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Mr John Crabtree
Chair
Birmingham Independent Improvement Panel
(by email)

Dear John

Introduction

This is the second formal update from Birmingham City Council setting out progress in relation to the recommendations made in Lord Kerslake's report from December 2014. It also references developments in respect of the organisation-wide change programme 'Future Council' into which we have incorporated the report's recommended objectives. We are pleased that the Panel recognised in its July letter the positive steps that we are taking in the design and delivery of the first stages of the Future Council programme, especially the new approach to medium-term strategic (including financial) planning which you described as "thorough and professional".

We have also listened to the points you made concerning political commitment and leadership, the pace of change, understanding of the scale of the changes required (especially in terms of culture), partnership working, meeting our financial challenges and increasing senior management capacity.

Consequently, we have further sharpened our focus on progressing actions at speed and, over the summer, our efforts have had a predominantly internal/organisational focus and impact. And, from September, our communities and partners will start to see more externally visible evidence of change in the way that we communicate, engage and involve them.

We would like to thank you for the role you played in helping us secure additional funding from DCLG. This will help move the programme forward at the greater pace that we all want to see.

The Future Council Programme – progress against plans

We have shared with the Panel the programme delivery milestones, supported by more detailed plans, and these are cross-referenced back to the Kerslake report recommendations to ensure their delivery. The accompanying evidence pack contains details of the Future Council programme 2015-17 and more detailed progress to date on specific actions from the Improvement Plan.

With regard to completion of specific Kerslake recommendations by December 2015:

- Recommendations 1 and 2 which relate to the establishment of the panel have been addressed.
- Recommendation 4 (the Boundary Commission review) is well underway, and will complete in April 2016 in line with the Boundary Commission's own timescales.
- Recommendation 10 which relates to the creation of West Midlands Combined Authority (WMCA) is progressing well, with the expectation that the CA will be formally constituted by April 2016. The Shadow Board was established in August, chaired and vice-chaired by the Leaders of Solihull and Sandwell respectively. The Shadow Board submits its devolution proposals to Treasury on 4 September and there is the clear expectation that a first deal will be negotiated in the autumn. This work has benefitted from the progressive approach to partnership working taken by the political and officer leadership of the City Council evidenced, for example, by the Board's leadership arrangements sitting elsewhere in the partnership.
- The remainder of the recommendations formed the basis for the Improvement Plan signed off by the Panel in March 2015, and detailed progress against these can be found in the evidence pack.

Measuring the Impact of What We Do

We have developed an evaluation framework for our Future Council programme that underpins all activity and recognises the need to understand the impact of our improvement efforts. Whilst our framework is based on a sound benefits tracking methodology, we are balancing the quantitative with a qualitative approach. This is because we need to be able to assess impact in the more subjective areas such as culture and behaviour change, leadership, partnership working and community engagement.

The evaluation framework requires, therefore, a level of sophistication to capture this effectively. As you know, we have shared the approach we are taking with your Panel, but we will continue to develop the framework and seek further feedback as part of this process. An important aspect of what we do will be to continue to place a high value on informal feedback from members, staff, partners, residents and stakeholders and then act on what they are telling us by incorporating the corresponding actions into our future programme development.

Financial Assurance - resourcing of the Future Council Programme

The Future Council Programme has been resourced at a level assessed as sufficient for the agreed improvements to be secured 2015/16. Following the provision of grant support from the Government, the resources available to the Programme have improved significantly with this money being provided to support directly the delivery of the Programme, enabling more to be done, more quickly than originally feasible.

Specifically, the grant will help the Council deliver on its medium-term operating model and financial planning by being used to fund: a) improved staff capacity to ensure regular council business can continue as usual; and b) to provide specialist expertise not available within the Council, so helping to speed up existing improvement projects.

The City Council has also considered how the Programme will be resourced over the medium-term. Whilst the proposals for how resources will be allocated still needs to be finalised and formally agreed with Cabinet, the Council has already committed to £1m of recurrent change management resources and a further £2m of 'one-off' funding to support the implementation of necessary changes beyond year one of the programme. If approved, this will be a cash resource that is in addition to any staff that may be seconded onto the Programme.

Formulation of a Medium Term Financial Plan

The City Council has developed a bespoke approach to identifying savings through a "demand analysis" model (see Financial Planning and Future Operating Model). Supported by specialist advisers (Deloitte), a series of workshops have been held to assist in the understanding and implementation of this model which, in essence examines the drivers of demand, with analysis targeted at services delivered to clearly identifiable citizen cohorts. The aim of these workshops was to identify potential changes to present and forecast demand that could be implemented by the Council to deliver the necessary savings that still need to be made by 2020 (c£250m) whilst continuing to best ensure that the citizens of Birmingham receive the priority services they need.

Around 230 "demand management" opportunities have been identified through these workshops. These are currently being developed into "cases for change" that will be opened up for wider consideration with members, staff, stakeholders, partners and citizens. The financial value of these has yet to be finalised but an early assessment of the level of savings that could be delivered indicates that they might be of the required order of magnitude. These opportunities will obviously be quantified in more detail during the next planned stage of the work.

The roll out of the demand-based planning methodology has been developed in parallel with the Future Council 2020 visioning work, building on a set of design principles devised by the Executive Management Team, exploring what Birmingham will look like from the perspectives of both Birmingham citizens and the City Council. A series of EMT meetings begins on 8 September and will continue into November to develop the 2020 Vision and consider the "cases for change" that will have been developed. This will be accompanied by wider member and citizen engagement.

Formal public engagement on the vision and role of the Council and its partners in the future is set to take place in November and culminate in Cabinet approving its 2020 Vision in December 2015 before formally consulting on the changes proposed by the council in December 2015.

The resultant proposed actions will then form an intrinsic part of the Future Council delivery, and will be formulated into the Council's Long-Term Business and Financial Plans and its Budget for 2016/17 and Indicative Budget 2017/18.

Partnerships

We are committed to being a universally respected partner and to this end I have made the personal commitment as Leader of the Council to work alongside one of my Cabinet colleagues, Cllr James McKay, to lead this area on behalf of the city council.

The key challenge (from the Panel, Lord Kerslake and a number of other sources) is for the Council to change, and be seen to change, the way it has previously behaved by moving towards a default forward looking, inclusive and less controlling approach. We believe there is evidence of change. In new ventures, such as the creation of the Combined Authority (the programme office managed by Wolverhampton and the Shadow Board chaired by Solihull) and 'Birmingham Partners' (which is to become the official name for the city partnership group) we have not sought to take the lead and control but, instead, have worked in a constructive, collaborative and supportive way, both as politicians and officers. Where we have led from the front, it has been at the behest of our partners.

The development of the city partnership group, 'Birmingham Partners', (www.birminghampartners.com) – is underway. A steering group, led by a collection of committed partners who volunteered to take the initiative and also to work with us, has been established and this group has been considering how best to take 'Birmingham Partners' forward. The steering group's key objectives are focusing on how best to develop the shared vision for Birmingham, how sectors and organisations can contribute to the development and, ultimately, the delivery of the vision, and improving the reputation of the city and its collective leadership. Though we are not leading this group and approach, we have recognised its importance, by providing officer support and capacity to assist with its ongoing development, events and initiatives.

The steering group organised a kick-start event on 8th July, the main focus being developing stakeholder engagement and input to scoping the ideas and responses to two questions around the development of a positive narrative for Birmingham:

- What's great about Birmingham?
- What will make Birmingham successful in the future?

There were 43 commitments from attendees to lead conversations, host events, provide information and become part of a communications team for 'Birmingham Partners'. These offers are being incorporated into activity. Partners at the event agreed to take responsibility for engaging their networks, communications channels and resources in developing the ideas. This has also led to the development of the "What Makes Birmingham Great" campaign taking place in September which will be an important step in building a collective and positive narrative for the city, as well as raising awareness of 'Birmingham Partners', promoting a new way of working and encouraging people to join in.

We recognise that we have much still to do to rebuild those partnerships where we were told that improvement was needed, but we are also mindful of the need to ensure that the Panel is sighted on those arrangements where relationships and joint work are strong and valued: for example, across the skills sector, within the Health and Wellbeing Board and, as per below, the reshaped partnership landscape in relation to children and families.

In relation to skills specifically, we believe that we have already allayed any concerns the Panel may have had about the progress of the East Birmingham Skills and Employment Partnership; the baseline was established back in June, enabling the identification of those areas where any new approaches should be trialled; existing programmes are becoming

much better aligned via a new coordination group; and a series of policy development sessions will take place monthly from September, the outcomes of which will determine the detail of the overall, long term strategic approach. All this will then be aligned to the wider employment and skills strategy that is being developed by the incoming West Midlands Combined Authority.

With this picture of areas of strength and areas for further development better understood, over the coming months, as part of the Future Council programme, officers will be meeting individually with key partners to discuss how we can further improve partnership working - and we will be directly addressing areas where we know there are issues. We plan to learn from best practice and successful partnership work in the People Directorate where relationships between the Council and partners in the Children and Families space have improved dramatically as a result of greater, sometimes externally facilitated, inter-agency working in the Multi-Agency Safeguarding Hub, the newly created Children's Strategic Leaders Forum and the Early Help and Safeguarding Partnership.

However, part of the success of the approach in Children and Families has been due to the time invested in making the changes – the work has been underway for two years and there is still much to do. The Partnerships work is an area where progress might be perceived to warrant more speed, but the careful pace at which this work is proceeding is due to our determination to get this right – working with our partners means that we cannot and should not force a pace based solely on our agenda, and we have to ensure that this behavioural change is firmly embedded at all levels of the Council.

We are sure that the Panel will appreciate our commitment to making this change, and therefore will accept that we will need to extend the timescales that we originally set out in the first iteration of the Action Plan.

Strategic Capacity

The Panel's last letter reiterated concerns it had about the slow progress in boosting senior management capacity and we recognise, in retrospect, that we could have moved more swiftly. Nonetheless, we now are now fully in the throes of recruiting to the posts of Assistant Chief Executive, Strategic Director Change and Support Services and Strategic Director Employment and Skills (joint appointment with Solihull MBC). We will be appointing the first two roles in October 2015 and the latter in late November/early December and would hope to have people on board as soon as possible thereafter.

Additional capacity is also being provided in the areas of human resources, organisational development, change management and communications. All these areas are important to the council's effective future functioning, but the commencement in the first week of September of an Interim (Assistant Director-level) Strategic Communications officer demonstrates that we share the Panel's view that this area of our improvement programme needs to be driven harder and faster.

As already referenced, we are most appreciative of the financial support that the Department for Communities and Local Government has made available to the city council: this additional funding makes it possible to recruit at a faster pace and move the programme forward significantly.

Communications Strategy

We recognise how important it is for us to keep partners, stakeholders and residents informed of our plans in an effective way.

We have a clear, targeted corporate strategy for engaging with residents, partners and stakeholders, and members on an ongoing basis. These plans have been made available to the Panel and we're seeking feedback to identify any gaps. Meanwhile, we are commencing roll-out and we anticipate using the spectrum of engagement opportunities: digital, face to face, local meetings and member and staff and engagement events. Activity has been designed to be most effective for each of our stakeholder groups and to ensure their input and feedback informs the design and delivery of future services and activities. For our external stakeholders, we will be holding tailored focus groups as well as general briefing sessions, and maximising the use of social media to ensure a timely flow of information.

Each of the Future Council work streams will be carrying out specific engagement sessions as part of their work and we are very conscious of the challenge around ensuring the voices of communities and residents are heard clearly as part of these activities.

We will be talking to members of the public during September to test out some of the thoughts and ideas that are coming out from the work and feed their responses into the development of the longer term vision of, and operating model for the council. This will also feed into the budget consultation process, where we will be consulting on the long-term council business and financial plan for the next 5 years - not just the 2016/17 budget. The content for the corporate consultation later in the autumn will be the high-level direction of travel, the big changes to the future role and shape of the council – the services it will provide and the way it will provide them; its relationship with residents and partners; and how we plan to make best use of the resources available to support this.

We want, as much as anyone, an honest, balanced and compelling narrative for Birmingham - emanating from ourselves and others. We have, over the summer, engaged external advisors to develop with us a strategic communications plan that will aim to reframe the way the city council comes across to the public, building on our strengths (such as economic performance, diversity), and honestly and openly highlighting our effectiveness in delivering improvements in children's safeguarding, education and corporate governance. A draft of the work-in-progress has been shared with the Panel.

We know that our partners and residents are proud of Birmingham - and that we have a way to go to give them full and consistent confidence in our organisation. To address both aspects, we want to work with them in an equal and trusting partnership to promote the city – starting with the "What Makes Birmingham Great" campaign which we have linked into the partnership group ('Birmingham Partners'), the strategic communications plan and GBSLEP's wider strategy of 'competitive positioning' which is looking to promote Birmingham at the regional, national and international levels.

Changing the Culture of the Organisation

Both Lord Kerslake's report and previous communications from the Panel have been very clear about the need for the Council to change its culture. Specific concerns have also been raised by the panel relating to the need to be more open, forward looking and outward facing. In response, the Corporate Leadership Team and senior officers are all completing a 360 Review (by the end of September) and the results will be used to help with both individual and team awareness and development. The Leader, Deputy Leader and Cabinet will also be completing this activity during September. The results of this will be used in the creation of a leadership support and development programme for the whole Cabinet in conjunction with the LGA. It is anticipated that the reflective aspect of this work

will deliver measurable impact in term of leadership behaviour and visible change across the leadership group, both political and officer.

We've delivered a comprehensive induction programme for new members over the summer period, and a survey of all members has been undertaken to tailor a wider support and development programme. There has also been the introduction of a bespoke development programme for Overview and Scrutiny and District Chairs.

These programmes include a focus on key areas such as community development and leadership, community engagement and partnership working. We are keen for us to offer 360 Reviews to all members from October 2015 as part of this programme. We will also be working with INLOGOV throughout October on its 21st Century Councillor research project, which looks at the changing role of councillors in public life and the expectations that will be placed on the councillors of the future as local government continues to transform.

A Staff Survey has been completed with the highest ever number of returns (30.5%). The results will be reviewed with the senior political and officer leadership and used to develop an action plan and inform the content of the 'Big Conversation 3'. This pan-organisation engagement programme launches in October and Big Conversation 3 will, in addition to responding to the staff survey findings, look specifically at the role of the manager and the skills and capabilities needed to carry out that role, with a particular emphasis on how the organisation is changing to become fit for the future.

The 'Forward the Birmingham Way' element of the Future Council programme (essentially the workforce development plan) has been designed with the scale and complexity of the culture change that is needed firmly in mind. In the first instance this has focussed on defining the behaviours we want to embed and using those to improve the appraisal process, and in addressing strategic capacity issues. However, we are not underestimating the scale of the challenge in embedding change both across and down the organisation. Further capacity is being sourced to look specifically at issues of organisational culture in priority areas, and the restructure of the HR function is well advanced with senior appointments being made either in September or October and the remainder of the structure being put into place over the next 3 months. We have also simplified our processes around recruitment, new starters, movers and leavers to make it fit for purpose.

Financial Planning and the Future Operating Model

We have shared with the Panel BCC's approach to meeting our financial challenges and redesigning our organisation so that it is sustainable and meets the needs of Birmingham's residents and communities. We know you are reassured that we are adopting an increasingly different approach to budget planning that will move us even further away from any criticism of 'salami slicing'. As referenced elsewhere in this letter, we are doing this by developing our understanding and addressing the demands for services (whilst still keeping a focus on the "supply side" - for example by taking a lean systems approach to delivering further efficiencies, with pilot work agreed in customer services).

We have, consequently, been working to identify both the current and future drivers of demand for our services and then identify ways we can manage the pressures we are experiencing: for example, we could be more effective at stemming future increases in demand (eg through better prevention and early intervention, including community action, and more partnership working); we could reduce existing demand (for example, increasing recycling or supporting all care leavers into employment or training); or prevent demand occurring (for example by getting more things right first time).

Our clear message is that we have a robust process in place to conduct these analyses of demand and, consequently, we will be delivering budget planning and service design very differently. This is the first time that the council has systematically introduced such an approach and having identified the opportunities, we now want to develop any necessary policy change and engage widely with members, staff, communities and partners during the autumn.

Political Governance and Devolution

The development of the future political governance arrangements for the city are well underway, based on the principles of triple devolution – how the city council will operate at regional, city and neighbourhood levels. In the period to 2018, there are layers of added complexity which impact on this work. The Boundary Commission is making changes to the ward geography within the city and to the number of councillors; the Combined Authority should be formally constituted as a body by April 2016 and we will, in all likelihood, be creating the largest Town Council in England in Sutton Coldfield. We need to ensure that the governance arrangements at each level reflect these changes, can adjust and react to circumstances as they arise and are fit for purpose both politically and administratively. We are also clear that the new arrangements will reflect a more collaborative way of working with partners and communities.

A key part of the political governance workstream is the community engagement and empowerment agenda. During September we will be holding workshops around the theme of ‘engaging Birmingham’, involving members, staff, stakeholders and specialist practitioners to look at what works, and what the best way will be of developing this agenda in the diverse communities of Birmingham, and how we can build it into our community planning processes and wider engagement thinking.

We are making big changes to our community planning processes. Following on from the formal constitutional changes made in May to the role of Districts, we have held a series of training and development events over the summer for District chairs setting out new roles and responsibilities. The Districts are developing evidence-based District Plans, starting to outline key priorities for their areas using evidence from recent District conventions, where priorities for Districts are discussed with residents and partners. Some of these discussions have resulted in innovative ideas, such as the creation of a North Birmingham Community Trust which looks to bring the life expectancy levels in Erdington District onto a par with the national average by working with key agencies and businesses to focus on health, jobs and housing and drive the agenda from a local perspective.

Districts are also identifying suitable topics for Neighbourhood Challenges – place based enquiries involving public sector bodies, key stakeholders and residents in their areas that will look at issues arising from the key priorities identified in the District Plans – such as skills development for a particular age group, health inequalities, or specific issues with private sector landlords. Each District will be undertaking 2 Neighbourhood Challenges per year starting in the autumn.

Following the results of the ballot held in July, we’re working to establish a Town Council in Sutton Coldfield by April 2016, which will be the largest in England. The cross-party working group that has overseen the process so far will continue to provide the input that will be required from the Council, and we are looking at how best to involve key local stakeholders, campaigners and businesses in the establishment of the Town Council.

In Conclusion

As the Leader of the City Council, I am personally really pleased with the progress we have all made in the last couple of months or so, especially since we last met with you at the public meeting in June and following the publication of your last letter in July. And I trust that you will recognise those endeavours, outlined above, not only by myself and the Cabinet, but also by the Chief Executive and his team of senior officers; the wider group of staff pushing forward and hard on this agenda; and our partners who are working with us and helping us to improve not only the city council but the city as a whole.

Birmingham has listened, I have listened, and in relation to partnerships and particularly the Combined Authority, far from placing ourselves front and centre we have continued to play a strategic and instrumental role from a more supportive and background position, not only with other local authorities but Government and our business colleagues.

We have worked hard on a stakeholder engagement programme going through to the end of the year, not only to inform but to develop a conversation with members, staff, partners and residents about the changes we are making. Each year we have refined the consultation around the budget planning, and we will do so again this year, using communications channels that have proved more effective in previous years, whether that be public meetings in different parts of the city; webcasting where the Cabinet can answer unplanned questions live, online; or smaller workshop groups on specific topics with users and interested parties. We have to get our internal and external communications right, not only in terms of the budget and the Future Council but also in terms of our on-going dialogue with all our stakeholders and communities and the positive narrative we develop about the city council and the city.

I trust that you will be convinced of our commitment to change, both in terms of scale and pace; our genuine efforts to work in collaboration with as many of those that have a stake in the city council and the city as possible in an environment of mutual respect, which is open and outward looking, to improve the quality of life of the citizens of Birmingham, which has to be everyone's ultimate goal.

And my final remark has to be a plea to the Panel, that if we are not on the right path then please work with us and guide us in the right direction. We are working harder and smarter to deliver the new form of local government and partnerships that the city both requires and deserves. But we are also willing to listen to and learn from others in order to deliver changes that will have the most positive impact possible for our citizens.

We look forward to discussing our progress with you at the public meeting on 11th September.

Yours sincerely



Cllr Sir Albert Bore
Leader of Birmingham City Council

On also behalf of:

Cllr Ian Ward - Deputy Leader, Birmingham City Council
Mark Rogers – Chief Executive, Birmingham City Council