

## **Corporate Resources and Governance Overview and Scrutiny Committee**

**26<sup>th</sup> July 2017**

### **Leaders Portfolio Update July 2017**

#### **SUMMARY**

This report provides an update on key areas of my portfolio for the year ahead as background for the meeting on 26 July.

This report covers:

- Vision and priorities for the year ahead
- Housing
- Brummie Bonds
- Service Birmingham
- West Midlands Pension Fund
- Children's Trust
- West Midlands Combined Authority
- The evolution of devolution

#### **VISION AND PRIORITIES**

Cabinet has now formally agreed the Vision and Priorities of the Council (2017 to 2020) together with the performance measures.

Our Vision is for Birmingham to be a city of growth where every child, citizen and place matters.

We have identified four key priorities:

- Children - a great city to grow up in  
Make the best of our unique demography and create a safe and secure city for our children and young people to learn and grow.
- Housing - a great city to live in  
Provide housing in a range of types and tenures, to meet the housing needs of all of the current and future citizens of the city.
- Jobs and Skills - a great city to succeed in  
Birmingham will be renowned as an enterprising, innovative and green city.

- Health - a great city to grow old in  
Helping people become healthier, especially relating to physical activity.

Birmingham will be a city of inclusive growth where the opportunities and benefits of progress and investment are felt by all.

The city council is just one player in achieving these priorities. We want to strengthen our connections with partners and citizens, with businesses and government to develop a shared longer-term vision for the city of Birmingham.

## **HOUSING**

At the recent Local Government Association Conference we launched Building Great Homes, Creating Great Places (attached).

This pamphlet outlines our simple but ambitious commitment to:

- Build enough new homes of all types
- Enable people to get and keep the housing they need and eradicate homelessness
- Improve existing housing and its management

I take real pride in the fact that we've built more social housing since 2009 than any other local authority in the UK.

Birmingham was also the first local authority to build new homes for sale, and has built more than any other Council.

We pioneered the “buy now, pay later”, approach to the sale of new homes in 2009.

This means the Council shares with developers some of the risks of development – delays in securing planning permission, fixing bad ground conditions, buying land up front in a fragile housing market.

In 2016, we developed this approach further with InReach, so that the City Council acts as developer and takes all of the sales risk, but also captures all of the profit.

The homes are selling faster than they can be built and often well before completion.

We have established the successful Housing Birmingham Partnership, with political and agency leaders committed to working together on long term housing aims.

Later this month we will launch our new housing strategy - an action plan that will look at everything from major developments to self-build opportunities.

The report will:

- Look at housing options for first-time buyers through to choices for older citizens.
- Renew our efforts to tackle homelessness
- Build on our successful work to bring empty properties back into use.

## **GRENFELL TOWER RESPONSE**

The Grenfell Tower tragedy put housing in the UK under the spotlight and prompted a swift and decisive response from Birmingham City Council.

In reviewing the safety of our tower blocks, and in light of calls from the Chief Fire Officer for the region, Phil Loach, we believe that the addition of water sprinkler systems and other fire suppressant measures would assist us in ensuring that residents of the tower blocks have the best protection in the event of fire that is currently available. It is estimated that this will cost in excess of £31m to retro-fit.

I wrote to the leaders of the core city authorities asking for their support to lobby government to pay for fire suppressant measures and our calls for funding have also been echoed by a number of the city's MPs.

Regardless of the response from government however, it is intended to prioritise the councils spending on a rolling programme of sprinkler installation and fire prevention measures from Capital receipts. A programme of works will be developed once further specifications have been agreed with West Midlands Fire Service and implemented on a rolling programme, the details of which will be reported to Cabinet as soon as possible.

We will also await the outcome of the investigation into the Grenfell Tower incident and implement any further recommendations as necessary.

In light of Grenfell it is clear that we must re-double our efforts and work with partners to deliver the quality homes needed by a growing population.

## **BRUMMIE BOND**

In April we sold the first ever Brummie Bond to Midlands-based Phoenix Life, raising £45 million that we will be able to use to significantly boost our housing investment plans.

The interest rate is lower than that charged by the Public Works Loan Board (PWLB), which means we will pay £1.4 million less in interest over the course of the loan than would have been the case had it borrowed from the PWLB.

The aim is to follow this up with further Brummie Bonds deals.

## **SERVICE BIRMINGHAM**

Having identified the need to reduce IT spend as a percentage of the revenue budget, in June the council agreed a flexible four-year partnership proposal that will deliver £43 million of savings by 2020/21 and better cater for the future needs of the council and its residents.

This followed extensive negotiations with Capita that resulted in an agreement that both sides can support.

The intention is to keep the core services contract in place until March 2021 and allows for the joint venture arrangement, which has some commercial restrictions, to be dissolved.

The savings for the current year (2017/18) will be £10 million, totalling £43 million by 2020/21 – as outlined in the council’s budget in March of this year.

The shape and objectives of the council are changing due a wide range of factors including reduced funding for local government, changes in population profile and an ever-altering technological landscape.

### **WEST MIDLANDS PENSION FUND**

It has been possible following lengthy negotiations to reach agreement for a substantial reduction in Birmingham City Council’s payments into the West Midlands Local Government Pension Fund.

A recent actuarial valuation has shown a significant reduction in the Fund’s projected deficit, which suggests it is highly likely Birmingham City Council will be able to negotiate a further reduction in payments into the Fund.

I intend also to continue to make the case to reduce the amount of money the Fund spends on management costs, which are running at more than £70 million a year and include payments to City-based investment analysts.

All of the money we save through reducing payments into the Fund will be used to increase spending on the Council’s front-line services.

### **BIRMINGHAM CHILDREN'S TRUST**

We are now in the ‘shadow trust’ stage which allows us to create the framework for the Trust, and try out new ways of working that we think will produce better outcomes for children, young people and families. It will give us time to work with young people, staff, partners and unions to create the values and behaviours for the Trust, and think about how each of these important groups will have their voices heard.

We are making key appointments such as head of resources, head of HR, non-executive directors etc, having already appointed the chief executive (Andy Couldrick) and the chair (Andrew Christie) and working on the contract between the council and the trust.

When the Trust goes live in April 2018, the council will no longer directly deliver children’s services, although it will retain statutory responsibility. Services will be delivered by a community interest company based on a wholly owned company and called Birmingham Children’s Trust.

### **OFSTED**

An Ofsted report, following a monitoring visit to examine the progress of children’s services since its latest full inspection in September last year, has found the city council “is making steady progress, and has taken some important steps in improving services for its children and young people”.

Ofsted inspectors visited the council in May to review progress made in the areas of help and protection. They examined case records and spoke to families receiving services, as well as social workers and managers.

They found that “although substantial further progress is required before services are consistently good, in a number of key areas children in Birmingham are receiving better and timelier services. Against a long-standing history of failing to provide good services for children, this represents notable progress”.

## **WMCA**

The WMCA came into being in July 2016 following a year of collaboration by the seven metropolitan districts as well as the three Local Enterprise Partnerships (LEPs) and the district councils in their areas. The aim, as set out in the launch statement a year earlier was to work together to achieve more than the councils can achieve separately and to give the West Midlands improved economic prospects and access to devolution. WMCA consists of the seven metropolitan councils (constituent members) plus the three LEPs and ten non-constituent councils (counties and districts).

The first devolution agreement, signed by the council Leaders and the Chancellor of the Exchequer in November 2015 led to the addition of further powers to the CA and the creation of the West Midlands Mayor. These were implemented following the election of the Mayor in May 2017. They include an £8bn investment programme covering transport, land and housing and further powers on transport, planning, adult education and employment support. The Strategic Economic Plan (SEP) sets out the overall ambition of the CA to 2030 and brings together the SEPs of the three LEPs.

In May the first West Midlands Mayor was elected. Overall decision making in the CA is now through the Board, which is chaired by the Mayor and includes the Leaders and Deputy Leaders of all the constituent councils, the leaders of the non-constituent councils and the chairs of the three LEPs.

The CA is working on a number of priority areas including transport, housing, jobs and skills, culture and sport, supporting rough sleeping and public service reform.

The Board has recently addressed the following issues:

- Taking forward the findings of the Land Commission to provide adequate land for employment and housing
- Extending the Swift payment system for the transport network
- Relocation of Channel 4 to the West Midlands
- The Commonwealth Games bid
- Transport investment through the National Productivity Investment Fund
- The 2026 Transport Investment Plan
- “West Midlands on the Move” physical activity strategy – developed with Birmingham’s own strategy
- Response to the government’s Industrial Strategy Green Paper

Further devolution

The CA is seeking a further devolution deal and a parallel housing deal to extend its powers and enable faster progress on housing, transport, skills, digital, energy and public service reforms. As with the first devolution deal, any agreement with government signed by the leaders will be subject to ratification by each constituent member council, consultation and Parliamentary approval before it is implemented.

## **ASSISTANT LEADERS**

A recent Cabinet report 'Taking forward Local Leadership in Birmingham' outlined the next steps in the evolution of devolution across the city.

The overriding focus of this work is to improve service delivery in neighbourhoods and bend the organisational culture of the council and the wider public sector towards neighbourhood priorities and needs. Empowering councillors in their local leadership role is critical to achieving this.

The proposed approach is to make significant improvements in 3 ways:

1. Use a consistent Ward Planning process as the basis for setting priorities, steering service redesign and making strategic budget decisions on local services. This will be the core of the place shaping approach adopted by the whole council.
2. Establish a system of “Relationship Managers” and Ward Action Co-ordinators to link ward councillors to service management. This will ensure that councillors have a single point of contact and can get a response to local issues on a day to day basis – a common concern in consultations with councillors. It will set out a core offer that officers are expected to provide to councillors alongside Member responsibility to follow through on issues.
3. Improve data available to councillors and citizens at the local level to support both Ward Planning, day to day responsiveness to local issues and using a big-data approach to integrating and delivering fresh insights and local solutions.

The role of the Assistant Leaders will be to ensure that the central political and administrative system is supporting local action. One key part of their role will be to drive forward and develop future policy options around parish and community councils.

A major new way of taking the whole approach forward could be through the creation of neighbourhood, community, parish or town councils across Birmingham.

The parish council model potentially offers an alternative to the current arrangements that is sustainable, flexible and increases democratic accountability.

- The issue of charging a precept is a potential community concern, however Sutton Coldfield gives us an example of where the introduction of a parish or town council can secure popular support.
- The precept model is flexible and provides long term financial sustainability in a time when BCC central resources remain subject to considerable pressure.

- Parishes could be introduced slowly rather than a 'Big Bang' approach as with the introduction of devolved districts. This would enable consolidation and would give time to learn from the challenges encountered elsewhere in the city.
- Parish councils can range in geographic size so they will be less prescriptive than the district model.
- Parish councils could also play a role in re-energising local politics in parts of our city where democratic participation and community activity are low.