

Meeting Birmingham Independent Improvement Panel and Birmingham City Council

Tuesday 29 January 2019 12:15pm to 2:15pm

Gowling WLG offices, Snow Hill, Birmingham

Attendees

Panel: John Crabtree, Chair of BIIP and the meeting; Frances Done, BIIP Vice-chair; 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; Dawn Baxendale, Chief Executive; Jonathan Tew, Assistant Chief Executive; Clive Heaphy, Corporate Director Finance and Governance

MHCLG: Alex Powell, Deputy Director, Local Government Stewardship; Clare Clark, Lead Local Government Intervention and conduct; Mary Stallebrass, Interventions

1. **Welcome and apologies:** John welcomed everyone to the meeting and noted the apologies received from Kate Charlton, City Solicitor and Monitoring Officer.
2. **The minutes of the last meeting** for December 2018 had been agreed outside the meeting to enable their swifter distribution and publication.
3. **The Ofsted Report:** The Panel congratulated the Council on the recent Ofsted assessment and noted that the evidence of improvement was good news. Cllr Brigid Jones described the achievement of moving from an inadequate judgement to a 'requires improvement' judgement as a good step after 12 years. Frances Done referred to Ofsted's findings that were complimentary about the Council's support to the Children's Trust and positive about children's services scrutiny functions. Dawn Baxendale said that BCC had received a letter from the Minister asking that BCC share its experiences with councils that currently have inadequate children's services, to help accelerate learning across the sector.
4. Dawn Baxendale said that the Council understood that it needed to continue to improve to get to good and to then move to excellence. She said that Ofsted was planning to inspect the Council's fostering and adoption services before the end of March 2019. Also that Jonathan Tew had joined the Children's Trust Board to help ensure that the Board understood the Council's perspective on all matters being discussed. Jonathan Tew said that there was no hint of complacency in the Council and that while it will be a stretch to get to a Good judgement, the Council's and Trust's plan focuses on a two-year push to get to that result and achieving that should be possible. He referred to Ofsted's feedback about commissioning.
5. Steve Robinson said that there was a lot of learning from the Children's Trust experience that the Council could share internally too to improve its other arms-length organisations and relationships. He also asked how the Council was enabling the learning transfer from children's services to and from adult social care. Keith Wakefield said that it was also vital that the Council embed within all its functions clear

understanding about any contributions that each directorate and service could make to improving outcomes for vulnerable adults and children.

6. Cllr Brigid Jones replied that the Council had indeed been seeking to promote whole-Council ownership. Previously, she said, services like IT and HR couldn't see that they were an important enabler to high quality front-line services and therefore needed to similarly transform their approach. So the Council did a lot of work, she said, to get everyone to recognise the dependencies and the linkages. And now Dawn Baxendale was getting a corporate approach embedded to tackle silo working. Brigid Jones continued to say that what helped drive improvement in children's services was that the Council was clear the service was not good enough. But, she said, in other parts of the Council we have been in denial about the level of performance. People in adult social care previously, she said, couldn't see that they were working in a broken system, and in spite of any effort and hard work they put in, the outcomes would not improve. We are trying to therefore extend our learning about being honest about poor performance and are benchmarking with peer authorities and focusing on improved practice across the wider Council.
7. Dawn Baxendale said that in terms of putting in place HR drivers and getting the wider leadership team to understand the importance of this degree of self-awareness, CMT had shared the learning from adult social care about how to deliver cultural shift. The learning, she said, has also been integrated in the new assistant director leadership training. Varun's work to improve performance reporting and analysis will complement this, Dawn Baxendale said. She continued to say that it was important for people to understand that they need to leap to get from quartile 4 to quartile 3 performance, and that they need to really analyse performance information to find out how to make the leap. It will rely too, she said, on them holding a belief that it can be done. The children's services improvement, she said, will show that even if it takes 12 years, it can be done. So there can be no excuses.
8. Dawn Baxendale said that BCC was reaching out across the region to describe the differences in how the Council acts and thinks now. On Friday, she said, BCC had attended its second meeting of Chief Executives for the seven West Midlands, and the get-together had been initiated and facilitated by the Council. At the meeting, the attendees had shared a full picture of the West Midlands position and identified priorities for joint working, such as childhood obesity. For this topic, Dawn continued, all the Councils committed to come back with ideas about how they could knit this into the Commonwealth Games opportunities. At the Children's Board fourth meeting, she said, partners had looked at all the evidence bases to identify where they would need to make the shift for early intervention. We are beginning to drill in, said Dawn, to identify how practically we can drive change this forward. And we are tying this in to community safety work about knives, violence and gangs, and seeking to learn about what works from other cities, one of whom, Glasgow, has achieved a 40 year low on knife-crime. We are focusing on what action we can take, she said, because in the region partners have talked about rising violence for 5 years but not yet taken joint action to address it. Keith asked about the budget for taking action. Dawn replied that this conversation will come later. We are also, Dawn continued, talking about how to improve Transitions and prepare for when vulnerable children will become 18, something we know in advance and should be able to prepare better for.

9. **The timetable for developing and publishing the stocktake report and MHCLG Secretary of State letter(s).** Sally Hammond introduced the proposed timetable and invited questions. Brigid asked about the expected date of a Secretary of State response and whether this would have a bearing on the date that the Panel could stand down. Sally Hammond confirmed that a Secretary of State formal response would not necessarily be needed by a given date because the Panel will be standing itself down on 31 March. All attendees said they were comfortable with the timetable.
10. **Confidentiality consultation paper:** Sally Hammond explained why the Panel had asked for the item to be on the agenda. Namely that the issue of transparency and openness had been a recurrent theme of the Panel's conversations with the Council, and its advice. So the Panel was keen, Sally Hammond said, to see the Council taking the opportunity to have more information in the public domain, and to learn from another Council about how it might facilitate better information-sharing. Panel members asked the Council how they would be taking forward a clear recommendation, following the consultation.
11. Cllr Ian Ward said that at the group leaders meeting the Council would seek to agree how to make the mechanics work so that it could implement option 2. He was happy, he said, with the principles of the Leeds' Council approach to putting confidential information in private appendices, while producing just one report that could be made published. Dawn Baxendale said that the Council expected to implement option 2 and that officers had written full version illustrations of what a report and agenda for that option would look like as part of a guidance pack. Jonathan Tew undertook to share the guidance pack with Sally Hammond for feedback. Cllr Ian Ward said that the lead scrutiny officer would be briefing opposition leaders about the proposed changes and how the practicalities might operate in Birmingham. Steve Robinson asked if the report would be going to Cabinet to enable open debate and cross-party agreement about the principles. BCC representatives suggested that it might be preferable to move to implementation swifter by asking the opposition leaders to simply let Cllr Ian Ward know if they wished to raise any issues prior to implementation of option 2. But agreed that publicly committing to changes would be a positive signal of the Council's intent.
12. Panel representatives said it would be vital for the Council to be clear about why such changes were important. Steve Robinson said that he was basically asking, would the Council please be transparent about its need to be more transparent. Frances said that it would be vital to communicate the change well and widely in order to maintain consistency of the new approach and to enable challenge to anything that didn't fit the newly agreed way of working. She said that the two mechanisms that BCC had put in place to check reports - CMT and the clearance meeting – should consider if any information was being kept confidential that could and should be made public.
13. Dawn Baxendale said that she would seek to engage members and others to enable implementation by March.
14. Frances Done said that the development was encouraging and that the Panel supported it. This would, however, she said, address just one element of the transparency agenda. So it would be good, she continued, if BCC could swiftly move to work on other elements of it, such as ensuring that information was in the public domain about all Council payments and decisions, including about (unnamed) exit packages for JNC staff, any extraordinary legal costs, etc. Frances emphasised that every decision affecting the

public and each decision about spending public funds should be seen in some way by all members of the council. Ian Ward queried this and said that the Council had processes for delegated decisions.

15. Frances clarified that her point was about the Council moving to so clear a position about having committed to being open and transparent that it did not continue to be in a position whereby it could often be understandably accused of secrecy, which was highly damaging to its reputation. Frances said that a wider issue related to the frequency and extent of the Council setting up confidentiality agreements. Legitimate queries related, she said, to how such agreements were used, and whether the circumstances always justified their use.
16. Dawn Baxendale said that she understood Frances' main point. She said that she understood that it was about at each stage once you have fixed one thing, you need to then move onto the next to fix the next thing, to enable a cultural shift in how the Council demonstrates transparency.
17. Cllr Ian Ward said an example of such a step was the bold decision that the Council had taken to report the Council's likely contribution to fund the Commonwealth Games, even though the Government had asked BCC to keep this secret. Frances noted that the information will be published as part of the Financial Plan 2019+ information, after many months of her urging the Council to make the information publicly available. She said that the Council reporting the information was a step in the right direction and that such openness should become the norm and default position.
18. Steve Robinson said that it was important to find ways to de-politicise the issue of transparency, so that trust could be built. Cllr Ian Ward said that if the confidentiality report didn't go to Cabinet, it could go to another public meeting. Also, he said, he could take the opportunity to mention that there was a new way of producing reports at the first Cabinet meeting where the new process was used.
19. John Crabtree noted that it was important for the Panel to raise these issues and highlight the opportunities for further progress and openness about the changes being made because the queries over the Council's willingness to be truly transparent had been on the Panel's and Council's agenda for years, and the Panel was still needing to push the issue.
20. **M9 budget update and 2019-23 forward planning:** Clive Heaphy set out the Council's overall financial month 9 position whereby the overspend was down from the month 1 position of £28m to £2.8m. He said that the star chambers together with a number of other measures had worked to bring the number down. He said that the Council now had more financial prudence and accountability and he was confident the number would come below zero by year-end. That is, the Council anticipate ending the year using less than the planned £30m of reserves that was established in the 2018/19 budget. In planning for the following years, he said, it is expected that the use of reserves will not be required.
21. Is the situation ideal?, he asked? No, he said. Balancing the budget was not easy, and he said that £15m of one-off pressures had been met with one-off savings. There are evident trends, Clive continued, with money coming out of some services because base budgets were set too high and going into other functions where some savings haven't

been delivered. Nevertheless, he said, a year on since joining BCC I'm pleased with progress. It was his view that the Council's finances are now more under control than they were; there is more transparency about the whole picture of the revenue, capital, schools, treasury management, HRA and other funding; we are making the reserve position more obvious. But, he said, he would continue to make changes in the team. Having good interim people now in the team from outside Birmingham, he said, was resulting in further ways of working being found that are not good practice.

22. Cipfa, Clive Heaphy said, had assessed that BCC scores about 1.5 stars out of 5 for the resilience, capacity and capability of the strategic finance function. The Council's financial resilience is comparable and, in some areas, stronger than peer core cities, he said.
23. Clive said that he and his team had self-assessed as 2 stars but realised now that they would need to articulate the journey to get to 2 stars. The team will take the matter to audit committee, he said. We will need to own the programme and set out a 2-year journey. Rob Whiteman was, said Clive, willing to work with BCC to help it move things forward.
24. Dawn Baxendale said that BCC was working in partnership with Cipfa to help it trial different assessment approaches with a view to BCC being a reference site for others. This move, she said, would be mutually beneficial.
25. Frances said that it was encouraging to see BCC working with others to get to grips with diagnosing all the problems the Council was facing with how it was managing and reporting its finances. It's difficult I know, she continued, but to get the right people to come and do things differently BCC is going to have to pay the right salaries. Frances said that the Panel had heard good feedback about the new interim officers BCC had brought in. But the danger is, she said, that these good people will not take up the permanent positions if the salary isn't right. This is what I mean, she said, when I query if BCC has all the senior capability and capacity it needs to enable the Council to have a fully functioning 'engine room' for its financial planning. Only this, she said would enable cultural change and lead to better and more mature relationships between directorates and the finance teams.
26. Dawn Baxendale said she agreed with Frances' assessment of what was needed. BCC though, she said, pays well, and this causes its own problems because people don't move on to get experience in a wide range of council contexts because this would mean taking a pay cut. Both finance and legal services, she said, have particular problems with this. Dawn went on to explain that BCC were putting the new roles at high salaries and were starting to attract better quality candidates. The new Director of Children's Services, she said, is an example of this.
27. Keith Wakefield supported the points made and said that there was not a good market currently for experienced finance people and so paying the right rates was important.
28. Steve Robinson responded to Clive's initial appraisal of the situation for the Council's finances. He said, that to be clear, the Council was looking at a £30m or more 'overspend' on base budgets, and to address this the Council had tackled a lot of its wasteful spending and silo thinking and it has started to formulate some plans to enable some basic efficiencies and better practice to be delivered, for example, in its use of

property and its fees and charges. But what the Council hasn't done yet, he suggested, is to earnestly begin to set out strategies for all the big transformation programmes that it needs to implement to bring about modern services and good outcomes. The Council still needs, said Steve, a narrative about what that wider transformation beyond adult social care and children's services is going to be, backed up with realistic implementation plans to clarify what will be done, when. The danger is, he said, if the finances appear to be in balance and it is perceived (wrongly) that there is no longer a financial burning platform, the organisation may stall again on tackling its most difficult modernisation agendas.

29. Dawn Baxendale replied that two thirds of BCC's services are in bottom quartile. So change has to progress. The improved stability, she said, is a good platform on which to build further change.
30. Clive Heaphy said that BCC had been looking at other core cities and their financial benchmarked position and concluded that BCC's 4 year financial outlook was not the worst. I take some comfort, he said, that some Mets are in a worse position. We do though, continued Clive, have greater risks than others. The PFI, equal pay, commonwealth games and other financial issues do mean that BCC's risks are high. Where BCC scores badly, he continued, is due to the Council having the 3rd highest spend on children's and adults as a percentage of our overall revenue budget. For the MTFS, Clive said, I am more comforted by the analysis from Cipfa. Keith Wakefield asked if BCC's financial profiling relied on optimistic business rates expectations. Clive Heaphy replied the Council are expecting Government policy on this to stay as it is. We are mindful of the risks across all major forms of income, but have assumed a 'median' position, he said, so we have put the issue in the corporate risk register.
31. **Monthly performance update:** Jonathan Tew referred to the 3 papers that had been circulated. He said that the quarter 2 reports show that BCC has the same core issues that show poorest performance. He noted that the reporting of problems was now sharper and that the performance reports were now better products. Cllr Brigid Jones, he said, was working well with Scrutiny to ensure scrutiny work plans linked to key performance issues. We are already looking ahead, said Jonathan, to considering how we can further refine the framework for next year. Now, he said, we have to be more sharp-edged about how to use the information we are reporting. It's taking a long time still, he continued, to get the reports through. Yet we need to be more timely to aid decision making. Jonathan Tew set out BCC's plans for improving its approach further. He said: we will link the performance indicator refresh with the scrutiny workplans and introduce greater rigour. We have one more workshop with Sally Hammond and Steve Robinson and will consider there too how we can further to refine and mature the approach. Dawn Baxendale said that one challenge was to get the data out within six weeks.
32. **CGIP:** Jonathan Tew said that the version circulated would be used as an attachment to the Council's Stocktake report. Hence, he said, there are a few reds in the RAG (Red, Amber, Green) rating where BCC has had some slippage in timescales. In all areas other than industrial relations, he said, strong foundations and work was in place to deliver progress before year-end. All the issues in the plan, he said, would be reviewed and inform the 2019/20 plan that is now being produced.

33. Dawn Baxendale clarified that the Council would clearly report to scrutiny any slippage, such as in finalising a workforce strategy and an industrial relations framework. Nevertheless, said Dawn, we will also be clear that there has been strong progress for everything else, even if the tasks are not complete yet.
34. Dawn Baxendale said that Helen Ward had recently joined the Council to take the lead for Organisational Development and that she was working quickly to move the Council on. Dawn said they had met 3 times in a few weeks and Helen had already updated the induction programme to deliver what was needed. The Leader and I, said Dawn, were together in front of 40 new recruits going through what the changes would be. We told them, she said, that they were coming into an organisation that is changing. Already since Friday afternoon, over the weekend, said Dawn, people have emailed me to put forward ideas for improvement. So we're creating a 'can do' ethos, said Dawn, and Helen will assist with developing a cultural change framework.
35. **Senior staff restructure:** Dawn Baxendale said that the JNC restructure would be implemented from 21 January 2019. From 14 February to 4 March, she said, adverts would be going out for the 8 additional AD posts at the layer below CMT, including for waste services, so that all of them would soon be permanent. We have just recruited, she said, 7 AD posts for property, public health, legal, and other services. Some people have also exited, or are serving their notice.
36. Keith Wakefield asked about progress on particular agendas. Cllr Brigid Jones talked about the work going on with partners, now that the Council has a better performance management framework. Dawn Baxendale said that the Council was moving on data sharing with health colleagues and looking to do more of this in other directorates.
37. Frances asked if the unions were still asking staff to not cooperate with appraisals. Cllr Brigid Jones said she hadn't heard about this. Dawn Baxendale said that she hadn't received that information either but wouldn't be surprised if it had been or was the case. Cllr Ian Ward said that if that were the case it would have to be addressed because feedback on performance was a basic requirement and the Council couldn't give up on addressing these things if it wanted to be a high performing local authority.
38. **Industrial relations:** The BCC representatives updated the Panel and MHCLG about the current position on the waste services and enablement disputes, the future prospects for improving industrial relations and the Council's options for its own next steps.
39. Frances Done asked about the early years service and the trade union recognition issue that had held up progress and was costing the Council £750k extra a year. You say you want to get on top of the modernisation agendas and implement bold decisions and be transparent about problems, Frances said, but here's an example of a report that should have gone back to Cabinet but it seems to have disappeared from the radar and hasn't been satisfactorily concluded. Dawn Baxendale said that she didn't concur with the summary. She said: we are in detailed dialogue. Urgent dialogue with unions following the Cabinet decision had seen unions given the opportunity to bring back a different business case in a tight timeline of 6 weeks. Unions withdrew this challenge and opted not to present a new business case, hence the original Cabinet decision is being implemented.

40. Frances Done asked questions about the Council's equal pay risks. Clive Heaphy provided an update.
41. In spite of all of this, said Dawn Baxendale, we have delivered huge improvements. And they should be recognised and celebrated. Nevertheless, we have all made clear that this is a 5-8 year 'turnaround' job given the scale of the challenge at BCC and nobody in the political or senior officer team underestimates the significant of ongoing, deeper changes required.
42. **Noting any formal advice from the panel:** none was given at this meeting.
43. **Meeting close: John Crabtree closed the meeting.**
44. **Next meeting: 27 February 2019 12.15pm to 2.15pm.**