



DRAFT

The Rt Hon Greg Clark MP
Secretary of State for Communities and Local Government
2 Marsham Street
London
SW1P 4DF

Sent by email

January 2016

Dear Secretary of State,

The Panel's assessment of Birmingham City Council's Progress Towards Improvement

On 5 November I wrote to you with the Panel's interim assessment of the Council's progress. I reported that progress had been made on a number of fronts but that the Panel remained concerned about the pace of progress, particularly in relation to developments of city-wide partnership working and a long term financial strategy.

We noted that the imminent change of political leadership of the City Council offered an opportunity for a fresh start and for all councillors, including opposition councillors, to commit fully to new approaches to partnership, engaging with residents and operating in a fully transparent and accountable way.

Political leadership of the Council

On 1 December Cllr John Clancy was elected as the new leader of the City Council. He has made a series of very clear public statements and has committed himself fully to the implementation of the Kerslake recommendations. He has acknowledged that the pace of improvement needs to increase. Cllr Clancy has also promised to take a new approach to city-wide partnership working that is fully co-operative and collaborative.

The Panel is encouraged that the new leader has also committed to making another essential change referred to in the Kerslake report:

'The clear boundaries that should exist between the roles of members, who should set the strategic direction of the authority and hold officers to account for delivery, and the operational role of officers have become blurred. For the council to improve this must change.'

Cllr Clancy has made it clear that in future Birmingham's politicians will be spending much more of their time looking outward and will determine the Council's strategic priorities and policies, giving the Chief Executive and senior managers the space and responsibility to manage delivery of the Council's agreed plans and day to day business.

Finally in relation to the new leadership Cllr Clancy has undertaken to promote strongly a more open and transparent approach to the Council's operations, citing that amongst other changes, he intends to achieve a dramatic reduction in the number of matters that are considered by the Cabinet and other committees in private.

During the next three months, ahead of the Panel's March assessment, we will be looking to see how these fresh commitments and the existing organisational culture change programmes are put into practice and embedded. For example, we hope to be able to evidence a much more open, transparent and stream-lined approach to how the Council conducts business so freeing up a great deal of senior officer capacity that is currently engaged in unnecessary bureaucratic processes.

As the relationship between members and senior managers is re-set we hope to see leading members and backbenchers of all political parties much more engaged outside the Council House than they are inside. The successful development of the Council's new approaches to community engagement working through District Committees, neighbourhood forums and new forms of governance such as the proposed Sutton Coldfield parish council, depend on members focusing much more time on community level activity, both listening and responding to the views and expectations of residents.

In my last letter I emphasised the importance of all Councillors engaging constructively with the member development programme. We are encouraged by the support that has been given to this by the political group leaders who have undertaken to set an example to the members of their respective groups. However in March we will wish to be able to report that all members are not only 'signed up' to involvement but are positively engaging with the programme, to achieve real development of their own skills and reflecting what members should themselves expect of the Council's senior managers and staff.

The Council's December progress report

In December 2014 the Kerslake review recognised that it would take some years for the City Council to address all its problems. It therefore determined that the Council should publish a report setting out how it has implemented the review's recommendations in December 2015. The Council published its progress report in response to this requirement on 7 December and the Panel is encouraged that it was endorsed by all three party leaders.

The report refers to the Council's *Forward Together 2020 Vision*, which was published last month and debated by the Council, and is a helpful contribution to the wider conversation with partners about what the future Council will look like. The activities and positive progress reflected in the report are laying the foundations for a major organisational shift in how the Council operates.

The report acknowledges that there is a great deal more to be done to meet the scale of the challenges facing the City Council and embed new approaches, but also commits to long term and sustained change over the years ahead. It will be important for the Council to provide a comprehensive 'gap analysis' of what it needs to do to catch up with anything so far delayed or not yet effectively addressed. One key element needed to secure the improvements over the longer term is the implementation of the Council-wide performance management framework as this is not yet in place.

Long-term financial strategy

Of the many challenges facing the City Council one of the most pressing is that relating to the development of the Council's long-term financial strategy. We previously reported that the Council has been taking a strategic approach to this task, addressing the key drivers of demand for its services, considering a wide range of policy choices and involving partners in developing options for change and delivery. The Council has recently published a consultation document about the Council business plan and budget for 2016 and beyond, which identifies proposals to achieve savings of around £216m over the next four years out of the approximately £250m total savings required over the period (the balance of savings measures having already been consulted upon).

It is difficult to overstate the extent of the challenge facing the Council in achieving reductions of this scale to the timescales required. To give just one example, achieving the major part of the £34m budget reductions proposed in relation to the Council's workforce will require very significant changes in staff contractual terms and conditions to be in place by 1 April 2017. This is an extremely demanding timetable given the nature of the proposed changes. Other major budget reduction proposals, especially in relation to adult social care, will require really effective partnership arrangements with a range of key partners to be in place. There is still much to be done to translate the current budget proposals into clear statements and narratives about what the changes in approach will mean for the public, partners, all elected members and staff.

During the next month the Panel will be examining the proposals for achieving the long-term financial strategy to establish the extent to which they are both realistic and deliverable. We will want to be sure that both the political will and the management capability across the whole organisation is in place to deliver such major reforms.

In relation to the implementation of the long-term financial strategy the Panel was pleased to note that following his election the new leader of the Council has confirmed the existing Cabinet members in post. In the context of the major task of implementing the budget reduction proposals across all services, and also taking account of the continuing and important relationships between existing Cabinet members and the government appointed Education Commissioner, continued stability in the Cabinet's membership for at least the rest of the municipal year will be very important.

Next steps

During the next three months the Panel will be working closely with the Council's leadership and senior management team to offer whatever advice and support we can at this crucial point in the Council's history, while also preparing a further assessment of the Council's progress, which I plan to send to you in March.

Kind regards

Yours sincerely

A handwritten signature in black ink, appearing to read 'J R A Crabtree', enclosed within a large, sweeping, handwritten oval or loop.

J R A Crabtree
Chair