



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

**Sent by email**

5<sup>th</sup> November 2015

Dear Secretary of State,

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

On 20 July I wrote to you to provide an assessment of the Council's progress, in line with your specific requirement for the Panel to report in that month. I confirmed that the Panel was able to report progress in many areas but also that key risks and challenges remained. The Panel's most serious concerns related to slow progress in developing a City Partnership and an agreed vision for the City; developing the long term financial strategy and securing the senior management capability required for the size of the Council and the scale of the task. This report outlines progress on these and other key issues.

You will be aware that Sir Albert Bore has announced that he will shortly resign as Leader of the Council. The Panel has no role whatsoever in the decision as to who is to replace him which is entirely a matter for members of the City Council.

**A City Partnership: an agreed vision for the City**

There has been limited progress with this development until recently when a further event for partner organisations took place with around seventy people actively engaged. The University of Birmingham and Birmingham City University have both formally agreed to provide very welcome organisational support to the Birmingham Partners group. The support of the two Universities sends a clear message about the independence of the group and helpfully allows the Council to participate within the network on an equal footing with other partners. Now that this arrangement is established the Council needs to work with the Steering Group to increase the pace of activity. The Panel is keen to encourage these developments and will become actively involved from the next meeting on 2 November.

Political leadership for the City Partnership aspect of the Council's improvement programme is crucially important. The new Leader of the Council needs to quickly become an active and effective player in order to gain the confidence of partner organisations across the City and to ensure acceleration in the pace of progress.

While the overarching City level partnership continues to develop we recognise that a great deal of valuable work is underway across the Council to develop and nurture successful partnerships at service operational level, such as those with the police and with health organisations.

### **Long term financial strategy**

In my last letter I indicated the Panel's support for the Council's approach to developing its long term financial strategy to address the shortfall of revenue funding in 2016/18 and to respond to its likely position by 2020.

This work has advanced to the stage of identifying and shaping short-term and longer-term options. These will be the subject of further discussions among elected members in the coming weeks and engagement and then formal consultation will take place with the City's residents and partners in November and December. The timetable for consultation and decision making is challenging as is the ongoing work to provide assurance as to the deliverability of the options. It will therefore be essential that the new Leader of the Council ensures that this work continues at pace and that the coherence of the financial decision-making process is maintained.

The Panel will maintain careful oversight of progress in relation to this crucial aspect of the Kerslake recommendations as the Council develops and firms up its proposals for the 2016/17 budget, which must be approved by the Council on 1 March 2016.

### **Boosting senior management capacity**

In my last report I indicated the Panel's disappointment with the extremely slow response to the Kerslake recommendation about enhancing senior management capacity. I am pleased to report that appointments have been made to the two key posts of Executive Director Change and Integrated Support Services and Assistant Chief Executive. Two economy-related posts, one of which is being made jointly with another authority, have not yet been filled. However we accept that the delay in filling these is justified by the need to take account of the implications of any devolution deal. The burden on the Council's Chief Executive remains excessive as he remains responsible for this area of the Council's work and also has very demanding involvement in the development of the combined authority.

The Council's senior management team has a key role in driving forward the Council's Future Council Programme and in securing the real engagement of staff at all levels of the organisation. Important elements of the culture change programme for managers are progressing well and there have been indications of improved staff engagement, and a high level of awareness by staff of the Future Council Programme and the need for change and improvement. The Panel has confidence in the Chief Executive's commitment to the

improvement programme and his ability to lead and is impressed with the capability of the Council's senior officers, including the interim managers who are supporting the Future Council Programme. The first two new senior appointments will be in post from the beginning of January 2016 and it will be longer before they are fully up to speed in their roles, meaning that the capacity of the senior team will remain extremely stretched for a while yet. It will be vital to ensure that the appropriate level of political involvement and support is available to the Chief Executive and his team over the challenging months ahead.

### **A proactive communications strategy**

The Panel has previously expressed the view that the Council was failing to communicate well with both internal and external stakeholders. An interim Assistant Director for Communications has recently been appointed and we anticipate that this area of the Council's work will receive a much higher priority in the coming months. We also consider that the election of a new Leader of the Council offers an opportunity for the Council to break with old ways of working and to develop a consistently open and transparent approach to all aspects of its operation.

### **Combined authority and devolution**

The Council has been engaging collaboratively with West Midlands local authorities, LEPs and partner organisations in negotiations with DCLG and Treasury in relation to the establishment of a combined authority and the potential agreement of a devolution deal. The outcome is not yet clear but the Panel remains of the view that the Council's political leadership will need to combine its active and important contribution to this key development with providing visible and consistent leadership to all aspects of the Council's own improvement programme.

### **Political leadership for the improvement programme**

In my last letter I reported the Panel's serious concern that the political leadership of the Council may still not have understood the scale of the task facing the Council, and the enormous culture change needed right across the organisation by politicians and staff at all levels if the residents of the City were to be well served. The imminent change in the Council's political leadership represents both an opportunity and a challenge. None of the issues facing the Council, or the demanding improvement journey it has only recently embarked on, will be resolved simply because the political leadership changes. However the change does offer the opportunity for a fresh start, and for **all** councillors, including opposition councillors to engage fully with the new approaches to partnership, to engaging with residents and to operating in a fully transparent and accountable way.

We can report important progress in the engagement of councillors in the member development programme which is being delivered with the support and expertise of the Local Government Association and Inlogov. By mid-October 70 out of 120 councillors (58%) had attended or committed to attend development opportunities. Many councillors are responding positively to opportunities to take part in 360 feedback to ensure their development plans are effectively tailored. We have made it clear to the leaders of all three political groups that they should be acting as role models to their group members. They

should be actively and constructively engaging with the development programme and ensuring that all their members do likewise. We will be revisiting this issue with the three group leaders before our next report to you and hope to be able to report that 100% of councillors are constructively involved with a long term member development and culture change programme across the Council.

We understand that a new Leader of the Council will take up the position on 1 December. The new Leader will face a crucial few months in which the Council needs to demonstrate to its residents that it has the commitment and energy to drive forward the improvement programme, broker a different and more productive relationship between politicians and the Council's senior managers, face up to the extremely challenging budget situation and evidence a transformation in its ways of working. In my last letter I said that the 'so far unmet task was for the Council to consistently provide the kind of political leadership that actively encourages challenge, innovation, energy and enthusiasm – a form of leadership that will enable all staff and councillors to take forward the change programme at pace, in a way that unifies everyone across the Council and throughout the City.' Although some further progress has been made that ambitious task remains unmet and the Council, under its new leadership, must take the opportunity now available to grip the task and to meet it with energy and enthusiasm.

### **Next steps**

In recommending the establishment of the Panel the Kerslake report recommended that the City Council should publish a report setting out how it has implemented the Kerslake recommendations in December 2015, a year after the original review. We have asked the Council to address this report to the residents of the City to whom it is accountable. A public meeting is planned for the 14 December and we will be inviting residents to submit their questions relating to the Council's progress report in advance so that the Panel can put some of these to the leadership of the Council and to the opposition leaders at the meeting. Following that meeting the Panel will provide you in early January 2016 with an assessment of the report and the Council's progress in setting a budget for 2016/17 in the context of its long-term financial position. A year on from the Kerslake Review, the January report will be an important point at which to assess progress and at that time we would not hesitate to inform you if we judged the Council's progress to be inadequate.

It will be very important for the new leadership to work constructively with the Panel and we will continue to offer challenge, advice and support to the Council and do all we can to assist the new political leadership as it faces up to the significant challenges ahead.

Finally the Panel is clear that the Council is at an important crossroads. With a leadership election and senior staff changes imminent it faces significant uncertainties and transitions. We will be expecting that the coherence of the Council's budget preparations, its overall direction and the pace of progress will not be adversely affected. However, should this not be the case we will highlight it immediately.

The Panel would be very pleased to meet with you to discuss this assessment.

Kind regards

Yours sincerely

A handwritten signature in black ink, consisting of a large, sweeping initial 'J' followed by 'R A' and a short horizontal line.

**J R A Crabtree**  
**Chair**