

Meeting Birmingham Independent Improvement Panel and Birmingham City Council

Monday 23 July 2018 11am to 1pm

Attendees

Panel: Frances Done, Vice Chair of BIIP (chairing the meeting); Councillor Keith Wakefield, Panel member; Steve Robinson, Panel member; Sally Hammond, adviser to the Panel

BCC: Councillor Ian Ward, Leader of the Council; Councillor Brigid Jones, Deputy Leader of the Council; Clive Heaphy, Corporate Director Finance and Governance; Jonathan Tew, Assistant Chief Executive; Kate Charlton, City Solicitor and Monitoring Officer

MHCLG: Clare Clark and Mary Stallebrass

1. **Welcome and apologies:** Frances welcomed everyone to the meeting and noted the apologies received from John Crabtree and Dawn Baxendale.
2. **Minutes:** The minutes of the last meeting were agreed. It was agreed too that future minutes would be made available to all Council elected members on publication, and would continue to be published via the Council's website.
3. **Budget position and financial management:** Clive Heaphy outlined the Council's most up to date budget position (estimated £17.9m revenue overspend at Month 3) and the steps that the Council was taking to improve its financial management. He noted that BCC were planning to use a Star Chamber process and would use this to ensure a relentless focus on ensuring all expenditure came in on budget. He confirmed that the Council planned to use £30m of reserves for the current year, but was aiming to reduce this amount if it could. He said that if the Council could achieve its original budget for 2018/19 it would greatly assist it with reducing the budget pressures for future years.
4. Frances Done queried how realistic it would be for the Place directorate budget to get back on track, given the extent of this particular overspend. BCC noted that a major setback for that budget related to it not having implemented the Waste Service Memorandum of Understanding (MOU) that had been agreed on 27 November 2017 and due to be implemented from 1 April 2018. Clive Heaphy said that also affecting the Place budget were changes in market conditions that led to the Council not achieving planned income targets, for example, the paper market. This meant, he said, that the Directorate had to open up new markets. Also a key issue to address would be considering alternative use of assets, such as using Council's housing stock rather than Bed and Breakfast accommodation to temporarily meet the needs of people classified as homeless.
5. Cllr Keith Wakefield noted that Star Chamber approaches can help to give a ruthless focus but noted too that it suggested that the Council were budgeting using a service delivery model, rather than exploring cross-cutting corporate themes and seeking to achieve savings by implementing more radical service re-design.
6. Clive Heaphy agreed that the use of a Star Chamber approach was predicated on seeking to drive out costs within existing models of service delivery and said that there was a

pressing need to find quick solutions for the current year, which was why the use of a Star Chambers approach was currently appropriate. Clive referred to the agenda papers which suggested that many of BCC's unit costs were much higher than comparable authorities and best in class providers. He said he believed that there was much that BCC could do initially to improve its costs and therein achieve the necessary savings.

7. Clive Heaphy explained that the Council was also looking for creative ways of changing how it operated and that beyond the coming year it should seek to place greater emphasis on achieving service re-design and improved services for residents. In that scenario he said, hopefully a Star Chamber approach would no longer be needed.
8. Steve Robinson asked if there were particular corporate or common themes that were driving BCC's higher unit costs and past problems with financial management. Clive Heaphy said that the biggest pressures were mainly service-focused. For example, Clive said, the greatest budget pressures for Adult Social Care were coming from increased demand, as was being experienced by many other councils. While pressures in Children's Services were coming mainly from Travel Assist services which needed to be re-shaped. However, Clive said that generally better use of property was needed, in that the Council needed to move away from service-based tactical uses to strategic uses that linked to ICT strategies and broader corporate policies. Steve Robinson said there were evidently also elements of the Council's culture that had impacted on achieving savings. Some savings previously proposed and agreed had been not implemented, he said, because of what had previously been termed corporate disobedience. Some service leads and managers had not, he said, done either what they had agreed to do or what they had been directed or required to do.
9. Panel members asked further about the progress that BCC was making in ensuring that the Waste Service MOU was implemented by 1 September, given the importance of this matter and that it had already been subject to a long delay in implementation. Cllr Ian Ward agreed that the implementation of the MOU should never have slipped from 1 April 2018. He outlined the further steps that needed to be taken to ensure implementation of the MOU by 1 September.
10. Frances Done asked about progress in relation to current service improvement and modernisation proposals and Cllr Ian Ward confirmed that a report was due to go to Cabinet in relation to the Enablement service next Tuesday (31 July 2018).
11. **Draft External Auditor's report:** Frances Done raised the seriousness of the findings in the latest draft external Auditor's report and asked for clarification about when and how the auditor's letter and report would be published. BCC confirmed that the report was due to be discussed at Audit Committee the following week and at full Council on 11 September 2018. Frances Done described the letter as exceptional in its detail and all present noted that the letter would contain further section 24 statutory recommendations in relation to the areas of Finance, Transparency and Governance, Subsidiary Companies and the Place Directorate. The letter, Clive Heaphy said, comprised an additional burning platform for BCC that meant the Council had to make significant changes in how it operated.
12. **Internal challenge and support:** Steve Robinson asked if the appropriate level of support was being given to councillors involved in scrutiny and audit committee challenge, especially for any elected members who were new to their roles. Clive Heaphy said that

his team were looking to provide more and better audit committee support and briefings. Also, he said, he was keen to ensure that there was better clarity about the respective roles of the audit committee and scrutiny committees. He noted that this was something that the Panel had raised with BCC before.

13. Clive Heaphy noted that Cllr Sir Albert Bore had indicated his wish to review the Council's financial planning approach and compare it with that of other councils' with a view to learn from better practice.
14. Cllr Ian Ward reiterated that the allocation of chairing and portfolio roles this year had been based on a consideration of the particular skills that certain elected members could bring to their respective roles. Steve Robinson made the point that while this shift was very welcome, it nevertheless meant that people who were new to committee chairing roles could often not draw on learning from their predecessors. Steve noted by way of an example that he was concerned that prior to the May election the Audit Committee he attended appeared to be becoming too political, yet this was entirely inappropriate for that particular committee. Panel members said they wished to encourage elected members new to chairing roles to seek to learn from peers in other authorities who were known to have recently introduced better practice or who followed good practice. Frances Done mentioned a council that had needed to completely remodel how its audit committee operated as a possible site for learning. Cllr Ian Ward said that the Local Government Association might also be able to signpost sites that the Council could learn from.
15. Steve and Frances noted that the Panel would be meeting with Cllr Albert Bore following the Panel/BCC meeting and that generally the Panel was hoping that the Council could evidence that it was taking a more strategic approach to scrutiny to ensure it added value.
16. **2019/20 budget planning and financial resilience:** In terms of budget planning for 2019/20, everyone who attended the recent BCC senior management team and Cabinet member Awaydays agreed that the meetings had been useful, positive and signalled a change. Cllrs Ian Ward and Brigid Jones said that directors and cabinet members had worked well together and that during both days there had been a better and very positive working atmosphere. Cllr Ian Ward had noted that cabinet members had worked beyond their own portfolios and had focused on the overall needs of the Council and residents Cllr Brigid Jones said that it was the most strategic that such discussions had been, and that the teams had reviewed and agreed some broad principles before coming up with more detailed proposals. Cllr Keith Wakefield, who had attended the first day on behalf of the Panel, said that for the first time he witnessed at the AwayDay BCC officers and members debating honestly the extent of the challenge that BCC faced in relation to its service performance and sharing together fuller facts about comparable costs and the overall budget projections.
17. When asked by Steve Robinson to profile the level of savings that the Council would need to make Clive Heaphy said that directors and his finance teams would be working over the summer to identify substantial savings in order to give elected members head-room and choices. Clive Heaphy said that one of the principles agreed was that there should be sustainable proposals put forward to reduce costs while improving outcomes, with no use of reserves proposed aside from within a 'invest to save' scenario which would result in the reserves 'borrowed' being repaid.

18. Clive confirmed that all savings proposals would be supported with business plans. Also that BCC was exploring setting up a Programme Management Office (PMO) to provide the necessary oversight for the implementation of each delivery plan. In answer to a question from Steve Robinson, Clive confirmed that the PMO would be the 'engine room' to drive the changes needed to effect change and that its remit would embrace tracking the implementation of Human Resource matters too. Clive suggested that such a PMO, if set up, might be jointly managed by the most senior officers in the finance directorate and the assistant chief officer.
19. Frances Done expressed the view that finding sufficient proposals to balance the 2019/20 revenue budget without recourse to reserves would present a big challenge given that while BCC were starting their budget process earlier this year than in previous years, the timetable was simply as per the norm in other authorities. Clive Heaphy agreed that it would not be an easy task but said he was confident it was achievable because unit cost bench-marking data suggested there were many opportunities to explore.
20. **Equal Pay:** The current position in relation to Equal Pay was discussed and noted.
21. **Commonwealth Games financial risks:** The Panel and Council briefly discussed the Council's financial contributions, strategies, the risks and opportunities relating to the Commonwealth Games. Frances Done noted that the Panel had been advocating for some time that BCC should be transparent about the financial risk projections and estimates to balance with any reporting about the significant opportunities that the Games will bring. Frances noted too that the external auditor letter would soon contain figures in relation to the Games' exposure. BCC representatives replied that the Government department dealing with the Games had asked the Council to treat certain information as confidential. The Panel advised that the Council should seek to publish a full account of the financial arrangements for the Games and any risks underwritten by the Council as soon as possible, and no later than the autumn.
22. **Improvement planning update:** Cllr Brigid Jones said that all aspects of the Corporate Governance Improvement Plan were on track. Jonathan Tew noted that he would be discussing the Council's improvement planning and performance management approach with Steve Robinson and Sally Hammond this coming Thursday. The Council, he said, were preparing to hold their first CMT (Council Management Team) performance challenge session on 13 August followed by an EMT (Executive Management Team – Cabinet and Council Management Team) session on the 28 August. He noted that the Council now had a performance framework that aligned to the priorities within the Council Plan and benchmarked performance against peer local authorities. This first set of analyses is not, however, as sophisticated as the Council requires in the future and that colleagues will be working closely with the BIIP to ensure a mature and effective approach to improvement and performance management in future months and years.
23. **Performance reporting:** Frances Done queried whether the Council would in future find ways to ensure its performance reporting was more balanced and proportionate. She said that in the latest summary Cabinet report, similar to others, the reader had to get to page 8 of 12 before being informed about any feedback that wasn't about successes and to page 11 of 12 before any aspect of Waste Service poor performance was set out. While wishing to rightly recognise, she continued, the successes that the Council was

achieving, it didn't read as a report designed to drive improvement. Cllr Brigid Jones responded saying that the Council did lots of good things and achieved many successes and that there was so much written about the Council that was negative it was important to set out clearly what it did well. She continued to say that the Council would soon be moving to include benchmarking against national comparators, core cities and others, and so the reporting in future should read as being less insular.

24. **Proposed new senior management staffing structure:** Jonathan Tew confirmed that the relevant cross-party staffing committee had signed off the Chief Executive's proposed restructure plans and that the new structure was now out to consultation until September. People affected, he said, would now be aware of the proposals and the Council's communications teams were today engaging with staff and partners to explain the proposals.
25. **Waste Improvement Plan:** It was noted that this was work in progress and that implementation of the MOU was the top priority. It was agreed that this item together with a wider discussion about modernising the Council's services and ensuring improved innovation would be discussed in more detail at the Panel/BCC/MHCLG meeting in September. Cllr Ian Ward said that it was vital that the Council moved to more effectively using data to drive change and bring forward fresh ideas to tackle local problems. Frances Done said that the Panel would wish to encourage innovation in any appropriate form and that there were several large city councils running more modern and efficient waste collection services whose good practice the Council could examine.
26. **Councillor conduct, Standards Committee and the Council's updated Code of Conduct:** Frances Done raised the Panel's view that it was important, in order for BCC to get conduct issues in line with other Councils, for the political groups to own and deal with any inappropriate behaviour of or complaints between their own members. BCC members agreed and said that steps were being taken to address this. Cllr Ian Ward said he thought it important to stop any petty complaints going to the Standards Committee. He mentioned that there would be an offer to the opposition parties to enable equal representation on the Standards Committee. Cllr Keith Wakefield said that it was the culture of BCC that needed to improve to ensure it could consistently build and maintain effective relationships.
27. Kate Charlton concurred with Keith and said that as well as the new Code of Conduct, better processes would be put in place for complaints and that focused work and a training programme would be undertaken to help improve the Council's culture in this area.
28. **Waste Governance Investigation:** The current position in relation to the Waste Governance Investigation was discussed and noted.
29. **Noting Panel advice:** The advice given by the Panel in relation to Commonwealth Games financial risks (paragraph 21) was noted.
30. **Meeting close:** there was no AOB. Frances Done closed the meeting.
31. **Next meeting: 23 August 2018 11.30am to 1.30pm.**