

Meeting Birmingham Independent Improvement Panel and Birmingham City Council

Monday 24 September 2018 11am to 1pm

Gowling WLG offices, Snow Hill, Birmingham

Attendees

Panel: John Crabtree, Chair of BIIP and the meeting; Frances Done, BIIP Vice-chair; Steve Robinson, Panel member; Sally Hammond, adviser to the Panel

BCC: Councillor Brigid Jones, Deputy Leader of the Council; Dawn Baxendale, Chief Executive; Kate Charlton, City Solicitor and Monitoring Officer; Jonathan Tew, Assistant Chief Executive; Dawn Hewins, Human Resource Director

MHCLG: Alex Powell, Deputy Director, Local Government Stewardship; Clare Clark, Lead Local Government Intervention and Conduct

1. **Welcome and apologies:** John welcomed everyone to the meeting and noted the apologies received from Councillor Ian Ward, Leader of the Council; Councillor Keith Wakefield, Panel member; and Clive Heaphy, Corporate Director Finance and Governance.
2. **Minutes:** The minutes of the last meeting 23 August were agreed, subject to a correction to the name of the Group Company Governance Committee and the deletion of editorial notes. ***These can now be finalised and made available to all Council elected members and published on the Council's website.***
3. **Matters arising not on the agenda:**
 - a) Dawn Baxendale fed back to the meeting that some Councillors had asked that the minutes of the joint meetings be circulated more quickly following each meeting. It was therefore agreed that participants would seek to review and sign off the minutes of this and future meetings via email exchange to enable their more rapid circulation and publication.
 - b) Cllr Brigid Jones updated the meeting about an Adult Social Care presentation that Professor Graeme Betts had provided to the Labour Group and said that a further presentation about the customer journey was planned. The first presentation, which Cllr Jones described as 'excellent', had clarified, she said, the significant changes that Birmingham will need to make to bring its services up to date with the performance and more modern ways of working seen in other councils.
 - c) Frances Done raised questions about the Waste Inquiry that Kate Charlton agreed to discuss with colleagues and respond to.
4. **Secretary of State letter dated 12 September 2018:** The meeting noted the content of the reply to John Crabtree and Cllr Ian Ward from the Secretary of State for Housing, Communities and Local Government, the Right Honourable James Brokenshire MP. As part of Matters Arising, Dawn Baxendale informed the meeting about an EMT Budget

Awayday that had taken place the previous week and said that the Secretary of State's recent letter had helped to set the scene for the discussions.

Finance and budget update month 5 and the External Auditor's letter: Dawn Baxendale said that the senior management team and Cabinet members had been working on the budget throughout the summer. The Council's financial position was set out in the papers circulated. As at Month 5 the forecast overspend stands at £13.6m, up £1.5m on the Month 4 £12.1m forecast. Dawn briefed attendees on progress to date with tackling the budget challenge 2019/20.

5. Dawn Baxendale said that the Council is currently focusing on developing proposals for how the shortfalls will be tackled for the first two years with a wide array of directorate and corporate initiatives under review, including an emphasis on reviewing the numbers and ratios of middle manager grades 5-7. She said that the Council Management Team (CMT) and cabinet members were due to meet again to work together on the proposals on 1 October and 15 October.
6. In answer to questions from Steve Robinson and Frances Done about the Council's plans for addressing the shortfalls, Dawn Baxendale set out the work BCC is progressing to bring Birmingham's fees and charges in line with comparable core cities; to develop a use of property/buildings strategy and to consolidate the Council's procurement and fleet management services.
7. Frances Done raised that the Panel would find it helpful to hear more detail about any transformational savings proposals that BCC are developing, beyond the adult social care strategies and plans that the meeting discussed last time.
8. Cllr Brigid Jones said that the current budget conversations were very different to how they were 3 years ago with directors now coming forward to propose radical changes. Dawn Baxendale explained that the work being undertaken to consolidate BCC's use of its property assets were not just about closing buildings, but were also about re-shaping services, including to deliver more integrated services with partners. Dawn Baxendale explained the work under way to consolidate the elements of customer service back-office and front-office functions that had so far not been included in support service reviews. Also she referred to past Council decisions that were being confirmed relating to the closure of day nurseries and other aspects of modernising social care.
9. Frances Done thanked BCC for the helpful explanations and said it would be useful for the Panel to be able to meet the BCC officers leading the implementation of main savings proposals to hear how they will be ensuring timely delivery. Dawn Baxendale said that this would be facilitated.
10. Frances Done said a concern of the Panel was to ensure that proposals that were in previous savings plans but which had not in reality been delivered should feature again in future savings plans only if the implementation plans were fully understood and deemed truly achievable. She cited an example of the proposal to set up an Energy Company that had featured in savings plans over many years but had not been progressed. Dawn Baxendale and Cllr Brigid Jones assured the meeting that unrealistic proposals were being extracted from future plans.

11. **The External Auditor's letter, section 24 recommendations and the Council's response:**
Dawn summarised what the Council was doing to address the s24 recommendations and referred to the Council meeting of 11 September where the External Auditor's findings and recommendations were discussed. She commended BCC's elected members for their public commitment to continue to tackle all the issues raised by the External Auditor. Steve Robinson noted that Dawn's assessment of the problems that needed to be tackled in BCC resonated well with the Panel's views and echoed the points that the Council had set out in its June 2018 *Stocktake report*. He suggested that these messages about the diagnosis and what BCC was doing to change its culture and ways of working should be regularly articulated and reinforced to ensure that everyone in BCC shared, understood and owned the same narrative. In that context, he said, it was unfortunate that the narrative expressed in the Council's *Stocktake* report had not been reflected in all the contributions from elected members in the 11 September Council meeting.
12. Steve Robinson and Frances Done continued to say that it was too simplistic to imply that the causes were only related to reduced funding, distractions and changes in processes such as shifting away from using a Star Chamber and/or reducing the number of scrutiny committees. They said it was vital that there was a shared understanding about what had contributed most over many years to BCC not getting a grip of its financial challenges and opportunities. These causes, they said, had been clearly set out in the original review by Lord Kerslake, past BIIP letters and the Council's own past progress reports, including its recent *Stocktake* report. Frances Done continued to say that it was disappointing that BIIP didn't have the opportunity to comment on the question and answer about the 2015/16 Star Chamber prior to the 11 September meeting. The premise of Cllr Paul Tilsley's question and to some extent the Leader's reply, she said, was that the cessation of Star Chamber meetings in June 2016 was responsible for BCC losing a grip on its finances. But, she said, senior officers at the time strongly expressed a view that the 2015/16 Star Chamber meetings had entailed the playing out of inappropriate organisational cultural behaviours and poor officer/member relationships and so were not helping BCC to grip and address its financial problems. She said the intention that the Panel had supported was to replace Star Chamber events with other meetings that would be designed to facilitate more open, closer and better joint officer/member working while encouraging learning from best practice and help the Council move away from silo-based conversations about only the short-term.
13. Cllr Brigid Jones explained the background to the question and answer about the Star Chamber and said that if there was such a misunderstanding about the Panel's advice in 2015/16 it was unfortunate. She went on to say that such a misunderstanding would not happen now due to the collaborative approach being taken and wider sharing of detailed BIIP/BCC minutes. She also explained that the recommendation in the original report by Lord Kerslake about reducing the number of Overview and Scrutiny Committees down to three had proved unworkable and a review by the Council had prompted an increase back up to 8, to increase political oversight of key issues.
14. Frances Done explained that BIIP wanted to help BCC to leave its old culture behind because it continued to be a huge barrier to the Council moving forward. She said that a key aspect of this was for the political leadership as well as the managerial leadership to continue to accept responsibility for anything that needed to change, as expressed in BCC's *Stocktake* report.

15. Dawn Baxendale concurred that there were still cultural barriers to people coming forward with savings proposals and set out the actions she and CMT were taking to deal with that. She said that changing the culture would be a long-term endeavour. Dawn Baxendale summarised her views about the main problems in BCC and what solutions were needed to address them to modernise the Council and enable it to address its challenges and grasp its opportunities. Steve Robinson said that Dawn's summary narrative was compelling and reflected well the Panel's views too. He said the Council should find ways to share this positive and powerful narrative about how BCC is owning its problems and what it was doing to bring about change.
16. Cllr Brigid Jones said it would be useful for her to understand more about what had occurred in the past and suggested she and Panel members talk about this further in private. The Panel agreed that it would be useful to set up a meeting to continue that conversation with Cllr Brigid Jones, and also said that the Panel would seek to also meet the Leader to clarify matters.
17. The Panel and BCC had a brief discussion about the historical and recent criticisms of BCC in the national press and the difficulty in getting balanced reporting of recent positive progress.
18. Frances Done noted that the current batch of papers about the revenue budget position for 2018/19 were more transparent and welcomed this change. However she said that she wanted to understand more about the 'in year' use of reserves of £12m up to the end of August and noted that despite the Auditor having said that in-year use of reserves is unusual practice it still seems to be happening. She undertook to talk further with Clive Heaphy about this on his return from leave.
19. **Workforce Strategy 2018-2022:** Dawn Hewins set out the background to the draft Workforce Strategy that was due to go to the Council's Management Team later that day. She said that the current strategy was more realistic than the previous *People Strategy* and explained BCC's approach to date and its plans for engaging managers and staff about the contents. Dawn Hewins talked about recent HR overview and scrutiny and the joint working and presentation across finance, HR and ICT teams. She said that the ability and encouragement to work jointly across directorates felt very different since Dawn Baxendale's arrival.
20. Frances Done noted that the Panel had only received the Strategy draft on Friday and would like the chance to consider it in more depth following the meeting. She said that her main concern was to see the *delivery* of the Strategy this time, given that past strategies had been developed but not successfully implemented. Cllr Brigid Jones said that she had raised that same point about lack of delivery when first seeing the new Strategy. Frances Done said that it was encouraging that members were now asking challenging questions.
21. John Crabtree said he was interested to understand the political and managerial leadership that underpinned the HR Workforce Strategy.
22. Dawn Baxendale said it was always disappointing to have past problems referred to and said that the *Strategy* this time would be subject to sound management delivery and this would be backed with political support. She said that the Chief Information Officer role in the new structure would help to bring directorates together and work out of silos, and even discussing the role had helped to encourage this already.

23. Steve Robinson said that the *Strategy* looked realistic in its scope and it was good to see key elements of the approach BCC would take summarised. But, he said, he didn't get from the *Strategy* a sense of BCC's top priorities and the journey it is on. He said, for example, the narrative about industrial relations didn't set out what needed to be done in the short term to tackle two live disputes and how this would relate to approaches for the medium-long term to seek to prevent further disputes. It was suggested that separate discussions would be scheduled to discuss the *Strategy* and particularly BCC's HR priorities, its next steps to address known problems, how action plans would affect staff and link to financial savings targets.
- 24. Performance Quarter 2:** Cllr Brigid Jones said she was interested in the Panel's feedback on the latest performance report given its past criticisms about BCC's reports over-playing successes and under-playing problems and related solutions. She said that BCC was seeking to improve its reporting by linking explicitly back to the Council Plan, being clear about timescales and what would take longer to achieve, reporting in a balanced way and providing easy-to-read commentaries about what would be done to address any performance gaps rather than being defensive.
25. Jonathan Tew said that, as discussed with Steve and Sally recently, BCC is seeking to mature its performance management over time and we would see further improvements the following month. He noted the useful and positive meetings and advice he and the performance team had had with and received from Steve and Sally. He also referenced a follow-up workshop that Steve and Sally are due to attend in October with wider participation from directorates. He said that one of his continuing concerns related to current data quality.
26. Dawn Baxendale said that a new Head of Service with extensive experience had just joined the Council and he would be working with Jonathan on the issues and running a performance session for the Labour Group.
27. Frances Done said that the recent shifts in reporting and BCC's plans to further improve were encouraging.
28. Steve Robinson agreed that he and Sally had participated in a good discussion with the performance managers and identified together that a lot of work was still to be done to drive the culture shift necessary to ensure everyone in the organisation *used* performance management effectively. He said that the performance teams had to spend so much of their time gathering and chasing for data that the time available to them to undertake proper analysis and work with Directorates to track impacts and therein learn whether strategies were working was compromised. He said that CMT's leadership in enabling and supporting the new approaches was key.
29. **Corporate Governance Improvement Plan update:** The meeting noted the updated plan but deferred a discussion about the progress the Council was making in implementing it. The Panel and BCC agreed that both would make and share any evidence each had gathered so far about the positive progress the Council was making, and seek to identify during November any evidence and impact gaps that needed priority attention.
30. **Union Mediation Process:** Dawn Baxendale reported that the mediation process and hard work over recent months by the political and managerial teams working effectively together had borne fruit. She confirmed that as of that day the waste and recycling collection teams had begun working a 5-day week. She said that performance in missed bins was improving with the norm of 50 streets being missed each week had that week reduced to 11.

31. Kate Charlton commented that she herself had noted improved cleanliness in a street that she regularly drove down on the way to work and had received anecdotal evidence from residents she knew about noticeable improvements in street cleaning.
32. Frances Done asked for the *Waste Improvement Plan* to be added to a future agenda so that the Panel could understand better the next steps that BCC would be taking to modernise the services.
33. Dawn Baxendale provided an update about the latest discussions relating to the enablement service modernisation programme. She also described the constructive conversations that were continuing with local trades unions, with more people openly recognising that industrial relations with and across the Council was out of step with modern practice that was the norm elsewhere.
- 34. Partnership Board:** Jonathan Tew provided a brief update about the positive progress that was being made in seeking to improve partnership working across the city. He said that 20 different sectors and statutory boards had been represented at the first September meeting. He noted that the higher education sector had not attended and was seeking to agree who would represent the sector at the October meeting. He said that Jacqui Smith chaired the meeting and the Council's elected member representatives actively participated as equal partners. He noted that there was a developing recognition among partners that the city as a whole struggled with partnership working and that it would take more than changes in the Council's approach to achieve better integrated and strategic city-wide partnership working. He said the Board had agreed to take action to develop a positive 'asset-based' vision for the city, and to mature how it worked together. He said that the Board had committed to focus initially on taking action to more effectively address active lifestyles and childhood obesity; homelessness; and violence in communities.
35. John Crabtree asked for the Partnership Board attendance list to be provided to him. Jonathan Tew agreed to send this.
36. Dawn Baxendale shared further information about how BCC is working effectively with the Clinical Commissioning Group. She said that she hopes to be able to signal soon some practical opportunities for integrated working.
- 37. Equal pay:** Kate Charlton provided a brief update about the position relating to equal pay liabilities and undertook to provide further detail outside the meeting.
- 38. October/November workshops:** Sally and Jonathan advised the meeting about upcoming workshops that were planned for the coming months where BIIP and BCC would track the progress being made in the 'tracer' programmes of skills and homelessness. The idea is to track how well any improved corporate governance, partnership working, financial management and performance management, etc. were being embedded in important outcome-based work programmes.
- 39. Noting any formal advice of the Panel:** The Panel emphasised the need for BCC to share and ensure wider ownership of the narratives Dawn Baxendale had expressed in the meeting about BCC's improvement journey and what was being done and needed to be done to effect change.
40. Transparency: Frances Done said that an important test of improved transparency would be the Council taking more rapidly to the public domain very clear reports about any problems and challenges it was facing and tackling, and all the costs associated with such activities.

41. Any other business:

- a) Audit Committee: Frances Done noted that she and Steve Robinson were due to attend the Audit Committee the next day to reinforce the important role that the committee should play in monitoring the Council's progress in addressing any issues relating to the recent External Auditor's report and section 24 recommendations.
- b) Support to councillors: Dawn Baxendale reported the progress that was being made in identifying mentors for cabinet members and committee chairs through the Local Government Association. Cllr Brigid Jones noted that each cabinet member had two advisers from the back-benches and that Cllr Kath Scott was her adviser on transparency. She suggested that the Panel might wish to meet Cllr Scott and the Panel agreed they would arrange this.

42. Meeting close: John Crabtree closed the meeting.

43. Next meeting: 22 October 2018 11.30am to 1.30pm.