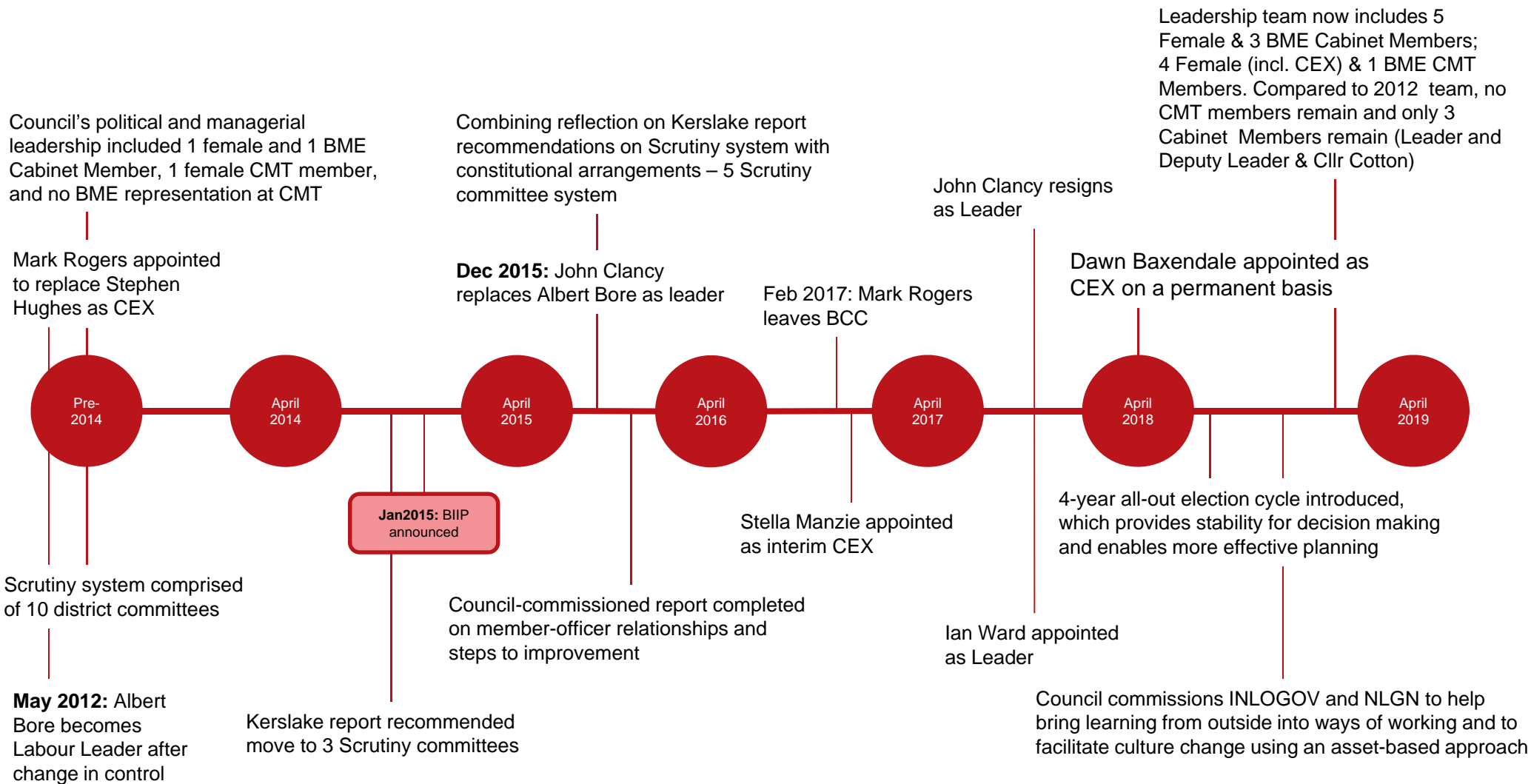
Enabling the Council to deliver its priorities

Performance Management

Over the past year the Council has overhauled its performance management framework, introducing a new KPI set and benchmarking performance across key areas against Core Cities and national figures. This has resulted in a greater focus and depth of discussion at management team meetings. The Council recognises that the quality of critique and challenge around performance needs to improve; to drive this forward at pace, a series of regular validation meetings have been introduced between the Performance & Insight Team and performance teams across the organisation. The purpose of these meetings is to introduce critique and challenge earlier in the process, in advance of Directorate Management Teams discussing and signing off submissions, and therefore lead to more informed and focused discussions around performance. Early signs are that it is resulting in a joined-up approach to performance across the Council and it is expected to result in improved quality of performance narratives. The first report produced using this approach went to Cabinet in March 2019.

Looking ahead, a set of principles that will underpin a new performance management approach have been agreed by the Council's Management Team. These principles reflect discussions during the Performance 'Tracer' Session held with the BIIP in October 2018, and work is now taking place to develop these into an framework with a view to implementing this in combination with a refresh of the Council Plan Indicators in time for the start of the 2019-20 Financial Year.

Political, Managerial and System Leadership



Birmingham City Council - Priorities for Improvement 2019-20+

The Council is now looking forward to the future, with political leadership and senior officers clear in their accountability and ownership of the Council's improvement agenda. There is no room for complacency and the Council is seeking to build on the substantial progress that has already been made to ensure that change is sustainable and runs through all levels of the organisation.

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.

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.

Below are the specific areas for improvement that the Council has identified for 2019/20. These priorities map across from the Kerslake themes, the areas of focus for the Birmingham Independent Improvement Panel and the activity undertaken in-year 2018-19 through the Council's Corporate Governance Improvement Plan. This approach will enable a consistency to the Council's improvement journey and deepening of the Council's competence and maturity in these areas over time.

This document is intentionally still in DRAFT to enable Elected Members, colleagues, partners and citizens to continue to shape and influence the improvement programme in 2019-20.

Improvement area	Priorities
Political leadership	Developing and maintaining a learning culture for Members, with a robust Member development programme and high levels of Member engagement.
	O&S Committees to evaluate the impact of Member Development Plans using agreed impact evaluation framework, with recommendations fed into development programme.
	Introduction of new Council Constitution.
	Adoption of a new Code of Conduct and Procedure for Members, as included in the new Constitution.
	Review of the new Members Portal online case management system.
	Continuing peer mentoring relationships for Cabinet members and Chair of Audit Committee, monitoring impact and feedback from participants.
	Implementing a medium-term and priority-based budget process for 2020-23, with Cabinet supported in this regard by a robust Joint Strategic Needs Assessment, refresh of the Council Plan and strategic performance framework.
	Parity of esteem for O&S and Audit Committees enabling robust decision making processes with pre-decision scrutiny, aligned work programmes and constructive challenge.
	Reviewing Member appointments to outside bodies, developing a skills programme for appointed Members and moving to a competency/skills-based appointment process by March 2020.
	Implementing the recommendations from the INLOGOV 'Outside the Box' project to ensure effective joint working between managerial and political leadership teams.
Industrial relations	A new, modernised Industrial Relations Framework: <ul style="list-style-type: none"> • focusing on constructive challenge and dialogue with trade unions; • incorporating a more efficient and reasonable process flow for required service redesign and transformation; • and, developed in concert with peer Core Cities to test the weight of engagement activity.
A modern and progressive organisational culture	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.
	Roll-out of the successful 'Owning and Driving Performance' culture-change programme with agreed evaluation framework to monitor impact and return on investment

Improvement area	Priorities
	Concerted delivery of the Workforce Strategy Implementation Plan 2018-22.
	Building on the Workforce Strategy to enable strategic workforce planning in line with an agreed Medium Term Financial Strategy.
	Improving staff engagement and ownership of the Council's improvement agenda through establishment of Forward Together staff group (up to 300 staff members).
	Developing capacity and capability in the strategic HR function.
	Strategic review of equality and diversity across all levels of the Council's functions.
Managerial leadership	Full, permanent staffing of the Council's management structure following the implementation of the new JNC structure.
	Senior officer development programme to include capacity and capability building, peer support/mentoring.
	Strong engagement from the Council into the governance of the Birmingham Children's Trust through the Birmingham Children's Trust Board.
	Continued implementation of service modernisation and transformation programmes based on a robust evidence base of intelligence and insight, including delivery of agreed directorate improvement plans.
Strategic planning, financial and performance management	Maturing the Council's approach to Information Management – rebalancing from a focus on data collection to deeper data analysis and wider strategic insight to drive service improvements.
	New performance management approach – ensuring that the 'golden thread' of performance management runs through all levels of the organisation.
	A mature, positive attitude to risk, with robust risk management approaches and shared ownership of 'critical' risks across the Council's Extended Leadership Team.
	Full suite of capital governance, budget monitoring and programme management arrangements for the Commonwealth Games, with regular monitoring of risk by the Council's Extended Leadership Team.
	Developing capacity and capability in the strategic finance function.
	Ensure financial 'grip' and ownership of budgets, with people taking responsibility for the financial implications of the budget within directorates, and appropriate monitoring, reporting and constructive challenge from audit (internal/external) and Overview and Scrutiny.

Improvement area	Priorities
	Adoption of a 'one team' comprehensive approach to business partnering with finance.
	Consultation on a 3-year Medium Term Financial Strategy and specific budget proposals for 2020-23.
Key corporate policies to enable effective corporate governance	Refresh of the Council's Policy Framework in line with the new Constitution.
	Review of Forward Plan processes to ensure an integrated pipeline for strategic policy development all the way up from directorates through to Cabinet and Full Council
	Development of the Council's community hubs strategy with clarity around an integrated, local offer and commencement of implementation
	Delivery of Community Cohesion Strategy, including development of implementation plan.
	Localism agenda progressed with further development of ward plans and roll-out of new community governance mechanisms.
	Implementation of the Equal Pay mitigation strategy to deal with current and prevent future claims.
	Implementation of the new 0-25 Policy for Home to School Transport/Home to School Transport commissioning strategy (Travel Assist).
City partnerships	Building on early improvements in partnership working arrangements i.e. City Board, Statutory Partnerships and developing specific delivery mechanisms to positively impact on the lives of people in Birmingham.
	Implementation of Birmingham and Solihull Sustainability and Transformation Programme by April 2021.
	Partnership-working approaches and competencies embedded at all levels of workforce.
	Development of a shared accountability framework linking Council Plan 2019-20 to partners' strategic priorities.
Communications and transparency	Shift in culture towards transparency, with a substantial decline in the number of private/late reports to be comparable with other Core Cities.
	Development of a strategic/shared narrative and approach to external communications.
	Resetting the relationship with citizens with clearer messages about the direct changes that they can make – individually, in families and in communities – to improve outcomes across the city.

Keeping Up Progress

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.

The key components of this framework are as follows: -

Feedback from strategic partners

In 2019-20 the Council will continue to actively monitor the quality and maturity of strategic partnership working and progress against shared accountability/performance frameworks, through:

- continual formal self-assessment of partnership working practices and competencies, including benchmarking against other Core Cities;
- proactive engagement with regulatory reviews of statutory partnership activity and any recommendations arising;
- regular engagement and self-reflection with key 'critical friends' including Chairs of the statutory safety and safeguarding partnership boards.

Feedback from citizens

At the heart of our Improvement Priorities for 2019-20, and indeed our entire improvement journey, is the desire to deliver the best possible services and outcomes for the citizens of Birmingham. Our most important measure of success is the impact that we have on the lives of the people that we serve.

Throughout 2019-20 we will continue to engage and consult with citizens, listening to their feedback on how they feel that we are performing. This will include formal feedback mechanisms such as the Citizens' Panel, the Residents' Survey and our consultation vehicle BeHeard, as well as informal engagement with citizens online and on social media.

Our new model for localism will provide a range of opportunities for residents to influence services, spending and decision making and take ownership of their local areas. The 21st century role of Councillors will be vital in engaging, facilitating and planning alongside residents.

Internal and External Audit

Risk management

- Revised risk management framework (to be approved by Audit Committee in January 2019) with process for the planned and systematic identification, evaluation and management of risks associated with the Council's activities.
- Audit Committee receiving regular audit reports and monitoring the overall effectiveness of risk management approach, inviting risk owners for a more in-depth review as required.
- Council Management Team receiving monthly update on risks and challenges, challenging the completeness and robustness of mitigating actions.
- Monthly progress report to Deputy Leader.

Internal audit

- Independent internal audit service in line with the Public Sector Internal Audit Standards (PSIAS), providing annual opinion on the effectiveness of risk management, control and governance processes across the whole of the Council and is prioritising the review of improvement agendas in terms of progress and effectiveness.
- New integrated risk assurance framework (based on the 3 lines of defence model) supported by robust risk methodology that is designed to focus target audit activity.
- Tracking high priority findings and issues, including those raised by external audit, until the risks are effectively managed.
- Constructive challenge around the improvement agenda and financial management.
- Regular internal audit activity reporting to Audit Committee.
- Council Management Team receiving monthly update on key issues providing a barometer to measure improvement and target management effort.

External Audit

- Annual independent examination of the Council's financial management and value for money arrangements.
- Key recommendations in the Audit Findings Report 2017/18 and Section 24 issues monitored in a transparent report of progress made to Audit Committee each meeting.

Audit Committee

- Independent assurance to the Council in relation to its internal controls, risk management and governance processes.
- Self-assessment of effectiveness of the Audit Committee, to take place in 2019.
- Focus on risk management in 2019-20, with risk owners providing detailed progress reports.

Business Partners

- Finance Business Partners have appointed as part of the Future Operating Model for Finance to underpin and drive strong financial governance across directorates.
- Support with the development of financial plans and the budget monitoring process.
- Regular financial reports presented to CMT, Star Chamber and Cabinet.
- Where the budget monitoring indicates that the actual position is diverging from the Plan, Business Units required to develop action plans and to then monitor progress against the revised plans.

Overview and Scrutiny Committees

We will enable O&S Committees to carry out their Scrutiny function effectively and with rigour, by:

- continuing to emphasise the parity of esteem between Scrutiny functions and the executive leadership, as part of the wider member development programme and shift to an organisational culture based on transparency and constructive challenge;
- undertaking Phase 2 of Review of Scrutiny, with recommendations presented to the Council Management Team, Extended Leadership Team, and Full Council;
- an agreed work programme for 2019-20, aligned with the Council Plan, 2019-20 Improvement Plan and committee timetables;
- Scrutiny to work closely with the corporate Strategic Policy team to develop the Council forward plan, feeding into policy development and priority-based budgeting process at the earliest stages;
- supplying performance management data to O&S committees for their service areas, with specific training for Members on how to interpret, analyse and challenge data.

Performance Management Framework

The new performance management framework will drive progress against the improvement priorities for 2019-20, through:

- third-party benchmarking performance against other local authorities in key outcome areas, with comparisons embedded into routine performance monitoring and reports;
- constructive critique and challenge from the corporate Performance & Insight team to service areas, with resulting improvements to quality and depth of data analysis and performance narratives;

- engaging with teams across the Council to educate colleagues on the importance and potential impact of performance management;
- supplying routine performance management data and analysis to the Council Management Team, enabling greater scrutiny, challenge and in-depth discussion across and between directorates;
- engaging with Members to educate them on the role and function of performance management, enabling Cabinet Members to effectively monitor and challenge performance.

CIPFA

CIPFA will be providing a personalised programme of support, focusing on:

- support around building strategic financial capability and capacity;
- benchmarking against other local authorities.

LGA

The Council is working with the LGA to design a tailored programme of Member development activities and peer support arrangements that will enable Members to develop the skills and competencies they need to successfully carry out their roles. This includes:

- ongoing programme of Member development through the LGA Highlighting Political Leadership Programme, including evaluation of learning aims and outcomes, aligned with the four year political cycle;
- a mentoring programme for all Cabinet Members and the Chair of the Audit Committee, including 1-1 mentoring sessions and whole group meetings examining the Birmingham context;
- LGA peer accreditation enabling Members to be matched with peer councils for each of the improvement themes;
- formal support offer to Council political groups through the four LGA political offices.

Development activities with the LGA will culminate in a formal peer challenge in 2020-21. We feel that this will be mid-way through our improvement journey, with enough time passed to usefully assess progress made and identify any further areas for improvement that have arisen.

Addendum – BCC 2019-20 Improvement Programme

1. Context and Purpose

Alongside the Improvement Stock-take Report published at Cabinet on the 26th March 2019, the Council also published a summary improvement plan for 2019-20 which cited a range of actions and areas for ongoing development and maturity in the Council's approach.

This document also cited that, "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 model describes formal processes through which partners, citizens, internal and external Audit, Overview and Scrutiny and LGA peer capacity will be continually deployed to quality assure and challenge Council improvement arrangements. The intention is that these arrangements are frequently and publicly reported to Cabinet alongside the Council's performance management reports.

Further to the publication of this plan, the Council has received a draft letter and report by the Birmingham Independent Improvement Panel which alludes to additional, "challenge and support" being required. The Council has also received a final version of the External Auditor's impromptu findings that cite a) Governance and the Waste Service; and b) Finance as the, "particular challenges that need to be tackled now" and hence the issuing of two new statutory recommendations in these areas.

2. Proposed Next Steps

In light of the new analysis above, the Council is proposing to strengthen the level of challenge and support that will wrap around the stated areas for improvement, and the proposed approach is outlined below.

The Council acknowledges the advice of the BIIP that one of the critical issues in sustaining Council improvement will be enhanced **capacity**, whilst noting the input from Overview and Scrutiny members and strategic partners that a **collaborative and partnership** model of improvement, with clear and shared accountability, will be most conducive to success. Finally, in light of the shared self-assessment, BIIP and external audit analysis of future risks, the Council is seeking to ensure that additional challenge and support is **targeted in a manner that is both aligned to and commensurate with risk** – namely around waste governance, industrial relations and financial resilience.

- a) The Council has already publicly agreed a specification for the commissioning of an independent review of the Council's model of waste collection and disposal services, with a *clear and repeated commitment to publish the findings of this review report at the end of the initial phase* – likely to be September 2019. This review will also consider management practice and any associated risks in line with the external auditor's statutory

recommendation. The Council intends to draw heavily on peer mentoring and support to all Cabinet members throughout the period of this review, and will have the option to deploy additional external capacity as a result of the commissioned arrangements to support any change management required as a 'phase 2' from October 2019 onwards.

- b) The Council has already indicated that it will be formally reviewing its industrial relations framework in 2019-20 with peer support and exemplar case studies provided by UK Core Cities and supported by the LGA. The Leader has already announced at Cabinet our intention to establish a dedicated industrial relations unit and to conduct a deep and thorough review of legal and democratic services to ensure that they are modernised and fit for purpose. *The Council proposes to formally report to Overview and Scrutiny on the findings from our analysis of Core Cities industrial relations, and then bring an action plan (in concert with Trade Unions) to Cabinet outlined decisive changes that will be made to both Council and Trade Union ways of working.*
- c) The Council has already commissioned the Chartered Institute for Public Finance and Accounting (CIPFA) to provide formal third-party challenge and support to the Council throughout 2019-20. The existing CIPFA programme includes focussed review and challenge of the Council's strategic finance function to ensure capability, capacity and transparency in the Council's approach; whilst also positioning Birmingham as one of the pilot areas in the CIPFA financial resilience modelling.

Additional measures proposed by the Council in light of the BIIP and external auditor analysis are:

- d) *To align the Council's own independent waste review with the DEFRA sponsored review of waste collection and disposal arrangements across the regional footprint, being undertaken by Local Partnerships.* This will provide an opportunity for transparent regional benchmarking against the Council's current model and options for enhanced value for money and service improvement.
- e) To invite CIPFA to expand their remit with a dedicated role for the Chief Executive of CIPFA, Rob Whiteman, in providing *an independent and public report on the Council's financial resilience* to the Council's Cabinet and Secretary of State on a six monthly basis during the financial year 2019-20.
- f) To retain the 'temperature take' model of regular engagement with statutory partnership chairs, opposition elected members and key partners *with the quarterly publication of the feedback from such stakeholders* alongside the council's quarterly performance report; and
- g) *Voluntary formal reporting to the Secretary of State at two key points within the year – September 2019 and March 2020 – on the progress made in delivery against the Council's 2019-20 plan; performance and financial reporting in-year; and specific actions in place to mitigate the risks identified in the external auditor's statutory recommendations.*

The Council trusts that these measures provide the Secretary of State with reassurance that the Council is ensuring a relentless and determined focus on improvement, with requisite transparency around investigation, mitigation and reporting in line with our stated risks.

The Council is open, however, to advice, challenge and debate with MHCLG Ministers and officials in order to bolster the proposed plan of action in advance of the 2019-20 municipal year.



The Rt Hon James Brokenshire MP
 Secretary of State for Housing, Communities and Local Government
 2 Marsham Street
 London
 SW1P 4DF

Sent by email

2 April 2019

Dear Secretary of State,

Birmingham City Council's Improvement Progress

The Leader of Birmingham City Council, Councillor Ian Ward, and I wrote to you in June 2018. In our letter we set out the following:

- a) The Council acknowledged that it had not sufficiently gripped the improvement challenge set by Lord Kerslake and was committed to do so from thereon with vigour;
- b) The Council acknowledged that it had failed to align its revenue expenditure with the available resources and had been using substantial reserves each year since 2015/16 to balance its budget, including 2018/19;
- c) The Council pledged to address this crucial issue and confirmed it was committed to taking the early action necessary to prevent overspending in 2018/19 and to approve a revenue budget for 2019/20 that did not resort to further use of reserves; and
- d) The Council said it understood that getting its finances under control would mean taking and implementing very difficult decisions without delay.

My letter and the Panel's attached report provide a summary of the progress that the Improvement Panel has observed since that last letter, together with our overall conclusions and reflections from our four years in Birmingham.

Fuller information about the Council's progress is set out in the Council's latest *Stocktake Report* and this is also attached. The report has benefitted from the Panel's and Council's collaborative working. We agree with much of its analysis. But there are some matters on which the Panel does not entirely concur with the Council's assessment. The most important of these are set out in our report, along with other important information that we wish to highlight. We continue to advise the Council to stay true to its commitments to be fully transparent and open. We continue to advise the Council to avoid overstating its progress or being over-optimistic about what it can achieve in the hugely challenging context it is working in. It takes time to embed genuine change.

The Panel stood itself down on 31 March 2019. The reason being that we believe we have done all that we can within our existing terms of reference and powers, and in the current context in which the Council is operating, to provide robust challenge, support and advice. The Council now, we

believe, needs to heed our advice and muster the strongest political courage and managerial capacity it can to follow through on its commitments to deliver services that are fit for the 21st century. It must be consistently true to its values and promises, always put the interests of Birmingham's citizens first and provide services that represent value for money. This will entail the Council fully implementing its improvement plans, and comprehensively addressing the statutory recommendations of its external auditor. These are set out in his latest report, which refers to the Council facing a unique level of one-off risks.

There are many significant and exciting opportunities available to the City and the Council, not least the Commonwealth Games and HS2. As Lord Kerslake rightly said in his 2014 review *'Birmingham is a great City.'*

However, the Council's financial position remains immensely serious. The risks to its financial resilience, which it must intensively manage, are considerable. Crucially, progress has been badly impacted by industrial disputes and poor industrial relations and the Council remains in the foothills of its improvement journey. In this situation the Council needs courageous and creative political leadership if it is to succeed.

The Council is intending to maintain constructive and critical challenge through internal scrutiny and sector-led arrangements. It understands that it requires third-party assistance and has commissioned elements of this already. But, in the light of the exceptional risks that the Council is facing and particularly its industrial relations context, we consider that this type of challenge will be insufficient. We therefore recommend that you should put in place external independent challenge and support, additional to that proposed by the Council, to replace the Panel.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'J R A Crabtree', with a stylized, flowing script.

J R A Crabtree

Chair



Report of the Birmingham Independent Improvement Panel

2 April 2019

Report of the Birmingham Independent Improvement Panel April 2019

We do not intend to replicate the Council's *Stocktake Report*. Our report provides a summary of the key matters we believe it is appropriate to highlight.

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1 Progress since June 2018

- 1.1 We agree with the Council that there has been meaningful progress over the last ten months. We recognise the huge amount of work that Birmingham City Council is doing to get itself on the right track and tackle deeply entrenched problems and outdated ways of working.
- 1.2 The Council has worked hard over the last year and made considerable progress on many fronts.

Managerial leadership and partnership working

- 1.3 Dawn Baxendale, Chief Executive, with the assistance of her mainly new corporate management team, is rapidly developing improved relationships with local partners. In that regard she is appropriately building on the platforms put in place by the interim Chief Executive who preceded her and the Council's current interim Corporate Director of Adult Social Care and Health.
- 1.4 The new Children's Strategic Board, the strengthening of The Community Safety Partnership, both of which the Council's Chief Executive chairs, and the Council recently taking a pro-active leadership role across the region are welcome developments. The successful launch of the Children's Trust, on time, and the latest Ofsted inspection results are also encouraging

signs. The recent setting up of the City Partnership Board is important and the Board is clearly identifying the priority outcomes that City partners can work on together, and intending to take a pragmatic and action-focused approach.

- 1.5 The Chief Executive's 'hands-on' approach and her clearer direction have been welcomed and are appreciated by the Council's senior staff and leadership teams. The developing corporate management team now has much more of the capability and experience that the Council so desperately needs. The team is, when able, focusing on the right things. It is seeking to bring stability to an ever-changing set of complex challenges. And to put in place stronger foundations on which it can build further improvements, with ever-greater confidence.
- 1.6 Promotion of a 'one council' approach is better and the organisational restructure and many of the new ways of working are helping to break down the silo working that has held the Council back for years. This, too, is encouraging.
- 1.7 The Council approved its Community Cohesion Strategy last year. It was the product of effective engagement and a good understanding of the issues. The Council is taking an approach that entails championing local best practice, facilitating challenging discussions on sensitive topics and commissioning preventative activity. It set out alongside its Strategy how each of its main services contributes to community cohesion. We have said to the Council that it could develop its action plans even further, by making clearer how the Council will continuously enhance all its own contributions to this agenda, over time.
- 1.8 The Council's leadership teams have shown concerted determination and coordinated their efforts while seeking to address the Council's refreshed priorities for improvement, which are clearer and better aligned.

Political leadership

- 1.9 Notwithstanding a recent resignation, the new Cabinet, we are assured, operates more like a team. Cabinet members tell us that they appreciate the change in leadership style, which, they say is more encouraging of debate and joint working. The Leader and Deputy have cooperated with the Panel over the last year and the Deputy, in particular, has taken a keen role in shaping and driving improvements in the Council's governance. Previously she took a lead political role in driving forward many of the improvements in children's services that are now bearing results.
- 1.10 The relationships between senior officers and senior elected members are currently constructive. They have met regularly and worked together effectively on a series of complex and sensitive issues since the May 2018 elections, including on budget setting. Their emphasis on working as a 'single team' is important to them.
- 1.11 The Secretary of State will be aware, however, that political leadership issues and the existence of tensions in the relationships between elected members have featured recently in the local and national press.
- 1.12 The Panel recognises that the political leadership understands the need for bold decisions. Also that the Council's political leadership has been affected and constrained by the political and industrial relations climate it is operating in. We believe, however, that in spite of the

difficulties, the political leadership could have gone further in setting out a clear narrative and reinforcing and promoting the messages it set out in its 2018 Stocktake report and associated plans, about what the Council must change, and why.

- 1.13 The Council has made progress over the last year in strengthening its scrutiny functions. It undertook a review and increased the number of scrutiny committees. When Lord Kerslake recommended that the Council reduce the number of scrutiny committees he did so in the context of recommending and expecting that much of the scrutiny needed would be delivered locally instead. But development of locally-based scrutiny was never effectively implemented. It is right, therefore, that the Council has increased the number of committees. But, what will really matter is the quality of the scrutiny undertaken. And that will begin with all scrutiny members consistently turning up to the meetings they have a responsibility to attend. The new Scrutiny Chairs provided balanced feedback to us, at one of their meetings we attended. They said that some things were better and recognised that they have a huge way to go to embed effective self-challenge in the Council.
- 1.14 The picture is similar for other elements of the Council's self-challenge. The Audit Committee is facilitating better discussions, but it is early days. The Standards Committee has recently been reconfigured and is yet to demonstrate that it is working effectively.
- 1.15 This same story extends to some elements of the Council's self-support. After years of promising such support, the Local Government Association assisted the Council last summer to identify mentors for each of the Council's Cabinet members. This was a welcome development, and one that we thought should have been in place immediately following the Kerslake review. The Council is intending to continue with its mentoring arrangements and co-ordinating the approach. We hope that members will continue to draw as much value as they can from working with their mentors.
- 1.16 Overall cross-party working is respectful. Opposition parties have been supportive of the recent changes to Cabinet meeting protocols and co-operated with the reviews of Overview and Scrutiny and Full Council. Although opposition parties continue to express concern about important issues related to, for example, transparency and the lateness of reports.
- 1.17 We have seen, too, examples of good cooperation between the Council, the West Midlands Combined Authority and the region's Mayor.

Financial control

- 1.18 The Council has, over the last year, achieved a tighter grip on its finances and improved its financial analysis and capital and revenue budget monitoring. Changes to the Council's finance teams and arrangements resulted in improved financial reporting for most months of 2018/19.

Organisational culture

- 1.19 The Council knows, and recently has said openly, that it must modernise how it conducts its industrial relations. The well-publicised industrial disputes and strikes over recent months brought this issue, again, into sharp focus. The Council knows it must address this issue in order to mitigate its equal pay and other financial risks. Also to pave the way for it to bring

about the organisational cultural change and service transformation which need to be in place if the Council is to survive and thrive. The Council's heightened self-awareness, better diagnosis and greater willingness to be clear about its risks, are good signs of progress.

- 1.20 The Council's management team is readily and actively promoting learning from others. For example, it has worked with Leeds City Council to review its own confidential reporting arrangements. The Council's list of examples of useful learning and engagement with other local authorities is growing. This is creditable.

Governance and managing performance

- 1.21 The Council has made concerted efforts to improve important aspects of its governance. Its Corporate Governance Improvement Plans (CGIP) for 2018/19 and 2019/20 set out the main issues that it has attended to, and still needs to take action on and/or deliver impact for. The Council has been focusing on the most pressing priorities, including the matters that relate to the external auditor's 2018 statutory recommendations. The Council and the Panel have regularly reviewed the Council's progress in implementing its 2018/19 CGIP, and has recognised where it has been successful in moving forward. For example, it has addressed some of the long-standing concerns we raised in the past about its report-writing and decision-making. It is also offering better induction and development opportunities to elected members. With induction being recently extended to new staff.
- 1.22 While there is still much to do, the Council's performance management is more outcome-focused. The Council is at last putting its performance into a context by reporting its own performance against best and comparative performers. This has provided the much-needed wake-up calls for officers and members about how poor many aspects of the Council's service provision really are. As the Council has told us, two thirds of its services are in the bottom quartile. The Council is planning to continue to improve how it manages and uses its performance information. In particular, it understands it must improve its use of insight, intelligence and trend analysis to better inform its improvement strategies and track its impact.
- 1.23 Until recently many elected members and too many staff didn't know or accept how far behind the times and poorly performing their services were. The Council's shift to producing reports that are more balanced in their analysis, and its shift to being less defensive in response to critical inspection reports - both long advocated by the Panel - are helping the Council to drive better self-awareness. This is enabling staff and elected members to work better together to develop realistic and meaningful strategies and action plans. Success in achieving this is particularly notable in the case of adult social care. The inspection findings for SEND services in the local area (Special Educational Needs and Disability) confirmed that, while a stronger emphasis on prevention and on resident choice is beginning to emerge, the shifts in performance have been from a shockingly low base. Health and life expectancy differences in the City are stark. It should long have been a top priority of the Council to work effectively with partners to address the gaping inequalities in the City's health outcomes. It is doing this now.
- 1.24 Currently the Council's performance reporting places a great deal of emphasis on monitoring performance against targets. We have queried how those targets are set and whether they are all sufficiently robust, relevant and useful. The Council assures us that it will review its

targets in the coming year.

Other positive developments

- 1.25 Important improvements in aspects of adult social care, from a shockingly low base, are notable. We particularly are aware of the directorate's improved strategy, better partnership working, new emphasis on preventing problems and their escalation, deeper understanding about the need to focus on outcomes and service-users' needs. There has been a shift in its work culture. These developments are creditable.
- 1.26 The Council's *Stocktake Report* refers to its efforts to tackle difficult decisions and it cites as an example of this consulting on, agreeing and beginning to implement its Clean Air proposals.

Tracers

- 1.27 We sought to trace for three cross-cutting services whether they were on an Improvement journey that would show tangible positive outcomes for Birmingham residents. Also we assessed to what extent any improvements to the Council's governance, financial controls and organisational culture were being embedded. The results showed a mixed picture. Performance management, as set out above, is showing signs of improvement from a low base and needs to continue its development if it is to be equal to the best councils. The skills agenda has not progressed far enough, despite it being a key priority which impacts on many of the Council's priorities. And it was highlighted in the Kerslake Report over four years ago. Structural changes have been implemented recently and the Council appointed a senior officer lead in early 2019, a few months later than initially planned. She will, hopefully, help to bring co-ordination and coherence to an agenda that until very recently has been fragmented. The City faces a huge challenge in tackling homelessness. It has a clear strategy with tangible actions that have and will bring improvements. The Council has taken on leadership roles for the regional programme, is engaging well with a wide range of partners across all sectors, and has a good understanding about what it must do to refocus its efforts on preventative activities.

2 Caveats, setbacks and disappointments during the last year

- 2.1 The Secretary of State will need to take account of the fact that much of the progress set out above and in the Council's latest *Stocktake Report* is new. As a result, few of the improvement plans can yet demonstrate that the desired outcomes and impacts have been achieved or that the recent progress, while commendable, is sustainable.
- 2.2 For example, the Council understands that its partnerships are new in their current form and makes clear this is a '*fairly fragile phase for partnership working in the City*'. One partner recently said to us that Birmingham partners are 'in the foothills' of their partnership journey. We believe that this description has wider application to the Council's improvement journey.
- 2.3 The Council rightly refers to its understanding that it will take time for it to deliver its

ambitions and that the culture and unhelpful behaviours that persist in the Council make delivery challenging. The Council understands that its improvement journey to get to a stable, resilient and consistently good position is likely to span many years.

- 2.4 The challenging legacy that the Council is grappling with and the current context inevitably means that the journey will continue to be arduous.
- 2.5 We agree with the external auditor's opinion set out in his letter that the amount of progress made recently should not be underestimated. But, have we seen as much improvement as we, and the Council, expected to see or would have liked to see over the last year? Unfortunately we have not. While progress has been made in putting many improvement foundations in place there have been set-backs, disappointments and slippages.
- 2.6 Due to the enormous challenges encountered in the last year and still being experienced the pace of improvement continues to be slower than everyone involved would want.

Industrial relations

- 2.7 Industrial relationships are a major issue and the Council formally registers them as such.
- 2.8 The Council acknowledges that it has been unable to quickly close down disputes arising from its attempts to improve the effectiveness and efficiency of its services.
- 2.9 But for the industrial disputes we believe the Council could have achieved far more progress.
- 2.10 The Secretary of State will be aware of the Council's industrial relations problems, including this year's waste service strikes and enablement service strike. The recent major industrial action relating to waste collection, the second in just 15 months, has only just ended. Sadly, it resulted, again, in significant costs and inconvenience to the city's residents.
- 2.11 The total cost of the two major disruptions to the waste collection service is estimated to be £14m with no discernable improvement in the service to justify the expenditure. In addition, the Council's Cabinet reports draw our attention to the risk of 'contagion'. The suggestion is that how the recent waste dispute was settled could lead to similar demands and industrial disputes in other services. The potential impact, if this did arise, could be significant, so increasing the Panel's concern about risks to the Council's ability to implement its improvement plans.
- 2.12 At the time of writing the dispute in the service that provides support to elderly people - the Enablement service – continues. While recognising that this dispute came about as a result of the Council seeking to make improvements to the service, the dispute has been running for 15 months.
- 2.13 Also the TUPE transfer of the Early Years and Wellbeing service staff, planned for January 2018, is still not implemented. This delay is costing the Council £750,000 a year.
- 2.14 The latest INLOGOV study that the Council references in its *Stocktake Report* is instructive. It refers to a '*culture of fear*' around the nature of industrial relations. The issue clearly stands out as a continuing major concern of staff and elected members alike, and this has wide-ranging negative impacts. The findings underline, again, the need for the Council to modernise its industrial relations if it is to make the improvements to service provision that

are needed.

- 2.15 Unusually the Leader and Cabinet members have been directly involved in day-to-day negotiations with Trades Unions which presents the risk of a return to the position at the time of the Kerslake report, when blurring of member and officer roles was a key cause of concern. If union representatives will enter into negotiations only when the Council's political leadership is personally involved in meetings, this further demonstrates an inappropriate industrial relations approach, and the Council recognises this.
- 2.16 As the Council recognises too, the disputes and related distractions have caused the Council at times to have to revert to 'fire-fighting'. They have diverted both leading members and senior officers away from taking a strategic perspective, which has resulted in slippages and deferments in the delivery of planned improvements. The Council acknowledges that it has not yet started delivering the major transformation projects that it wanted to initiate sooner. Such as the implementation of, or detailed planning for, the local model that forms a major part of its agreed *property strategy*.
- 2.17 The industrial disputes not only distract attention and critical resources they demonstrate the challenge the Council is facing to put the interests of the City's residents first. A well-performing council will be a good employer and fair to its employees, but this aspect of its behaviour should not take precedence over its primary duties to address the needs of its residents and provide services that represent value for money.
- 2.18 At times, by way of example, the Council's Chief Financial Officer has spent the majority of his working hours in mediation and talks with unions and colleagues about industrial disputes. This is by no means a criticism of him, far from it. We understand why he was asked to take a lead role for one of the most important and urgent risks facing the Council. But this has led to us querying whether the Council has all the capacity and capability that it needs at the top of the organisation.
- 2.19 Permanent changes in the Finance team's work culture and capability are urgently needed. The Council knows this and it has been working with Cipfa to identify how to drive forward improvement. Yet while the Council has been pro-active in making progress on this and also many aspects of the Council's financial control and reporting agendas, we do believe that the pace of that progress has been compromised due to the Chief Financial Officer having to shift so much of his attention to resolving industrial relations emergencies.

External auditor's statutory recommendations

- 2.20 The Council's *Stocktake Report* sets out the Section 24 statutory recommendations that the Council's external auditor sent to the Council last summer. The Council has been addressing these since September 2018 and the external auditor has confirmed that the Council has been making good progress in a number of areas in delivering against those recommendations. But, despite that progress, in March 2019 the external auditor issued additional statutory recommendations. He did this while noting that the recent progress should not be underestimated. Also while stating that it would be unrealistic to expect a relatively new management team and the new team of officers and members to be able to address overnight the deep-seated problems that have dogged the Council for over a decade. These were the third set of statutory recommendations sent to the Council in three years. Receiving any is unusual for a local authority and to receive a third set in so short a

time is exceptional, possibly unprecedented.

- 2.21 The latest recommendations relate to governance, the waste service, and finance. His recommendations, made under paragraph 2 of Schedule 7 of the Local Audit and Accountability Act 2014 are attached.

Independent waste inquiry

- 2.22 Following the events of the 2017 waste service strike the Council commissioned an independent inquiry. The inquiry's findings were published in December 2018. That it took so long for the report to be published is regrettable. This is in spite of us urging the Council to do more to prevent so long a delay. Effectively the report questions if the Council made any progress at all up to 2017 in addressing Lord Kerslake's recommendations about the Council's organisational culture.
- 2.23 We believe that the Council has not taken every opportunity available to it over the last year to move to, and rigorously demonstrate and promote, its promised ways of operating. Yes, many aspects of the Council's culture that act as barriers to effective governance are being addressed. But many of the changes of the last year need still to gain sufficient reach and be embedded as the default and normal way of working, for everyone in the Council's leadership, at all times.

Staff feedback

- 2.24 It is disappointing that while anecdotal staff feedback about, for example, the Chief Executive's weekly newsletter is positive, the results of the Council's staff surveys over many years have not shown improved results.
- 2.25 It is not clear to us what the Council is doing to address the findings from the most recent staff survey, nor the extent to which each directorate has progressed with developing action plans and implementing them. Meanwhile, recent performance reports suggest that the Council's sickness levels are high, and rising, and staff morale features in the Council's most recent corporate risk register.

3 Looking forward: opportunities and risks

Opportunities

- 3.1 Birmingham City Council's context is one of enormous opportunities.
- 3.2 The main point of the Kerslake review, Lord Kerslake's recommendations and our role has been to help the Council to be in a better position so that it can readily grasp, and enable its residents to benefit from, all the opportunities available to it.
- 3.3 How the Council grasps and manages its opportunities is almost as important as how well it mitigates and manages its risks.
- 3.4 The Council's preparation for, and potential legacies from, the Commonwealth Games, HS2

and other major City commercial developments align with just a few of numerous opportunities available. The Council's leadership has worked hard over recent years to build support for these major projects.

Risks

- 3.5 The Council has set out its main risks, relating to, for example, industrial relations, equal pay, the Commonwealth Games, Paradise Circus and its Amey contract. External auditor reports align with the Council's views and set out in detail the significant risks that the Council is currently facing and could potentially face. In his latest Section 24 report the Council's external auditor notes that the Council faces '*a unique level of one-off risks*'.
- 3.6 The Council states that it is '*alive to the delivery, financial and reputational risks associated with the Games*' and that it has active risk management and programme management arrangements in place that will enable it to promptly resolve issues. This is helpful. But the extent of these risks is significant. The potential for escalation of costs is a serious risk.
- 3.7 Some of the issues that were associated with setbacks this last year also represent risks for the future.
- 3.8 There are risks inherent in the newness of much of the Council's progress. Many of the improvements are not yet fully embedded. So inevitably there will be fragilities. The resilience of some of the improvements and newer relationships are yet to be tested. The Council is aware of this and alludes to some of these risks in its *Stocktake report*.
- 3.9 We understand that the Chief Executive is being supported by the political leadership to build the capacity and capability she believes the Council needs. But we frequently see the Council's leadership team members appearing overstretched. We have drawn this to the attention of the Council's leadership at our regular meetings and have continued to question the Council's assertions on this point.
- 3.10 The risks relating to the Council's industrial relations persist and could erupt again. And if they do, potentially repeatedly, it will be very costly and put at risk many of the Council's improvement and delivery plans.
- 3.11 The biggest risk is if a number of these key risks coincide. The Council's Financial Plan 2019+ outlines both the extent of the financial risks facing the Council and its level of reserves. The financial risks include demographic pressures, capital project overruns, major contract disputes, potential changes to the business rates regime, the Commonwealth Games and Equal Pay. It is clear that if all the Council's risks that have detrimental financial implications were to come together the Council's financial resilience would be sorely tested.

4 The financial position and the medium term financial strategy

- 4.1 From early 2018 the Council started to grip the financial challenge and improved its control of its revenue and capital budgets. This year the Council has, at last, grasped the task to bring its spending into line with its revenue. But due to the delays in achieving this, the Council will have used £170m of its reserves to support its revenue budget in the four-year

period ending 31 March 2019.

- 4.2 Cabinet members and senior officers demonstrated in the current financial year much improved budget oversight for both capital and revenue budgets. There is now better senior elected member engagement with the finance agenda.
- 4.3 The Council's 2018/19 revenue budget was approved on the basis that £30m reserves would be required. The Council expects to remain within this budget with £9.7m of savings not achieved being covered by other underspends. As the Council understands only too well, any non-delivery of savings targets in one year will increase the savings needed in future years.
- 4.4 It is a move in the right direction that the Council's budget for 2019/20 does not rely on the structural use of reserves. But this means that the Council will need to deliver £46m of further savings that year. Achieving this will not be easy. Nor will meeting the medium term savings targets be easy. The Council's medium term financial plan for 2019/20 to 2022/23 requires total savings over the period of £86m.
- 4.5 What is worrying is that the Council has not yet clearly articulated the nature of the transformation of services, beyond Children's Services and Adult Social Care, that will be needed to deliver these savings, and so achieve financial sustainability. As the Council indicates in its *Stocktake Report*, the leadership of the Council had intended to be much further forward with this work, but was seriously diverted by the industrial disputes.
- 4.6 In its Stocktake Report the Council says that 'transformative work in areas such as assets, workforce, fleet and SEND (Special Educational Needs and Disability services) need further development before savings can safely be realised and form the bedrock for future financial resilience'. The report also acknowledges that some of the implementation plans, in support of these savings, are not as advanced in their depth and with assurance regarding capacity to deliver as would be ideal.
- 4.7 We are concerned that the Council is still a long way off having clear narratives about what its transformation strategies will really entail. We understand why, but the fact remains that it has not yet produced solid and detailed implementation plans. And it is not clear to us if, for each of its transformation programmes, the Council has all the capacity it will need to initiate then deliver them *in time*. This places delivery of the Council's Medium Term Financial Strategy at risk.
- 4.8 A particularly significant risk to the Council's medium term financial plans is that relating to the Commonwealth Games. In December 2017 the Council committed to providing £145m capital (of which £75m would be provided by partners) and £40m revenue to support the delivery of the Commonwealth Games. This represents 25% of the cost of the project with the government contributing 75%. In addition the Council is responsible for delivering the Commonwealth Games Village. So far none of the sources of external funding put forward in December 2017 as potential contributions to the Council's costs – including a temporary airport levy, hotel tax or workplace parking levy – appear likely to come to fruition. As a result the Council has had to provide for all its contributions in its forward capital and revenue plans, further increasing the risk to the delivery of its medium term financial strategy. In addition, the Council recently reported that some £30m of planned partner contributions is at risk of non-delivery.

5 Overall conclusions and reflections

- 5.1 We have reviewed the Council's updated *Stocktake Report* and had the opportunity to comment and assist with earlier drafts. We agree with much of its analysis and have drawn attention to some key aspects of the Council's progress. We have also highlighted where we do not fully concur with the Council.
- 5.2 We agree, in particular, that the Council still has a long way to go to deliver its ambitions. And we believe its onward journey will continue to be difficult and hazardous for some time yet. The Council's industrial relations issues, political and financial context and demanding work programmes, represent immense challenges.
- 5.3 The Council at last recognises how poor many aspects of its performance, financial planning and governance have been. It acknowledges it has a long way to go to get many of its functions and key services up to acceptable modern standards in terms of effectiveness and efficiency.
- 5.4 Years of the Council's public denial, defensiveness and push-back about the extent of its problems, risks and challenges, and its focus on ridding itself of Government intervention as quickly as possible, almost at any cost, has prevented the Council taking all the necessary steps to deliver real and lasting change.
- 5.5 Will this year's progress be sustained and further progress made in the years ahead? That remains to be seen. The situation with regard to industrial relations, in particular, is precarious. The resilience of much of Council's progress is yet to be tested.
- 5.6 The Council has done much in the last year to clarify its priorities and strategies. But at crucial times we could not elicit from all the stakeholders we spoke to a shared and coherent story about the Council's vision. Similarly key stakeholders could not explain clearly how the Council will meet the huge financial challenges in the years ahead. Nor was it always readily clear to us to how the Council will engage the City and its residents in meaningful and honest ways to explore all the feasible options for shaping its major modernisation programmes. At times the messaging to the public has been inconsistent.
- 5.7 We cannot say that the Council is now fully grasping and delivering on, as much as it should or could, all the opportunities available to it to ensure its citizens benefit from the economic renaissance the City is seeing.

6 Next steps

- 6.1 To enhance its chances of success in the future the Council will need to fully and consistently embrace challenge and be rigorously self-critical and non-defensive. It will also need to continue its improvement journey with unrelenting courage, focus and diligence. All its improvement actions will need to be entirely authentic attempts to bring about lasting positive change.

- 6.2 Consistent with the advice we have given to the Council, we believe that the Council must set out, relentlessly repeat and reinforce a clear, simple narrative. That narrative should be crystal clear about the Council's vision for its future and what the Council will change and when. Crucially it should set out the benefits that transformation and modernisation could bring.
- 6.3 As part of setting out its broad vision and priorities in 2018 the Council reaffirmed its values: We put citizens first, We act courageously, We are true to our word, We achieve excellence. The Council must be always true to these values. In particular, the political and managerial leadership need to consistently, and in a complementary way, demonstrate bold and authentic leadership.
- 6.4 We note that the Council plans to develop its transformation plans later this year. But, given the level of the Council's general reserves, we consider that the Council should be developing realistic and detailed plans for all aspects of its Medium Term Financial Strategy savings targets and transformation agendas without further delay.
- 6.5 Also in keeping with our advice since we began, and in spite of progress in this area, we still believe that the Council needs to improve its external communications. Particularly given its history and challenges it needs to be consistently fleet of foot, and on the front foot about its vision, ambitions, intentions, narratives and plans. Also it needs to be the first to publically acknowledge its mistakes, failures, limitations, learning, constraints and risks. As well as publically celebrating its successes and achievements.
- 6.6 Vitally, the Council should honour its commitments to be more open and transparent. We would like to see the Council committing to an ambition, or making a pledge, to be the most transparent and most open Council in the country. It must end its over-reliance on, and preferences for, keeping its reports private and its over-use of confidentiality agreements. These continue to create as many problems as they resolve and the impression of secrecy damages the Council's reputation. The Council must do all it can to build trust with its staff, partners, local residents and other stakeholders.
- 6.7 As the Council recognises, '*...to modernise the Council's approach to industrial relations ways of working will absolutely take time and concerted effort...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.*' (BCC Stocktake Report, 2019). We would add that sustained political courage and a stronger political narrative to help drive and shape the transformation will be needed above all. The Council says there is a 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....*'. We consider that, having advocated for years that the political and managerial leadership address this *personally*, this should be a top priority for the Council and it should address this without further delay, misplaced caution or prevarication.

7 The Panel

- 7.1 It is over four years since Lord Kerslake published his report about Birmingham City Council, and the then Secretary of State, Rt Hon Sir Eric Pickles MP set up the Birmingham Independent Improvement Panel. Our role has been to monitor and report to the Secretary of State on the Council's progress, and to provide to the Council support, advice and strong

external challenge.

- 7.2 We will be leaving the Council at the end of March 2019 with it in a better position than it was when we arrived in 2015.
- 7.3 We believe that this particular form of challenge, support, and advice has run its course and so brought our role, in the existing format, to a close on 31 March 2019.
- 7.4 We have done as much as we can to encourage the Council to ensure that it has the appropriate officer capability.
- 7.5 To address key challenges and risks to its transformation the Council will need to make bold *political* choices. And the Panel does not have the powers or legitimacy to push for particular political choices, even if these would be likely to help the Council achieve better value for money.
- 7.6 It is only stable, courageous and creative political leadership that will enable the Council to make the further progress it needs to make.
- 7.7 The implementation of Lord Kerslake's recommendation that the Council move to four-yearly all-out elections has given the Council the opportunity it needed to provide for such political stability.
- 7.8 In any event, we believe we would be out-staying our welcome if the Panel were to remain in place in its current form. The Chief Executive has made clear her wish that the Council's collaboration with the Panel should last up to 12 months. At times we provided, perhaps, more challenge than the Council wanted us to.
- 7.9 The Council is right to say in its *Stocktake Report* that a shift to collaborative working between the Panel and Council, made possible due to relatively recent changes in the senior management teams and the political leadership, '*heralded the requisite honesty around the scale of the challenge and sense of strategic purpose to start the improvement process in earnest*'. It feels to us that the Council is beginning only its second year of focused, earnest improvement while it is in fact in its fifth year since Lord Kerslake's review.
- 7.10 As the Council says, collaborative working between the Council and Panel was not possible in the first three years of its existence. We had to step back on two occasions to give the Council the opportunity to show whether its own assessments, strategies and tactics – which we did not entirely agree with - were right or not.
- 7.11 It is of no comfort to us that our concerns on a number of counts, that the Council emphatically refuted, turned out to be well founded. For example, despite our continuously urging the Council to be entirely transparent about all aspects of Council expenditure, its risks and issues, some of the worst problems of the last year related to the Council failing to be open previously about its mistakes. We did not know about the GMB payment or the mistake that led to it, until allegations were set out in the local press.
- 7.12 For the last year there has generally been improved and more effective collaborative working and more open sharing of information. But we would not wish to overstate this. We had to push to receive the Waste Inquiry findings, when we made clear that these should have been published at the earliest opportunity.

- 7.13 We are of the view that the Council has benefited from rigorous external independent challenge, and also support and advice, during its recent history.
- 7.14 Have we been able to assist as much as we were prepared to? The answer to this question is sadly 'No'. Intervention is rarely warmly welcomed. Yet, when it is, the benefits that can flow from it will be greater.

Recommendation to the Secretary of State

- 7.15 The Council is intending to maintain constructive and critical challenge through internal scrutiny and sector-led arrangements. It understands that it requires third-party assistance and has commissioned elements of this already. But, in the light of the exceptional risks that the Council is facing and particularly its industrial relations context, we consider that this type of challenge will be insufficient. We therefore recommend that the Secretary of State should put in place external independent challenge and support, additional to that proposed by the Council, to replace the Panel.

8 The Panel's evidence and work to inform our conclusions

- 8.1 Members of the Panel are John Crabtree OBE (Chair), Frances Done CBE (Vice-chair), Cllr Keith Wakefield OBE, and Steve Robinson. The Panel's adviser is Sally Hammond. The Children's Commissioner for Birmingham City Council is an ex-officio member of the Panel.
- 8.2 The Panel and its adviser have regularly met with the Council's Leader, Deputy Leader, Chief Executive, Assistant Chief Executive, Corporate Director for Finance and Governance, City Solicitor and Monitoring Officer, and MHCLG representatives. The formal minutes of our joint meetings have been circulated to all the Council's elected members and are available on the Council's website. We trust that the Panel web pages will be maintained and readily available for the foreseeable future.
- 8.3 Panel members and the Panel's adviser have over the last year met:
- All elected members of the Council's Cabinet
 - Senior scrutiny members, the Chair of Audit Committee, the Chair of the Standards Committee
 - The Council's Opposition Leaders
 - Senior officers of the Council's corporate management team
 - Local partner representatives
 - Senior staff who are leading the Council's major transformation programmes and service modernisation programmes
 - Senior staff and elected members with responsibilities for financial management, governance, organisational cultural change, workforce strategic planning and performance management improvements
 - Officers who are working on homelessness, the skills agenda, community cohesion

and other 'tracer' cross-cutting agendas

- 8.4 Some of our meetings, as set out above, were one-off. Many have been frequent and/or regular – such as, quarterly or monthly.
- 8.5 The Panel and its adviser also regularly reviewed the Council's Cabinet papers and other important reports, its corporate management team agendas and reports and many of its new and updated strategies and plans – both during their production and following publication.
- 8.6 The Panel and its adviser attended or remotely observed many important Council meetings, including, for example, meetings of the Cabinet, full Council, Resources Overview and Scrutiny, and Audit Committee.
- 8.7 A Panel representative and the Panel's adviser held detailed discussions on a number of occasions with Council staff regarding three areas of activity, namely homelessness, skills and performance management. The aim was to establish whether these services were on an Improvement journey that would show tangible positive outcomes for Birmingham residents. Also to what extent any improvements to the Council's governance and organisational culture were being embedded in 'sample' cross-cutting agendas.
- 8.8 The Panel has published annually a high level summary of its activity and costs and these are available on the Improvement Panel section of the Council's website.

9 Appreciation

- 9.1 We wish to thank the Council's officers and elected members for their collaboration, cooperation, frank exchanges, assistance and patience during our time in Birmingham.
- 9.2 We would also like to thank for their candour, honesty, enthusiasm, engagement and assistance the many other stakeholders we have communicated with and met over the years. Including staff, elected members, local partners, regulatory and inspection staff, and government representatives, past and present.

IMPROVEMENT STOCK-TAKE REPORT

Birmingham City Council

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", ²was 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.



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Statutory Recommendations

Final Report

March 2019

Birmingham City Council

Audit of Accounts 2018/19

Governance Issues

Birmingham City Council: Statutory Recommendations March 2019

Our responsibilities

1. As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under the Local Audit and Accountability Act 2014 ('The Act'). These include powers to issue a public interest report, make statutory recommendations and to apply to the Court for a declaration that an item of account is contrary to law. Electors also have the right the opportunity to raise questions about the Council's accounts and to make objections in relation to the accounts.
2. We have concluded that it is appropriate for us to use our powers to make statutory recommendations under section 24 of The Act (Schedule 7) due to the Council's financial and governance challenges.

Reasons for making the recommendation

3. We included statutory recommendations in July 2018 under paragraph 2 of Schedule of 'the Act' in both our 2017/18 Annual Audit Letter and Audit Findings Report relating to operational arrangements, finance and governance. This followed the issue of a statutory recommendation in October 2016 in respect of financial resilience. 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
4. This recommendation and the Council's formal response were considered at the Council meeting on 11th September 2018. A 12 month Action Plan was agreed and is being tracked by the Council's Audit Committee.
 5. We have now concluded that whilst good progress has been made in a number of areas in delivering against the recommendations, progress in relation to the refuse collection service, in particular, has been hampered by a new wave of industrial action. The Council, in addition, continues to face a number of very significant risks, which it is seeking to manage. Accordingly, we now consider it appropriate to make further statutory recommendations under 'the Act'. This is the third set of such recommendations that we have considered it appropriate to issue in just under two years.
 6. It is encouraging that the Council has made progress in the following areas:
 - Ofsted has, for the first time in recent history, recognised improvements in children's services. The service is still judged to require improvement, but this is an important and significant step forward.
 - the Council's Management Team (CMT) has been strengthened and refreshed, including, in the last year, a new Chief Executive, Chief Finance Officer and Assistant Chief Executive, all with considerable sector experience, which has increased capacity.
 - there is a new focus on delivering service improvements and robust financial management.
 - a new council plan and workforce strategy have been developed, reflecting the Council's priorities.
 - in-year financial reporting is more transparent, particularly concerning the use of reserves and the annual Financial Plan provides greater detail than previous plans.
 - the 2018/19 budget is on target to be delivered, with a smaller call on reserves than the budgeted £30m, with greater focus on budget management and financial accountability in Directorates.
 - CIPFA has been brought in as an improvement partner to help strengthen the finance function and move it towards a top quartile performing function.
 - governance has been strengthened in relation to the oversight of the Council's subsidiary bodies, which has involved Member training and a re-focus on the importance of the 'shareholder' function; and
 - there is to be a renewed focus on the customer and customer experience.
 7. This progress is not to be underestimated and represents a step forward by a new team of officers and members in a short period of time. We accept that it would be unrealistic to expect that a relatively new management team would be able to address, overnight, the deep-seated problems which have dogged the Council for over a decade. This will take time. The independent Improvement Panel's remit finishes in March 2019 and its concluding report will provide the Panel's own final assessment of progress made against the improvement challenge set by the Kerslake report.

8. Despite the progress made, however, our view, is that the Council faces some particular challenges which need to be tackled now. The way in which recent events in relation to the waste dispute is resolved will determine how much of a corner has been turned. Strong political leadership is required to implement the hard decisions required to deliver the transformational savings needed to protect financial resilience, and to mitigate the significant financial risks that the Council is facing.
9. Accordingly, we have made the following recommendations.

Recommendation made under paragraph 2 of Schedule 7 of the Local Audit and Accountability Act 2014 ('the Act')

The Council is recommended to:

Governance and the Waste Service

- ensure that the terms of reference for the planned review of future options for the delivery of the refuse collection service, provide for the review to be carried out in a timely fashion, and include an examination of all options for delivering the refuse collection service going forward, in order that the service can demonstrate value for money in the delivery of its financial and service objectives; including, for instance:
 - looking to best practice models across the sector
 - examining different staffing and working arrangements
 - combining collection and disposal functions
 - other potential options, such as outsourcing
- build industrial relations capability within the Council to ensure that it is able to maintain consistent and effective relations with its trade union partners.
- commission a review of the new working practices in place within the refuse service to ensure that they are embedded and monitored robustly to minimise the potential for further Equal Pay claims

Finance

- continue to reduce the likelihood of the non-delivery of savings plans for 2019/20 and beyond through the delivery of clear plans and robust programme management arrangements
- broaden transformational work across the Council's financial plan for 2019/20 to 2022/23, to help deliver savings at scale to address the impact of the combined savings and budget pressure risks
- keep under close review the potential impact of one-off budget risks, such as the Commonwealth Games, Equal Pay and Amey, by:
 - continuing to strengthen its level of reserves; and
 - completing the development of contingency plans to minimise the effects of these risks should they crystallise.

Governance and the Waste Service

10. The Kerslake Report of December 2014, concluded that:

‘For a number of years and successive administrations, the council’s members and senior officers have not gripped some very significant issues, such as children’s services, waste management and equal pay. Instead there have been a series of short term fixes and annual salami slicing of services which have kicked the can down the road [...] this is no longer sustainable.’

11. The report argued that successive administrations had swept deep-rooted problems ‘under the carpet’. It went on to argue that the most important thing that the Council needed to do to improve was to change its corporate culture. Some four years on, of the significant issues referenced by Kerslake, children’s services show signs of improvement, but waste management and equal pay remain significant challenges. It is therefore legitimate to question the extent to which corporate governance has improved in the last four years.

12. While corporate management capability and capacity has strengthened, the Council has, at times, continued to exhibit the same short-termism, and tendency to avoid managing deep-rooted problems, that Kerslake identified as being the biggest block to progress four years ago. Nowhere is this better illustrated than the Council’s approach to waste services. We were critical of the Council’s failure to manage its waste services effectively in July 2018 and issued the following statutory recommendation to address its shortcomings in this respect:

‘[the Council should] 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.’

13. Our 2017/18 Annual Audit letter noted that the events leading to the original waste strike being suspended on 16 August 2017, then re-instated on 1 September 2017 when 106 workers were handed their redundancy notices:

‘did not serve to enhance confidence in the Council’s systems of governance [...] Members will recall that a key strand of the Kerslake report related to the need to re-set member-officer relations. It is of concern that initial improvements in this area may not have been sustained.’

14. The original waste strike and the failure to introduce revised working arrangements until September 2018 (which have still not been formally signed off by the unions) have given rise to significant budget pressures in both 2017/18 and 2018/19. The total additional cost of the original waste strike was of the order of £6.6m.

15. Subsequently, the Council commissioned external solicitors to review the actions of the former Leader and Cabinet in relation to the conduct of the original waste dispute over the summer/autumn of 2017. The report, which the Council published in the public domain in December 2018, concluded that the former Leader had acted unlawfully in seeking to overturn a decision made by Cabinet on 27 June 2017 regarding the re-organisation of the waste service.

16. The report states that the Leader had purported to make an agreement with Unite at ACAS to reverse the Cabinet's decision to delete 113 grade 3 posts. It goes on to say that he subsequently sought to ratify his decision via an informal Cabinet meeting on 18 August 2017. The report concludes, however, that the informal Cabinet was not a formal decision-making body and therefore had no powers to ratify the Leader's decision. The report argues that the Council should have proceeded to implement the decisions made in the 27 June report or have made a decision at a formally instituted Cabinet to modify its original decision, which would then have been lawful.
17. The report's conclusions are stark and echo many of the findings of the original Kerslake Report in relation to the Council's systems of governance. In this respect, the report notes:
- 'At the heart of this matter lies an ongoing failure to accept the norms of decision-making. This is the DNA that is the day to day governance of a council and its heart and at the material time, namely in 2017 was missing/distorted at BCC [...] The Cabinet did not operate effectively during this time. It was dysfunctional not a cabinet [...] collectively they were not an effective team. They were also played off against each other by the Leader. Meetings when they did happen were ineffective. When presented with the ACAS meeting and outcome, Cabinet members did not challenge the Leader collectively over his actions and did not stop Cllr Clancy as might be expected. At least one said that they did not do so because they did not want to lose their job as a cabinet member [...] The senior officer management team (CLT) was dysfunctional during this time.'
18. It is a picture that Kerslake would have recognised.
19. Following the original waste dispute, the former Leader resigned and a new Leader was installed in the autumn of 2017. The action was suspended on 20 September 2017 when Unite the union ('Unite') won an injunction blocking the proposed redundancies. The Court ordered the re-instatement of the dismissed workers but also the immediate implementation of the proposed revised working arrangements, incorporating in particular, a move to five day working. Whilst the dismissed workers were reinstated in different roles in January 2018, the revised working arrangements were not introduced until September 2018 and have still not been formally signed off by the unions.
20. Subsequently Unite commenced industrial action on 14 December 2018, by announcing that members would work to rule. Unite had learned that the Council had made payments totaling £68,645 to GMB members in the waste service in May 2018 on the grounds that the Council had failed to consult GMB over proposals to dismiss waste service employees as redundant, contrary to s.188 of The Trade Union and Labour Relations (Consolidation) Act 1992. According to the Cabinet report of 15 January 2019, the exclusion of GMB had been at the insistence of Unite, which Unite denies. The Council has subsequently conceded that Unite was correct in this assertion. The payments to GMB members were made under delegated arrangements and were accordingly not set out in a report to Cabinet.

21. Unite argued that there was no breach of s.188, alleged blacklisting and trade union discrimination, and demanded that its members receive similar payments to those made to GMB members. The total cost of this claim was of the order of £1.7m, as payments would also have to be made to Unison waste service members. Certain Unite members have also brought ET proceedings against the Council, alleging that the payments to GMB have been to the detriment of Unite members, on a variety of grounds. ET proceedings were timetabled for February 2020. On 11 January 2019 Unite informed the Council of its intention to begin continuous industrial action, based around working to rule, commencing 25 January 2019. The industrial action had the potential to run for some time and was causing considerable disruption to services, with additional costs running at up to £0.35m per week to bring in external contractors to remedy incomplete work.
22. In response, a public and a private report were presented to Cabinet on 15 January 2019, setting out the Council's proposed plans to deal with the industrial action. The public report stated that 'the Council does not in any way agree with Unite's position', and that it had little merit, in the Council's view. It set out four options to address the industrial dispute:
- do nothing;
 - make the payments to Unite members
 - seek binding arbitration; and
 - obtain a Court order (or 'injunction') to prevent the industrial action continuing on the grounds that it was unlawful.
23. The first two options were not recommended in the report. In particular, the second option of making payments to Unite members, was not supported, principally because, as the report states, there was 'no legitimate reason' to make payments to these workers, indeed, 'to make equivalent payments to them could be ultra vires.' The report also stated that making such payments could also represent a 'contagion' risk as other groups of Council staff might also, in future, resist any initiatives to reconfigure services to reduce costs in a similar way. The public paper states that the Council's options to respond to Unite 'are set out in this report and also the Private Report.'
24. Following the Cabinet meeting it was announced in the press and local media that the Council was to adopt a twin-track approach by pursuing arbitration, with the agreement of both parties, and by seeking a Court order to prevent the industrial action. The Council was concerned that, given a Court hearing date of February 2020 for the ET proceedings, significant additional costs might accrue, assuming that industrial action continued. The Cabinet member for Clean Streets, Waste and Recycling, however, promptly resigned as he was opposed to the proposed injunction. Unite then issued proceedings to obtain an injunction, later to be joined by Unison. Unite also announced a new programme of industrial action.
25. While the Council's legal advisers had advised that the industrial action was unlawful, the Council took subsequent legal advice which argued that it would be lawful for the Council to make payments to Union members, if they were made, pursuant to settling litigation, rather than being made in recognition of the validity of Unite's claim. Our own legal opinion broadly reflected the Council's legal advice. Negotiations on a 'without prejudice' basis were then conducted with the Unions with a view to agreeing suitable payments to end the dispute. These were not successful.

26. A suite of options was then included in a report for Cabinet to consider on 12 February 2019 to resolve the dispute, which broadly reflected the options provided within the Cabinet report of 15 January 2019. The report included no officer recommendation. On the day of the Cabinet meeting, however, a late hybrid option was included in the report, option 5, which was to seek a negotiated settlement through ACAS. This involved making the offer of payments to Unite and Unison members to end the dispute. It also stipulated, however, that, should the offer not be accepted by close of play on February 12, the Council would move to injunct the unions. Discussions subsequently broke down and the Council accordingly put in place its plans to take legal action by way of injunction. This was a difficult decision for the administration to take.
27. On 28 February 2019, the case was heard and the Council was not successful in its application for an injunction preventing the current industrial action of Unite and Unison from continuing. In summary, the Court held that s.222 (1) (b) TULRCA required the Court to look at a union's reasons for undertaking industrial action. What mattered, the Court held, was the belief of the union. He concluded in this instance that the unions believed that industrial action was to seek parity payments for their members. The Council decided against appealing the Court judgment.
28. Subsequently, following discussions at ACAS, the Council and Unite agreed, on a without prejudice basis, a draft Heads of Terms which was approved by Cabinet on 15 March 2019. These proposals are intended to settle all litigation and all industrial disputes including ceasing all current industrial action. The public Cabinet report states that the Council will pay to Unison and Unite members, in summary, £3,000 to all valid individual claimants, and an additional payment of £500 to all individuals who were members of each union as set out in the Heads of Terms agreed by cabinet on 15th March 2019. The amounts are likely to be net of any applicable tax or national insurance. The gross amount payable to a standard rate taxpayer if tax and NI were payable, would be £5,754 to each individual. This will cost £1.864m in total. The proposed settlement needs now to be formally signed off by all parties.
29. Whilst a potential end to the industrial dispute, is a welcome outcome, it comes at a cost:
- the failure to consult with GMB in 2017 over the changes to working arrangements led the Council to make payments to GMB of £68,645, of itself a relatively modest sum. However, this was to have far-reaching and 'unintended consequences', in the Council's own words, resulting in the industrial action taken by Unite and Unison, disruption to services, and additional costs amounting to £6m to hire agency staff and other costs and to settle the dispute.
 - in addition, the Council will also have to pay £1.864m to bring to an end the dispute to Unite and Unison members.
30. A positive outcome, is that the draft Heads of Terms provide for an independent review of future options for the waste service to be carried out. The terms of reference for the review will be set by the Council on 26th March 2019. A Joint Services Improvement Board will be established and will be consulted upon in relation to the terms of reference. The Board will be chaired by a Cabinet Member and the membership will include all joint trade unions GMB, Unison and Unite.

31. This is, an important moment for Council and its politicians, in particular, to demonstrate, that they can act in a decisive manner to tackle a long-standing issue. The way in which the review is managed will impact on the Council's ability to contain the 'contagion' risk referred to in the Cabinet report of 15 January 2019. The Council has a challenging industrial relations history as the ongoing strike action involving the enablement service, which commenced in 2017, demonstrates.
32. The Council now has a chance to improve its relations with trade union partners by building industrial relations capability and also to look at options to ensure that the waste service delivers value for money for local citizens. In this respect, it is important that the independent review, agreed as part of the Terms of Settlement, should include all options for delivering the service going forward, so that any decision is informed by a comprehensive analysis of the choices available to the Council.
33. Assuming that the present dispute is resolved satisfactorily, it will still remain the case that the service is not as efficient as it could be. For instance, few councils that we are aware of, employ a waste reduction collection officer on each refuse freighter. Refuse collection also has a history of service disruption which does not represent a good stewardship of public funds.
34. In addition, looking back over the history of the waste dispute, the Council's unwillingness over a long period to tackle working practices within the waste refuse service has also cost it dearly. In particular, over the last decade, many of the Council's Equal Pay claims have resulted from comparisons between male refuse workers and female workers deemed to be in comparable posts who were paid significantly less. The Council has received claims under the Equal Pay Act 1970 and recognised total Equal Pay (EP) liabilities totalling £1.2bn, which relate to working practices and changes to terms and conditions which have been in place for more than a decade. This has involved successive political administrations. Funding the payment of these claims has proved a significant ongoing drain on the Council's finances.
35. The Council has put in place revised working arrangements in the waste service, and monitoring arrangements, to ensure that they minimise the potential for further Equal Pay claims. The Council also agreed a Mitigation Strategy on 24 August 2018 to include review of working practices Council-wide, to ensure compliance with equal pay requirements. It would seem sensible to gain further assurance around the robustness of these arrangements, as they pertain to waste services, by commissioning a review to ensure that they are embedded and are being monitored robustly.

36. For these reasons we make the following recommendations:

The Council is recommended to:

- **ensure that the terms of reference for the planned review of future options for the delivery of the refuse collection service, provide for the review to be carried out in a timely fashion, and include an examination of all options for delivering the refuse collection service going forward, in order that the service can demonstrate value for money in the delivery of its financial and service objectives; including, for instance:**
 - **looking to best practice models across the sector**
 - **examining different staffing and working arrangements**
 - **combining collection and disposal functions**
 - **other potential options, such as outsourcing**
- **build industrial relations capability within the Council to ensure that it is able to maintain consistent and effective relations with its trade union partners**
- **commission a review of the new working practices in place within the refuse service to ensure that they are embedded and monitored robustly to minimise the potential for further Equal Pay claims**

Finance

Savings Plan delivery

37. The Council has not delivered all of its planned savings in recent years. In 2017/18, the Council reported a net overspend of £4.9m after use of £63.1m of reserves (£42.2m of which were planned) plus £11.7m to fund pension guarantees. The Council applied £116.8m of reserves in 2016/17 and 2017/18 to deliver a cumulative deficit of £35m. We noted in our Audit Findings report for 2017/18:

‘If the Council had not applied any reserves over the last two years, it would have had to deliver £150m more in cumulative savings to achieve balance. It has effectively been running an annual deficit of £75m.’

38. The Council has, however, made progress in the last 12 months. The Council’s financial plan provides for £52.9m of savings in the current year, 2018/19, after applying £30.5m of reserves. In this respect, the month 9 budget report is forecasting a £2m overspend, which is a stronger position than at the same stage this time last year, when the Council reported a £4.5m overspend after the utilisation of £75m of reserves. It is also expected that not all of the £30.5m will need to be utilised to support the budget. Under delivery of savings in 2018/19 is likely to amount to £9.7m (18% of planned savings) which is a better position than in previous years. In 2017/18 under delivery of savings amounted to £22.6m (32% of planned savings) and £55.8m (63% of planned savings) in 2016/17. Bearing down on non-delivery of planned savings will continue to be a very important area of focus for the Council.

39. 2019/20 and beyond, however, continues to look extremely challenging. The Council is seeking to strengthen its monitoring processes and embed accountability for delivery of savings more strongly within Directorates. The Council needs to deliver £86m in savings by 2022/23. To put this into context, this is equivalent to around 8% of its current controllable budget (that is, excluding non-controllable costs such as delegated expenditure to schools). £36m of savings needs to be delivered in the next financial year, 2019/20, but £18m in savings, are still being consulted on. Savings to be consulted on in the following three years amount to £73m.
40. The Financial Plan for 2019/20 to 2020/23 includes mostly medium-scale savings plans but includes few 'transformational' savings plans. The Council argues that it has learnt lessons from the non-delivery of large savings plans in the past and that it will now only include transformational plans in its Financial Plan that are properly worked up. This is a sensible approach, but the absence of transformational plans within the current Financial Plan, will become more important in later years as it may become more difficult to achieve significant savings through less ambitious schemes. There are a number of one-off budget risks, (referred to later) which if they crystallised, might require an increase in the amount of savings to be delivered. Equally the Council needs budget headroom programme to meet any other changes in business assumptions in the overall medium term financial plan.
41. In this respect, there is an opportunity to broaden existing transformational work across the Council's financial plan for 2019/20 to 2020/23 to help deliver additional savings at scale to address the impact of the combined savings and budget risk pressures. The current financial plan includes a savings plan to reduce the costs of social care high-cost provision by £6.25m in 2019/20, but this plan remains an exception.
42. There is also an opportunity to learn from past experience. Some large projects have delivered more substantial savings, others have not. For instance, the 2017+ Financial Plan provided for an ambitious plan to radically reorganise the Early Years Service. This was one of the largest of the Council's transformational plans. The initiative was intended to deliver £10m in savings. A recent Internal Audit Report of January 2019 explained that a key element of the reorganisation plans involved the TUPE transfer of 140 Council staff to four partner organisations. However, due to late concerns expressed in relation to collective bargaining rights, staff have been, instead, seconded and not TUPE'd to the partner organisations. As a result, according to the Internal Audit report, the £10m predicted savings from the initiative will 'almost certainly not be achieved.' The delay in starting the contract has cost £4.7m according to the report.
43. It is right to exclude any project from the Financial Plan which is not sufficiently well-developed. The example of the Early Years Service project, however, should not deter the Council from continuing to develop similarly ambitious projects. The experience of that project, and, indeed the waste services dispute, suggest that cost reduction schemes involving significant service re-configuration, may require more effective engagement with staff and unions at the outset, and better joint understanding of the objectives of the change plans by Members and officers. The approach that the Council intends to take review the future operation of the waste service, reflects this approach, and if well-managed, could provide a model for other service reviews.

Medium Term Financial Plan (MTFP)

44. The Council is seeking to develop a more robust MTFP which is less dependent on the use of reserves to support budget delivery. Whilst the original 2018/19 plan, as noted, was reliant on £30.5m of reserves, the Council argues that this was a recognition that it needs time and capacity to transform its services. The Council is seeking to strengthen financial resilience by setting a maximum council tax increase of 4.99% for 2019/20.
45. The MTFP is central to delivering financial balance over the medium term. It reflects current assumptions about future service and financial pressures and likely fee, government grant and other income trends. Developing more transformational savings plans may be one way in which the Council can build in headroom to accommodate financial pressures arising from increases in service demand, legislative requirements and, in particular the large one-off risks, such as The Commonwealth Games and Equal Pay, which are only two of the potential financial pinch-points referred to in the next section.

Adequacy of Reserves

46. The Draft Financial Plan 2019-2023 notes that the Council will hold £152.8m in general reserves and £121m in earmarked reserves at the end of 2019/20. A Policy Contingency of £42.2m is also available 'to protect against unplanned expenditure.' The earmarked reserves are planned for specific uses and are therefore not available to support the general budget. Therefore, in reality, the Council has effectively £195m to support the budget and to meet contingencies.
47. The Council has recognised that it cannot continue to use reserves to support the revenue position, as it has done up to 2018-19. It also plans to make a net contribution to reserves of £17m in 2019/20. The Council's new reserves policy makes it clear that general reserves should not be used to mitigate the requirement to make ongoing savings. The 2019-20 budget, however, relies upon the use of £5.9m in general reserves to support the budget, and £21.1m (net) of earmarked and other reserves will also be applied elsewhere, for instance, to pump-prime savings schemes.
48. While the Council's reserves, earmarked and un-earmarked, are substantial, they should be viewed in the context of the unique financial risks that the Council faces, which are more considerable than those faced by most other local authorities. These remain significant; key risks have emerged as follows:
- **Equal Pay:** remains a significant financial risk, although it is difficult to quantify the extent of the risk as there are inherent uncertainties surrounding the potential volume, timing and chances of success of any future claims. The incidence of claims has reduced in recent years and the Council has been negotiating an agreement with the main unions which will mitigate risk.
 - **Commonwealth Games:** at December 2017, the Council had committed to providing £184.7m for the project, £145.1m in capital funding and £39.6m to meet revenue expenditure. These are considerable commitments. The Council will also incur additional costs during the Games and the project assumes partnership funding of £75m of which £30m still needs to be agreed by partners. The Council has budgeted for the expected cost of the games and, in addition has provided a £4.7m provision in 2018/19 to further mitigate timing risk. Pressure must be maintained to ensure that the overall budget is not exceeded, either through construction projects not coming in on budget, or through escalation of costs elsewhere. Accordingly, there remains a risk that the Council might have to meet further liabilities if costs are not well controlled.

- **Amey Contract:** this contract was one of the first Highways PFI contracts and commenced in 2010. It is a £2.7bn project over 25 years, involving a £328m refurbishment of the highway infrastructure. Following a series of legal challenges, the Court of Appeal determined that Amey's interpretation of the contract from 2014 had the effect of reducing its workload. The Court ruled that this interpretation was incorrect. Subsequently Amey and the Council have been in dispute regarding amounts due to the Council, following the Court ruling, and the Council has, in turn, withheld contractual payments from Amey. Negotiations are ongoing to resolve the dispute but there remains a risk that Amey could exit the contract which could result in financial liabilities accruing to the Council. In particular, the Council remains highly dependent on Government-funded PFI credits which contribute £50m towards the annual £80m unitary charge for the highways services provided. If the PFI arrangement could not be continued, the Council would face a very significant financial liability.
- **Paradise Circus:** is a Local Enterprise Partnership (LEP) programme started in 2014, carried out under the auspices of the City Enterprise Zone (EZ). It will develop office space, hotel and car-parking around Paradise Circus, a City Centre site under three anticipated phases. Phase 1 has overspent by £29.1m (from £37.68m to £66.79m) and Phase 2 costs are anticipated to increase by £21.43m (from £28m to £49.45m) yielding a total cost overrun of £50.53m. The Council's own arrangement for oversight of the project, as problems emerged, were inadequate. The project finances have now been restructured and remains fully funded through Business Rate growth via the EZ programme within the GBSLEP. The restructured deal provides additional benefits and risk mitigations to the Council and strong management is needed between BCC, GBSLEP and the PCLP to ensure that no further overspends occur on the remainder of the project. The Council is the Accountable Body.
- **Acivico:** is a Council wholly-owned company which has been poorly managed in recent years. The Council funded the write-off of a £10m deficit in 2017-18. The Council has put in place a refreshed management team during 2018-19 and involved a turnaround team to help the company attain greater financial stability. The Council will then make a decision as to the company's longer-term future. Early signs are that progress is being made and the Council's financial exposure is now better understood and more actively managed. It remains, however, a financial risk for the Council, albeit not on the scale of the risks outlined above.

49. There are other potential financial risks which are signposted in the Council's Draft Financial Plan 2019-2023, including the potential need to increase employer pension contributions, as well as additional service cost pressures, particularly in relation to social care service. The Council is prudent in recognising and articulating these risks.
50. However, the Council in our view faces a unique level of one-off risks. In addition, any failure to deliver on planned savings over the next three years, could also lead to a depletion of reserves. Having regard to these risks, we make the following recommendation:

The Council is recommended to:

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- **continue to reduce the likelihood of the non-delivery of savings plans for 2019/20 and beyond through the delivery of clear plans and robust programme management arrangements**
- **broaden transformational work across the Council's financial plan for 2019/20 to 2022/23, to help deliver savings at scale to address the impact of the combined savings and budget pressure risks**
- **keep under close review the potential impact of one-off budget risks, such as the Commonwealth Games, Equal Pay and Amey, by:**
 - **continuing to strengthen its level of reserves; and**
 - **completing the development of contingency plans to minimise the effects of these risks should they crystallise.**

What does the Council need to do next?

51. Section 24 of The Local Audit and Accountability Act 2014 (Schedule 7), requires the Council to:

- consider our recommendations at a meeting held within one month of the recommendations being sent to the Council; and
- at that meeting the Council must decide:
 - (a) whether the recommendations are to be accepted, and
 - (b) what, if any, action to take in response to the recommendations.

52. Following the meeting the Council needs to notify us, as the Council's auditors, of its decisions and publish a notice containing a summary of its decisions which has been approved by us.

CITY COUNCIL

2 APRIL 2019

MOTIONS FOR DEBATE FROM INDIVIDUAL MEMBERS

To consider the following Motions of which notice has been given in accordance with Standing Order 4 (i)

A. Councillors Kath Scott and Kate Booth have given notice of the following Notice of Motion:-

"This Council notes that:

- Government changes to the Schools national funding formula are having a detrimental impact on the education of Birmingham children - in particular those with additional needs.
- The changes to the national funding formula are having a negative impact on our high needs block of funding as, prior to April 2018, local authorities were able to move funding between the four education funding blocks to meet the needs of our children with additional needs.
- Schools are struggling to meet the needs of children with additional needs with the inflexibility and limits on the first allocation of SEND funding; which means many schools that could have supported children with additional needs are no longer able to comprehensively provide their education.
- Our schools are having to make undesirable efficiencies to their budgets, leading to damaging outcomes for our City's SEND children. Kings Heath Primary School is currently consulting on closing their SEND Support services early on a Friday; and that will not be the end of the cuts.

The Council further notes that the key priority for our schools should be to focus on improving the outcomes for our children's education and providing our children with a good and outstanding education. Sadly schools and governing bodies spend an increasing amount of time making budget savings and trying to generate income.

Council believes that there is only one way to meet the Department for Education's criteria, "to support schools to manage their budgets effectively and ensure their financial health, whilst maintaining or improving pupil outcomes". And that is to provide the changes Birmingham City leaders are asking for: flexibility in budgets, and fairer, adequate funding for our children.

The Council supports the families involved in the current Judicial Review which has been brought by IM Irwin Mitchel Solicitors on behalf of East Sussex, Yorkshire and Birmingham parents, against the Chancellor of the Exchequer & The Secretary of State for Education. This action is challenging the “wholly inadequate funding being allocated by central government for the provision of services for children with special educational needs and disabilities (SEND) by local authorities and schools.”

The Council therefore requests that the Leader of the Council and the Cabinet Member for Children’s Wellbeing write to the Secretary of State for Education Damian Hind MP and the Chancellor of the Exchequer Phillip Hammond MP, urging them to ensure that our City’s education budget is sufficient to cover increasing Special Educational Needs demands to call for the Notional Funding Formulae be adjusted so that allocations can be determined by the City Council; to ensure that this Council is able to allocate funds (above the limited 0.5%) from other Schools funding blocks.

The Council also calls on the Leader and Cabinet Member for Children’s Wellbeing to continue lobbying against the Government’s ongoing cuts to school budgets and call for more funding to be invested in the Dedicated Schools Grant (DSG) for education, ensuring that all our City’s Children have the funding provision sufficient to meet their needs."

B. Councillors Alex Yip and Robert Alden have given notice of the following Notice of Motion:-

"This Council expresses its very serious concern at the rise in knife crime in the city. Every violent incident, every injury, every life lost is a tragedy that has devastating consequences for all involved.

The Council notes some welcome action taken by the Government, including:

- Announcement of £100m additional funding to be made available immediately to police forces, ring-fenced for knife crime
- A commitment to use the comprehensive spending review to ensure long term sustainable funding
- Agreeing to requests from the police to amend the Offensive Weapons Bill to include the introduction of Knife Crime Prevention Orders
- A new prosecution fund to support Trading Standards teams to secure the prosecution of retailers who repeatedly sell knives to Under 18s.
- Consultation on new legal duty to underpin a ‘public health’ approach to tackling serious violence
- A new £200 million Youth Endowment Fund which will build the evidence base for early intervention
- An independent review of drug misuse to ensure law enforcement agencies and policy are targeting and preventing the drug-related causes of violent crime effectively.
- The launch of the #knifefree campaign aimed at young people which looks to inspire them to pursue positive alternatives.
- The Supporting Families Against Youth Crime fund from which Birmingham will receive £485,845 to provide specialised training for frontline staff within Birmingham Children’s Trust, help educate more than 1,000 pupils in primary schools across the city on how to stay

safe, and support earlier interventions to turn young people away from gangs and crime.

However, the Council believes that more needs to be done both in the short and longer term to get knives and violence off our city's streets. This includes more powers to restrict knife sales, more sustainable funding solutions to enable an increase in police numbers and better joined up collaborative working at a neighbourhood, city and regional level.

This Council therefore calls on the Executive to

- Write to the Government to request a review into licensing and other powers available to councils to restrict knife sales, particularly assault and combat knives designed to inflict the most serious damage
- Call on government to carrying out a sentencing review to ensure tougher sentences for repeat offences
- Urge the Government to keep to its commitment to use the forthcoming comprehensive spending review to ensure sufficient local public sector funding and to ensure that this takes into account relative needs and resources so that Birmingham and the West Midlands gets the money it needs to increase the police presence on our streets and invest in early intervention
- Give greater priority within future Council budget proposals to funding for the commissioning of youth service providers, particularly following any increase in resources that may come out of the comprehensive spending review
- Call on the West Midlands Police and Crime Commissioner – and after 2020 the West Midlands Mayor, to prioritise funding on frontline police over back office functions and consultants
- Redouble efforts with partners to find more collaborative ways to tackle the knife carrying culture by building on the work led by the Children's Trust on gang violence. This gangs taskforce, as well as the police and the Trust should have representation from all Council departments, the Metro Mayor, local NHS organisations, schools, and the voluntary and community sector.
- Work with partners, youth groups and local media organisations to promote the national #goknifefree campaign in Birmingham, adapting and targeting the message where necessary."

C. Councillors Jon Hunt and Roger Harmer have given notice of the following Notice of Motion:-

"In light of recent events at schools and mosques in Birmingham, this Council condemns hateful behaviour of all kinds."

