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29 October 2019

SENT VIA E-MAIL

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

Dear Secretary of State

Update on Birmingham City Council's New Model of Progressive Assurance

Further to the letter received from your predecessor dated 23 July 2019 in which he endorsed the Council's proposed new model of progressive assurance and quarterly reporting commitment (as described in my letter dated 14 June 2019), I am writing to provide an update on progress made since my last communication.

The model that was endorsed has now been formally launched through the creation of a Strategic Programme Board (SPB) with oversight of priority areas of improvement for the Council. Membership of the Board includes five specialist Non-Executive Advisors (NEAs), each with a specific focus area, alongside members of the Council's Management Team (CMT). Appointments to the NEA roles are as follows:

- Waste Management and Industrial Relations – Sean Hanson, CEO - Local Partnerships
- Financial Resilience – Rob Whiteman, CEO – Chartered Institute of Public Finance and Accounting (CIPFA)
- Risk Management – Max Caller, former Boundary Commission Chair and London Borough of Tower Hamlets Commissioner
- Vulnerable Adults and Children – Javed Khan, CEO – Barnardos
- Good Governance and Culture Change – Donna Hall, Chair – New Local Government Network
- Peer Support – Donna Hall

The SPB is now mobilised and the NEAs have started to establish their key lines of enquiry and agreed with CMT Directors on the focus areas where they can add most value. Broadly speaking, the NEA's role is to act as a 'critical friend' by leveraging their knowledge and networks of progressive practice from elsewhere to challenge, shape and accelerate improvement within Birmingham City Council.

As described below, the presence of the NEAs is already bearing fruit within their respective areas of focus. Their ability to offer a fresh perspective is also resulting in the injection of a sense of urgency in delivering the commitments outlined within the Council Plan and refreshed Constitution.

Attached as Appendix A is the summary programme plan agreed with CMT that describes each NEA's current area of focus in more detail. The plan will evolve as focus points and lines of enquiry are confirmed and progressed. Nonetheless, the key strategic outcomes are firmly established and have been agreed for each area shaped around bringing independent judgement, external perspectives and advice to the Council to ensure that the improvement journey progresses at pace.

A summary of the progress made and challenges identified within each of the specific improvement areas is detailed below, a letter from the NEAs to the Leader of the Council is also included as Appendix B; this outlines their reflections and observations to date. Whilst there is clear endorsement from each of the advisers on the progress we have made as a Council so far, we are conscious that there is still much further to go.

Waste Management and Industrial Relations

Driving performance improvement and service change in the Waste Management Service has led to well-known and published industrial relations problems, the latest of which has been industrial action in 2017 and 2018.

Following the industrial action in 2018, the Council is working with the Trade Unions and workforce to raise the performance levels and regain trust amongst staff and residents whilst operating within the established memorandum of understanding that was implemented in September 2017.

Sean Hanson has been helping to assess the progress made on the service improvement journey to date and to shape future plans. Sean has been working with the team to anticipate and scenario plan the potential options arising from the Independent Service Review as well as the likely recommendations from the West Midlands Combined Authority review of waste and the DEFRA consultation.

There are a number of key milestones over the coming months including: the launch of the street scene management structure following the successful in-sourcing of the grounds maintenance service; the procurement of various elements of the waste disposal contract in line with the five year extension; a review of the street cleaning service, and future proposals for the refuse collection service in line with government consultation on the collection of food waste. Our drive is to improve performance in all aspects of the waste service including recycling collection and disposal and we are working with the workforce to achieve this.

Financial Resilience

The Council's approach to financial management was given a one star rating from the CIPFA review earlier in the year, citing a lack of accountability, structure and transparency through our budget planning and delivery processes. There is complete commitment from CMT to implement the recommendations of the review with particular focus on establishing an integrated approach to strategic and financial planning. Rob Whiteman's focus has been on helping the Council to shape and embed that integrated approach and this work is taking place alongside the introduction of the One Council Programme Board, which is a central Programme Management Board with responsibility for governance of the major transformation projects and programmes across the Council. These initiatives will add assurance and drive to savings delivery and transformation.

Risk Management

The Council's approach and management of risk has undergone significant change over recent months, but there is still much work to be done in implementing proactive risk management processes and protocols across the Council. The Council has also not yet fully understood and embraced the interdependency between risk and performance management within decision-making processes. These are the areas on which Max Caller has been focusing his attention so far; supporting and challenging officers to be more robust and honest about the service delivery issues they face and the support they need. His national and international senior leadership experience, and knowledge of what good looks like as well as what bad looks like, has been invaluable so far, and is forcing us to re-challenge ourselves on the achievability of our service improvement plans and delivery ownership.

Vulnerable Adults and Children

The Adult Social Care team has made huge strides over the past two and a half years and delivered significantly better outcomes through a thorough transformation programme underpinned by a focus on personalisation and performance management. In turn, this is releasing savings as fewer placements are being made in residential and nursing care. In addition, a broader programme is underway across the care and health system which will deliver better integrated services and better outcomes. However, like the rest of the country, we also face the demand versus supply challenge across our entire social care portfolio. The recent spending review announcement will provide us with a welcome injection of resource in the short-term to help resolve immediate pressures. However, we are still maintaining our focus on implementing long-term and sustainable solutions.

The city's social care services for children are delivered by Birmingham Children's Trust, an operationally independent company owned by the Council, with an independent board of Non-Executive Directors chaired by Andrew Christie. The Trust is driving improvements in practice and services were judged no longer to be inadequate in the most recent Ofsted inspection.

Partnership between agencies across the city for children are developing, with some good emerging practice reflecting inter-agency working, such as in the city's response to the Contextual Safeguarding challenges it faces

Javed Khan is providing input across the Council's work with vulnerable Adults and Children with a specific focus on children with Special Educational Needs and Disability, early intervention in Children's Services and preparation for Adulthood as these are priority improvement areas for the Council. With Javed's help we are preparing to hold a workshop

session on 'systems rethink' which will involve experts in social care who have successfully implemented models of innovative practice elsewhere that we could apply in Birmingham.

His initial inputs have been helpful and an emerging plan, that will help us to examine and challenge our focus and activity, will add some momentum to the improvement work ongoing across services for Adults and Children.

Good Governance and Culture Change

The Council has been on a well-documented, turbulent journey over the last few years resulting in numerous leadership level changes. This has resulted in a number of different management and governance layers. Through our One Council approach and improvements to Corporate Governance we are modernising the organisation's structure and culture. Donna Hall has been reviewing our current plans and decision-making structure, and challenging our collective ambition. Already, she has rightfully observed that the most critical components for successfully delivering our ambition are that we need to have a dedicated permanent culture change resource and a clearly communicated 'golden thread' that ties all of our service improvement initiatives around a core set of behaviours and values, along with a engaged workforce that buys into the vision and direction of travel. Her analysis of our current position and her input has been invaluable in moving our work in this area forward.

Peer Support to the Chief Executive

Donna Hall's appointment as an NEA coincided with the resignation of the previous Chief Executive, so her priority has been to help us navigate through the transition period and maintain stability by supporting the interim Chief Executive, whilst we seek a permanent replacement. She is also starting to facilitate a peer-supported dialogue around our ambition on big ticket items such as localism, climate change and public service reform. This compliments our ambition to produce a 2020-2050 vision and delivery framework for both the Council and our partners in the city.

I trust that this update provides you with assurance that the Council has established a robust model of progressive assurance, and continues to have a relentless and determined focus on sustainable improvement across all priority areas. We are of course actively monitoring progress on Brexit discussions and assessing the potential impact on this programme through our Corporate Risk Framework.

Further formal updates will be provided in March and July 2020 as part of agreed commitments, building on dialogue between my officers and your senior officials. In the meantime, I would be delighted to meet if you would like to discuss this progress update in more detail.

Yours sincerely



Councillor Ian Ward
Leader of Birmingham City Council

Appendix A – Summary Programme Plan

[illegible]

| | | Link to other workstreams | 2019 | | | | | 2020 | | | | | | |
|------------------------------|---|---|------|------|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|
| | | | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL |
| Vulnerable Adults & Children | | | | | | | | | | | | | | |
| 1 | Complete service review of key focus areas | | | | | | | | | | | | | |
| 2 | Review delivery plans within KLOE - SEND, preparing for adulthood, early years support, and early intervention | | | | | | | | | | | | | |
| 3 | Complete 'critical friend' activity of current plans for service development | | | | | | | | | | | | | |
| 4 | Advise on 'sustaining continuous change' initiative | Culture Change | | | | | | | | | | | | |
| Good Governance | | | | | | | | | | | | | | |
| 1 | Review Council governance structure and operation | | | | | | | | | | | | | |
| 2 | Review refreshed Council constitution and implementation plan | | | | | | | | | | | | | |
| 3 | Review role definition of elected members and officers and identify any enhancements based on frameworks in use elsewhere | | | | | | | | | | | | | |
| 4 | Review LGA Peer Review Recommendations | | | | | | | | | | | | | |
| 5 | Review Corporate Governance Improvement Plan | | | | | | | | | | | | | |
| 6 | Review legal services improvement plan | | | | | | | | | | | | | |
| 7 | Develop a modernised Council industrial relations framework | Waste Management and Industrial Relations | | | | | | | | | | | | |
| Culture Change | | | | | | | | | | | | | | |
| 1 | Review the Council's approach to organisational development and culture change with particular focus on human resource management, safety and occupational health, and trade unions, and ensure that there is a common, complementary and systematic approach to deployment | Waste Management and Industrial Relations | | | | | | | | | | | | |
| 2 | Review staff engagement approach | | | | | | | | | | | | | |
| 3 | Design an implementation and engagement plan based on a modernised industrial relations framework | Waste Management and Industrial Relations | | | | | | | | | | | | |

[illegible]

Appendix B – Letter to the Leader of Birmingham City Council from the Non-Executive Advisers

Introduction

The decision to formally appoint Non-Executive Advisors to aid BCC in its improvement journey is a ground-breaking initiative. Since the publication of the Kerslake report, BCC has committed itself to improving its performance and delivery to its citizens. This was initially overseen by an arms-length body, the Birmingham Improvement Panel, which stood down in March 2019, 4 years after it was established.

The Council has appointed us as individuals, each with a significant track record in local government and its services as a whole and expertise in our topic areas. We are here to help them improve the pace of improvement, working inside and alongside the organisation. Since the process started in July 2019, we have met collectively with the Council on two occasions and also met as a group alone. However, thus far, most of our work has been done either in face to face contact with Council officers and Members or remotely.

It is too early to form a judgement as to the success of the model but our initial response is to welcome and appreciate the openness in which the Council has received us and the willingness to take on board the challenges and points that have been put to them. What is crucial now is how and at what pace the Council responds to those challenges.

Our overall conclusion is that for BCC to succeed it must stop talking about what it wants to be and start being and acting like that body. This will require determined and consistent action by both political and managerial leaders as a group, insisting on getting it right and doing it right.

Our individual comments on our areas of activity are set out below.

Peer Support, Culture and Governance

All elected members and officers have fully embraced the new improvement process and are keen to give their time and to work with the non-executive advisors in an open and transparent way. This new improvement model could provide a new model for others in local government to embrace.

Significant building blocks for organisational improvement have been put in place in the last eighteen months to address the issues of service performance and a negative culture.

The departure of the Chief Executive Dawn Baxendale for a new role presents a risk to the organisation and it is important that the Interim Chief Executive continues with the same people-focussed approach to culture change and service improvement for the people of the City.

Stable and consistent leadership is required during this transition period, both political and managerial; especially given the numerous repeated leadership changes in recent years in Birmingham.

The Leader of The Council and his cabinet have a clear plan with timescales to appoint a permanent chief executive as soon as possible. It is important that a “constancy of purpose” is created in the delivery of the council’s objectives, both strategic and financial.

Plans and strategies need robust and resourced delivery plans to ensure they are embedded within departments. Robust organisational development plans are in place to tackle poor behaviours across the organisation. However these need to be adequately resourced through a comprehensive organisational development approach which is fully embraced across the council. There are currently insufficient resources corporately in place to deliver this with only six FTEs in organisational development.

A proposed LGA review of the HR function will also help to identify the pressure points in the service and develop practical recommendations to make required improvements and identify the resource constraints.

The One Council Plan, whilst laudable needs to be compiled as a single document and linked to the values and behaviour with clear and simple SMART actions for all leaders and for all staff. It needs to be truly owned at all levels of the council. The Transformation, One Council and Budget Plans need to be more strategically aligned; linking savings to service improvement and organisational redesign and the application of the values in service redesign and appointment to roles with modernised departmental structures.

There is a lack of the right capacity within strategic external and internal communications, corporate policy, transformation and organisational development. The Council needs to identify the resources to drive forward existing plans with energy and pace.

A new approach to the next stage of restructuring of middle management needs to be put in place if the organisation is to deliver on its savings targets.

The LGA review of Legal Services presents a very frank overview of the governance challenges facing the organisation. It is reassuring that the council commissioned this work.

There is now a robust and resourced action plan in place to address the governance challenges and improve the relationships between members and officers as well as the reputation of the legal team within the organisation.

The new Monitoring Officer needs to have the required organisational and team support in place to ensure they are able to succeed effectively in the role in such a large and complex organisation.

Financial Resilience

The review and consequent report by CIPFA into Financial Management across Birmingham City Council painted a bleak picture. Many basic elements of sound financial management have been lacking for some time. Encouragingly these were accepted and recognised by all, including Elected Members, the Corporate Management Team, Directorate Management Teams and across the Finance Directorate.

Due to the fundamental improvements that are required in finance and working across the organisation, sustaining pace is vital and requires significant dedicated focus in order to drive it forward.

Underlying systems and process have evolved during a number of years to be cumbersome, manual and in many cases duplicating each other to the extent that far too much officer time is spent preparing the numbers, and leaving insufficient time to analyse and advise services.

The implementation of a new ERP system provides the Council with an opportunity to resolve much of this and whilst a new system is not the panacea to all of the challenges, it does allow radical change in practice to address the current challenges. The Council will need to be firm in ensuring that the “vanilla” solution is not compromised by services wishing to bespoke the system to suit individual requirements.

Capacity within finance remains a challenge. Elected Members will need to provide agreed priorities on where the finance team is best focussed in order to ensure that attention is focussed on modernisation.

Compliance with the basic financial processes is not good with far too many examples of “off process” activity being undertaken (for example, commissioning goods and services without the requisite Purchase Order). In line with the wider Council transformation plan, examples of non-compliance with systems need to be challenged robustly and consequences introduced. Similarly the finance team will need to be clearer to service colleagues on expectations and requirements, and stick to agreed plans and timescales.

The finance improvement plan is ambitious and recognises the need to align service and budget planning. Whilst some change will take a while, strengthening the Star Chamber process to create an effective gateway for pressures and efficiencies to be assessed and scored would be a quick win. More rigour at an early stage would improve agreed delivery later.

Children and Adult Services

The Council's move to establish the Children's Trust for its children social care services was a brave but necessary step. Its establishment phase was understandably difficult, but the absolute focus on eight strategic priorities has begun to deliver improvements.

The latest OFSTED assessment of moving from a long term historical low of 'inadequate' to 'requires improvement' reflects this approach of doing things differently. However, the improvement journey is still highly fragile and without concerted and sustained focus alongside a protection of the resources required, future assessments could easily slide backwards. This is in the context that Birmingham's current spend per child (on social care) is 25% below the core city average.

More broadly, the council's self-assessment of needing to review and drive significant change in its Early Help, SEND, Early Years, Early Intervention, transition to adult-hood and

greater partnership working is clear and appropriate. The council is beginning to realise that these challenges are interconnected and it is unlikely that standalone interventions or initiatives will deliver the step-change required. The pressure to deliver efficiencies along way is immense. Therefore, the way forward needs to include a systemic rethink of the challenges that need addressing; the demand vs resources equation; and the possible solutions/new ways of delivering. Within this lies a key opportunity for the council to re-imagine its overall approach to meeting the needs of vulnerable children and adults.

Birmingham is home to one of the youngest and most diverse populations in Western Europe. Although the council often celebrates this fact in its marketing, its strategic leadership and service planning/delivery must also embrace both the challenges and the great opportunities that this presents. This of course relates to all aspects of the council's presence, but children and adult services have a critical part to play along the way. It would seem that there is yet much more to do in this respect too.

Additionally, the council seems to have made progress in better connecting children and adult services with key external partners, for example health and the voluntary sector. However, this work will need clear focus and be sustained over the long term. With the recent changes at a senior level, officers will need strong support and determined leadership at the highest level.

Risk

Good practice in recognising and addressing risk is starting to be put in place. However, coverage is not consistent. More importantly, risk is seen in some parts of the organisation as a linear process to be completed and documented rather than as a dynamic management tool.

As yet there is no evidence that the real time it takes to do things and get decisions in a timely way is recognised as a risk issue.

It is important to move away from an annual budget cycle to a 2-3 year planning horizon where the budget is seen as primarily a formal tax setting meeting recording the decisions already taken to balance the budget so that implementation issues can be effectively dealt with.

For significant risks BCC needs to undertake more 'What If?' scenario planning.

The way in which the Audit Committee operates, and reports is an important element of this process and future work will engage with this.

Waste and Industrial Relations

There is a contrast between the Council's waste service vision – to be "best in class", remodelled to provide "value for money" – and actual performance which, it is recognised, is achieving bottom decile recycling rates.

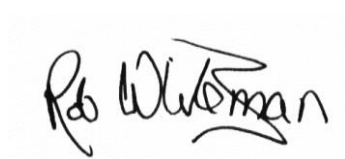
The way that the Council responds to the draft findings from its independent review will provide the framework for a new strategy which should also address the challenges of Defra's Resources and Waste Strategy for England.

The service suggests that there is a need to achieve a "major cultural shift" and has reported positive responses from the Trade Unions as to what this will mean in actuality. The Council needs to engage positively with Trade Unions pending the arrival of imminent dates mentioned in the Memorandum of Understanding in order to ensure that there is no return to the poor relations that have hampered progress in previous years.

Plans for transformation, employee engagement, culture shift, modernisation and future budgets need to be progressed with more substance and this will need support from organisational development and finance teams, to ensure that past lessons have been learned and there is a constancy of purpose. The Council needs to ensure that it does not wait until the recommendations of the independent review are received; it will have more success at achieving its aims if it mobilises its support now, in advance, rather than adopting an attitude of "wait and see". The service appears to recognise this and has shown encouraging signs that it wants to transform effectively through scenario planning.

Whilst scenario planning has commenced and shows some initial promise, there are still some concerns that many of these scenarios are based on tactical and operational responses to the current paradigm, rather than a longer-term approach. More work needs to be done to evidence that waste collection and waste treatment/disposal plans are joined up. Further evidence also needs to be demonstrated that the authority is collaborating closely with neighbours in the West Midlands Combined Authority area and is learning from the experiences of other major cities which have more effective collection and treatment systems.

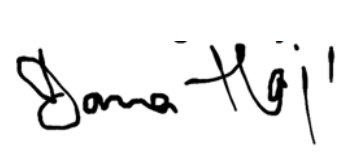
Yours sincerely,



Rob Whiteman



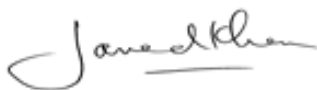
Max Caller



Donna Hall



Sean Hanson



Javed Khan