

Response to Sir Bob Kerlake's review of the governance and organisational capabilities of Birmingham City Council by Sir Albert Bore (Leader) and Mark Rogers (Chief Executive)

Earlier this year, the Secretary of State for Communities and Local Government and the Leader of the City Council asked Sir Bob Kerlake to carry out an independent review of the governance and organisational capabilities of Birmingham City Council. This review commenced formally in October.

The report of the review has been published today (Tuesday 9 December 2014).

We are pleased the report recognises that Birmingham is a great city with a proud past and with the potential to be at the heart of the most potent regional economic powerhouse of the future. The report notes that there have been some significant achievements over recent years, not least the transformational regeneration of the city centre. The Review team also heard about the pride and passion felt about the city, by all they interviewed, something we very much recognise.

We also agree with the view taken by the Review on the question of Birmingham's size, wholeheartedly supporting the conclusion that splitting the council up is not the way forward. This distracting question now needs to be put to bed.

Sir Bob rightly recognises that there is a strong and visible political leader. There are also good member-officer relationships. In similar vein, the review also acknowledges that the Chief Executive is promoting an open and honest culture, an approach that is being well received.

His report restates Lord Norman Warner's assessment that we are making progress on stabilising children's safeguarding services and that this issue is the top priority for the council, with the improvement effort led strongly by the Quartet of the Leader, Chief Executive, Lead Cabinet Member and Strategic Director.

There is also recognition and praise for the recent agreement to work with other local authorities to set up a Combined Authority which will have "value-added" economic benefits for the whole of the West Midlands and beyond.

For our part, we have demonstrated our commitment to reviewing the vision for the

We recognise that since the cessation of the Local Strategic Partnership (“Be Birmingham”) a few years ago there has been a gap in the civic leadership of the city and we look forward to working with our partners to consider how best to fill this. We do accept that improvements can be made in our approach to partnerships and we will build on existing successful partnerships as a model for future engagement at the corporate level.

Recommendation 11: Employment and skills

The City Council is actively negotiating for the establishment of an “East Birmingham Economic Zone” which is a major initiative designed to tackle skills and employment issues in the areas where there is most need. We would welcome support from the Government to create a skills and employment partnership to maximise resources for this initiative in East Birmingham and other deprived areas of the city.

There are four recommendations that we have some reservations about. These mainly revolve around one particular concern we have with the report as a whole. This is the presumption, inherent in many of its recommendations, that the people of Birmingham and their city council should be instructed on local affairs from Whitehall. So, whilst we also accept the thrust of the following recommendations, **we cannot immediately accept detailed proposals that are overly prescriptive and would undermine or jeopardise local consultation and negotiation.**

Recommendation 5: Financial Planning

We are clear that we need a different medium term financial strategy that more clearly supports our priorities and key outcomes, and underpins the model of the future council. This strategy must also enable us to plan and implement more radical changes to our operating models. We are already considering how to implement this ahead of the 2016+ budget cycle.

However, whilst we accept there are specific issues in Birmingham which have made our financial planning more challenging, such as the relatively small Council Tax base and the level of equal pay liabilities, we are disappointed that the report does not recognise explicitly the impending financial crisis in local public services across the country. The recent report of the National Audit Office¹ echoes these concerns and makes clear that the Department for Communities and Local Government has failed to monitor adequately the risks of the present funding policy. We would emphasise that Birmingham City Council is seeing a reduction of 5.7% in its Spending Power next year, compared to the national average of just 2%.

¹ Financial Sustainability of Local Authorities, 2014: <http://www.nao.org.uk/wp-content/uploads/2014/11/Financial-sustainability-of-local-authorities-20141.pdf>

The council's October Green Paper made clear that new pressures and hence the financial challenge could be higher if the council has to find additional funding to invest in child protection services. Since then, the council's financial planning has progressed and it has announced that it intends to provide a further £19.9m pa for child protection, in addition to the extra £9m pa already put in place. These combined resources will meet the expected increase in needs and allow for the recruitment of more social workers. However, it is clear from the review undertaken by Lord Warner, appointed Commissioner for Children's Safeguarding that this will not be enough to meet the full cost of the Children's Services improvement programme, and continue to ask the Government for financial assistance to deliver this programme. The council's financial strategy therefore provides for this additional funding in 2015/16 and recognises that it increases the gap to be addressed thereafter. The council has not said that it expects to be required to use most of the one-off windfall money secured from changes in MRP for Children's Services in that year (2015/16). Rather, we are clear that MRP reserve will ensure a stable and deliverable corporate transition over a three year period.

We also recognise the importance of better tackling demand management in some key services, but the report fails to acknowledge the risks of cost driven demand management in certain areas such as child protection and adult social care with which we, at a local level, are all too familiar. In many areas such as safeguarding, health and housing, demand is driven by poverty and it is the poor who have been hit the hardest by cuts.

Recommendation 7: Devolution

We accept the advice contained in this recommendation as a starting point and have acknowledged that our approach to devolved arrangements needs to change.

However, the detailed conclusions on a new approach will be a matter for our Community Governance Review (CGR) which was only launched in September. In particular, the proposal for the town council in Sutton Coldfield is still subject to the legal process of the CGR which involves consultation with ET EMC /Pi2.024 389.69 Tm[Rec)-5(on

Recommendation 8: Long term vision

Since the previous Community Strategy (under legislation now repealed) was published in 2008 we recognise there is a gap in the strategic planning process for the whole city and there is a need for the council to bring forward a long-term City Plan influenced and endorsed by a Birmingham Leadership Group. However, the design of any Birmingham Leadership Group is a matter for our partners, our communities and us.

Recommendation 10: Combined Authority

We are pleased the Review has recognised the progress made on a combined authority to help deliver growth and jobs for the whole of the West Midlands.

However, details such as the membership of this partnership and the decision making process of the combined authority should be left to the councils concerned, especially as negotiations are still at the formative stage. Some of the prescription in this report may be unhelpful to these discussions and we have already advised our partner authorities that we have neither proposed nor promoted the conclusions that the Review has reached.

Our intention remains that of delivering a Combined Authority that extends beyond Birmingham, Black Country and Solihull.

Implementation

Turning to the issue of how the recommendations are taken forward (addressing recommendations 1 and 2), whilst we recognise the government's legitimate interest in helping us to secure the very best corporate governance, we are already working constructively on all the issues in this report and have serious concerns about our capacity to engage effectively with yet another set of external advisers. We are already subject to considerable scrutiny and have two commissioners. The report itself acknowledges the present insufficiency of our strategic capacity; servicing a further independent improvement panel could exacerbate this situation by the creation of the extra work that this panel would generate.

Sir Bob has told us how important it is that we break out of the cycle of continuous reviews and get back on the front foot, driving our own continuous improvement

government itself can give us to boost improvement capacity and help us