

Preface

By Cllr James Hutchings, Chairman, Local Services and Community Safety Overview and Scrutiny (O&S) Committee

30 November 2010

This review was set up to consider the proposals of the Cabinet Committee (Achieving Excellence with Communities). It was carried out in the short time between our review of Project Champion and the deadline required by the Executive.

We followed the well established process of taking evidence from available relevant witnesses.

The evidence was clear and I hope that the report is equally clear.

In particular there was no compelling evidence to recentralise services by returning delegations to the Corporate Centre. The expected "high-level financial appraisal and value for money review" was not produced to inform our conclusions.

There was insufficient time to research and evaluate alternative arrangements. I therefore regard this report as a limited/interim report.

I would like to thank members and Scrutiny officers, and in particular Emma Williamson, for their commitment and enthusiasm in carrying out this review – which again involved some late sittings.





1 Introduction

1.1 The Future Shape of Localisation

- 1.1.1 On 26th July 2010, the Cabinet Committee (Achieving Excellence with Communities) put forward a proposal for consultation on changes to the current structure of Constituency Committees and delegations of Executive decision-making.¹
- 1.1.2 This consultation took place over August, September and October 2010, with a deadline for responses of 1st November 2010. Following analysis of the responses, a report is due to be presented to Cabinet Committee (Achieving Excellence with Communities) in late November proposing a way forward.
- 1.1.3 The Local Services and Community Safety O&S Committee agreed to present a formal response to this consultation. As the consultation report notes, the work is “independent to the consultation exercise” but will “add value to the Executive’s consultation exercise”.
- 1.1.4 This report will be made available to the Executive by the deadline for consultation responses, in order that the Executive can take account of our findings when making the final decision.

1.2 The Consultation Response

- 1.2.1 The Committee was considering undertaking a Scrutiny Review of Localisation before the Executive announced its intention to consult on proposed changes. There were a number of reasons for this, the main one being a request for call-in of the Hall Green Constituency Budget efficiency savings in January 2010. This raised concerns about, amongst other things, the lack of control that Constituencies can exert over their budgets for services provided under a Service Level Agreement (SLA).
- 1.2.2 This report therefore addresses the main issues within the Executive consultation, but also sought to take a wider view. The key question addressed was:

What are the key elements of localisation that contribute to improved quality of Agreement?

1.2.4 Members of the Local Services and Community Safety O&S Committee are: Cllr James Hutchings (Chairman), Cllr Tahir Ali, Cllr David Barrie, Cllr Alex Buchanan, Cllr Gareth Compton, Cllr Nigel Dawkins, Cllr Ann Holtom, Cllr Carl Rice and Cllr Robert Wright.

1.2.5 The work had to be conducted in a very short timescale to meet the Executive's deadlines. The Committee therefore held three evidence gathering sessions, on the 23rd and 30th September and 19th October 2010, and we are grateful to the following for their participation:

- Cllr Timothy Huxtable, Cabinet Member for Transportation and Regeneration;
- Cllr Les Lawrence, Cabinet Member for Children, Young People and Families;
- Cllr Martin Mullaney, Cabinet Member for Leisure, Sport and Culture;
- Cllr Ken Wood, Constituency Committee Chairman, Northfield;
- Cllr Jerry Evans, former Constituency Committee Chairman, Hall Green;
- Ifor Jones, Director of Constituencies;
- Jacqueline Branch, Constituency Director, Ladywood;
- Chris Jordan, Constituency Director, Selly Oak;
- Sukvinder Kalsi, Assistant Director of Finance;
- Paul Higgins, Assistant Director – Customer Services;
-



2 Background

2.1 Context

2.1.1 Devolution and Localisation was implemented in Birmingham in April 2004, following debate as to whether a degree of localisation of service management and delivery, and of the devolution of political decisions, would be beneficial to service quality and to governance. Consultation and debate took place internally and with partner organisations.

2.1.2 The major aims of the policy included:

- Delegate decision making from the Cabinet to all Members of the City Council – i.e. the power collectively to determine local priorities and service delivery mechanisms for certain services, according to the needs of the local area, within cash limited budgets and subject to policy frameworks issued by the Council as a whole and the Cabinet;
- Enhance local democracy by giving greater direct influence over service decisions to the local electoral process and providing for easier access to more directly accountable local politicians. This will provide the basis for the engagement of local Councillors with other service deliverers and local communities and therefore develop a stronger community leadership role;
- Provide the basis for the emergence of a degree of diversity in local governance arrangements across the city, according to the respective roles of Constituency and Ward Committees and the other bodies they may support or introduce.²

2.1.3 The original proposals for the services to be devolved is set out in Appendix 1.


2.2 The Structures

2.2.1 The City Council's Constitution outlines the role of Constituency and Ward Committees. Cabinet have delegated the following operational powers and duties of the Executive to Constituency Committees:

- Operational Leisure, Sport and Cultural Services;
- Operational Local Services and Community Safety Matters;
- Operational Transportation and Street Services.

2.2.2 In 2003, the initial proposals for devolution were set out; these named four services that would be fully localised (Domestic Pest Control, Community Development and Play, Local Car Parks Maintenance and Income and Local Arts Development – although subsequently, indirect

² Report of the Executive to the City Council, 5 November 2002



Constituency management of Pest Control was impl



2.3 Reviews of Devolution and Localisation

Scrutiny Review of Devolution and Localisation (2006)

2.3.1 In 2005/06, the Co-ordinating O&S Committee undertook a Scrutiny Review of Devolution and Localisation. The key driving force for the review was “the desire among Members for some evaluation of the effectiveness of the policy and arrangements to date, so that an informed debate could take place as to the need for and nature of any necessary adjustments”.

2.3.2 The findings of that review are pertinent to this review, and will be referred to later in the report. However, the key conclusions were:

The City Council, and other partners, has now made considerable investment in new management structures and political arrangements. ... Our overall impression is one of a devolved system that has shown some worthwhile accomplishments. While there is less evidence of radical improvements in service delivery there is undoubtedly the potential to realise these through fresh approaches without considerable increases in costs.

Our principal conclusion is that the City Council should maintain its policy of Devolution and Localisation, and move forward in ways that will make the policy work more effectively. We wish to see the better services and the better use 7(s)-3.2 Tw



2.3.6 In 2008, the District Auditor's conclusion was that:

The Council's localisation and devolution arrangements are beginning to have a positive impact on the lives of local residents ... However, these improvements have occurred in the absence of a shared vision for localisation and the lack of a robust management plan to implement this vision.



Assistant Director, Customer Services, informed us during our evidence gathering that the model aimed to improve the customer experience and provide more choice over methods of accessing the service.

Changes to Service Delivery – Highways

2.4.6 The City Council entered into a 25-year contract for highway maintenance and management services from June 2010 (the Highway Maintenance and Management Private Finance Initiative (PFI)). This means that maintenance of the city's highway infrastructure (including highway drainage) will be carried out by a private sector partner (Amey plc). This contract specifies

2.5 The Consultation Proposals

- 2.5.1 The proposals to consult on the future shape of localisation are based around three areas:
- a. Local service delegations held by Constituency Committees and corresponding service delivery responsibilities held by Constituency Teams;
 - b. Locality structures for governance including decision making, local influence and engagement;
 - c. How emerging national policies around “localism” and “big society” can offer a timely opportunity for Birmingham to refocus its own localisation policy and practice.
- 2.5.2 The intention is also to review value for money, financial capacity and localised service delivery.
- 2.5.3 The aim of the proposed changes is to address the severe financial challenges facing the City Council following the Emergency Budget (22nd June 2010) and Spending Review (20th October 2010). They will also take into account emerging Government policy on localism and Big Society.
- 2.5.4 The proposed locations of the delegations are set out in Appendix 2.



3 Localisation: Improved Quality of Life?

3.1 Introduction

3.1.1

3.2.4 Reasons for the successes were attributed to:

-



Localisation

- Officers from different service areas and disciplines work as a team for the benefit of residents; sharing office space means they are able to make connections and fix problems more quickly:

Engineers being available to discuss problems with local Members and the public and being seen as part of the local team rather than the experts from the centre; as at Boswell Gardens in Sutton Coldfield, Maas Road in Northfield, Erdington: High Street, and other examples. (Highways evidence)

What happens in Sutton Coldfield is exemplary in terms of relationships and co-operation, with a range of people working together to add value. (Volunteer)

Members of this Committee saw this for themselves during the visit to Selly Oak and Handsworth





One area of strength is the work being done in all constituencies to engage more with residents in the identifying of local priorities. ¹⁰

3.3 Frustrations

3.3.1 Frustrations were expressed both by those in Constituencies – centring around the limitations of the powers delegated and the difficulties in dealing with the central Council administration – and Cabinet Members and their senior officers – who cited lack of clarity and control, and inconsistency Frustrations

that are relevant to local communities, this apparent lack of flexibility is a serious problem for the Council.¹¹

Scrutiny Review also raised this issue:

Inflexibility in Service Level Agreements which govern many of the services on the face of it are Districts' responsibility. District Committee Chairmen are particularly frustrated about this state of affairs, viewing it as giving them responsibility without any real control.¹²

Table 1: Comparison of 2009/10 & 2010/11 Budget Outturn within SLA¹³

2009/10			2010/11		
Total £'000	SLA Total £'000	SLA %	Total £'000	SLA Total £'000	SLA %
8,581	5,447	63.5%	8,256	5,587	67.7%
10,818	5,570	51.5%	9,841	5,548	56.4%
10,003	5,240	52.4%	9,372	5,205	55.5%
8,275	5,343	64.6%	8,072	5,470	67.8%
16,047	8,395	52.3%	14,716	8,344	56.7%
9,779	6,045	61.8%	9,389	6,173	65.7%
10,990	5,342	48.6%	9,782	4,893	50.0%



Localisation

local demand and to extract savings. Accountability is confused – the Cabinet Member for Leisure, Sport and Culture described how he was often held responsible for problems with leisure facilities when the relevant decisions had been taken by Constituency Committees. This led one witness to

Inconsistencies across Constituencies

3.3.13 One of the key arguments put forward in support of SLAs is the need for consistency of service across the city – the principle that the City Council, as one organisation, should provide equivalent levels and quality of service to all residents. The District Auditor in 2005 agreed that this was one of the strengths of the SLA structure:

The strengths within these arrangements lie in the fact that there is clarity over the delivery arrangements for these services ... This has meant that service continuity has been achieved.¹⁴

3.3.14 Minimum standards across Constituencies is one of the imperatives for consistency across the city; others include legal requirements (such as hi



3.5 Conclusions

3.5.1 We set out to enquire as to the strengths/successes and limitations/frustrations of localisation over the past 6 years.

3.5.2



Localisation

3.5.8 The external pressures and increasing demands for savings exacerbates this tension. Constituency Committees are limited in where they can make the savings to only those services that are wholly devolved. These services therefore are the focus of local savings, perhaps disproportionately so.

3.5.9 This leaves those officers working in these services feeling that the services are not valued and that Councillors are prepared to see these services significantly reduced. In reality, Constituency Committees must make savings where they can. The perception from outside can be:

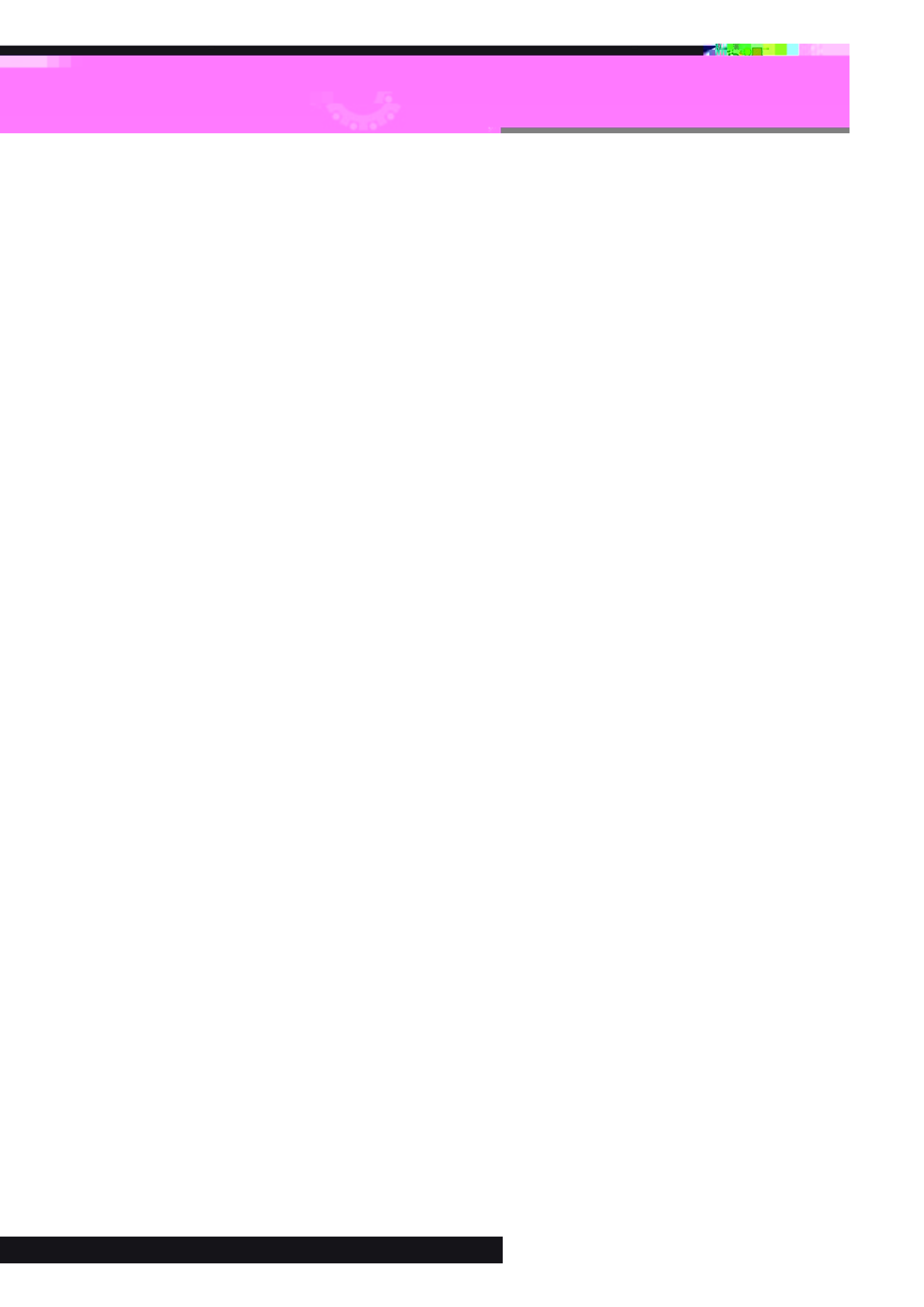
Budgets are reduced as part of the central budget control and then cut again at Constituency level as part of the constituency cuts. (Volunteer)

3.5.10 A number of Cabinet Members gave examples of moves to localise centrally controlled services without delegating the powers to Constituencies. Whilst these are welcomed within the limited scope of existing localisation, the fact remains that local Councillors cannot vary the service according to local need.

3.5.11 The majority of Councillors from whom we received evidence were concerned that further opportunities for Devolution and Localisation have not been explored and that tensions between Constituencies and the centre have not been resolved.

3.5.12 The degree of consultation and not decision making.

3.5.13 We therefore concluded that localisation can improve the quality of life for the residents of Birmingham – and there are clear examples of this – but as it operates currently, localisation is limited. There is scope to localise more services, to achieve both the benefits of locally based partnership working and better community engagement and also to raise standards and increase efficiency. These have not been adequately explored.






authorities from 2011 onwards and a consequent share cascading down to Constituency.

- 4.2.6 A brief history of Constituency budgets show that whilst all Constituencies kept within budget for the first few years of devolution, last year resulted in eight Constituencies overspending on locally managed services. The level of overspend was at around £3.1m (at the end of 2009/10) and it was projected that the pressures in 2010/11 could total £1m.
- 4.2.7 No evidence has been presented that this is wholly or even mostly due to decisions taken at Constituency level. Indeed, the Director of Constituencies agreed that Constituencies had adopted a robust approach to financial planning.
- 4.2.8 Nonetheless an overspend was being projected. Constituency Chairmen cited lack of control over Service Level Agreements (SLA) (as discussed in the previous chapter) and external pressures such as declining leisure income, fuel costs and pay and grading appeals:

We were successful [in managing the budget] for 2 years and [less so] in the third year because of the Single Status (which, like a small business, we couldn't possibly absorb and stay within budget) and also the fact that departments ... with whom we had service level agreements refused to take on their share of efficiencies. So we had to make our efficiencies and theirs within our controllable budget. (Constituency Chairman)

- 4.2.9 Some provision had been made from the Centre to support Constituencies with pay and grading but for 2010/2011 only a contribution would be given towards pay and grading costs. All services were required to absorb those pressures. Therefore, pressures facing Constituencies are not unique, but perhaps they are more acutely felt with increased demands for savings on a relatively small controllable budget.
- 4.2.10 The view was also expressed that Constituencies lacked a "champion" at Cabinet level (the Cabinet Member for Local Services and Community Safety being largely responsible for the remaining centralised services) and that this disadvantaged Constituencies during budget discussions. One example of



and leisure and community arts budgets could potentially be removed from Constituency control and placed within a trust. A crude analysis of the budgets for locally-managed services (i.e. those not held in an SLA) shows that lifting these service areas out of Constituency control could result in a decrease in Constituency budgets of between 76% (Sutton Coldfield) and 33% (Hodge Hill). The decision on leisure trusts has not yet been taken, but the analysis does illustrate the problem with the viability of what remains.

Benefits of Re-centralisation

- 4.2.13 The third reason for re-centralising related to the need to make savings quickly and that these would be best achieved by economies of scale. These would be realised by bringing services under a single management structure, city-wide tendering of services and deployment to areas of greatest need.
- 4.2.14 Constituencies would have the opportunity to influence the level and type of service provided and this would be achieved through discussion with Councillors. The scope to negotiate discounts for one large contract could be affected by localised services.
- 4.2.15 It was also argued that re-centralised services would be better placed to take advantage of proposals such as Leisure Trusts for leisure, library or other services. The Cabinet Member for Leisure, Sport and Culture outlined the key advantages as being savings on domestic rates, which in the case of swimming pools would amount to a saving of around £1.1m per year, and reduced operating costs, particularly in relation to staffing. A Service Level Agreement would be in place with the Trust and the Council's role would be to set the strategic direction.
- 4.2.16 Leisure trusts would also be able to increase funding from external sources – an argument also put forward by the Cabinet Member for Children, Young People and Families. The example given was the Learning Village being developed in Stockland Green for which resources had been levered in from other public sector bodies. While there may be opportunities for local councillor involvement in oversight of the services, it was doubtful that given the financial input by other partners that the budget could be devolved to Constituencies.
- 4.2.17 However, it is worth noting that Constituencies have already responded to this challenge. The Chairmen of Edgbaston, Selly Oak and Northfield Constituencies have agreed that, where appropriate, their constituencies should co-operate with one another if this assists in delivering the



4.2.18 This builds on partnership work undertaken in recent years by the three constituencies on items such as social enterprise development, employment and skills work, and aspects of community safety such as domestic violence.

Comment

4.2.19 The need to make savings is acute, and the short-term attractiveness in financial terms of re-centralising and aiming for economies of scale can be seen. However, a strong case for the financial savings has not been made.

4.2.20






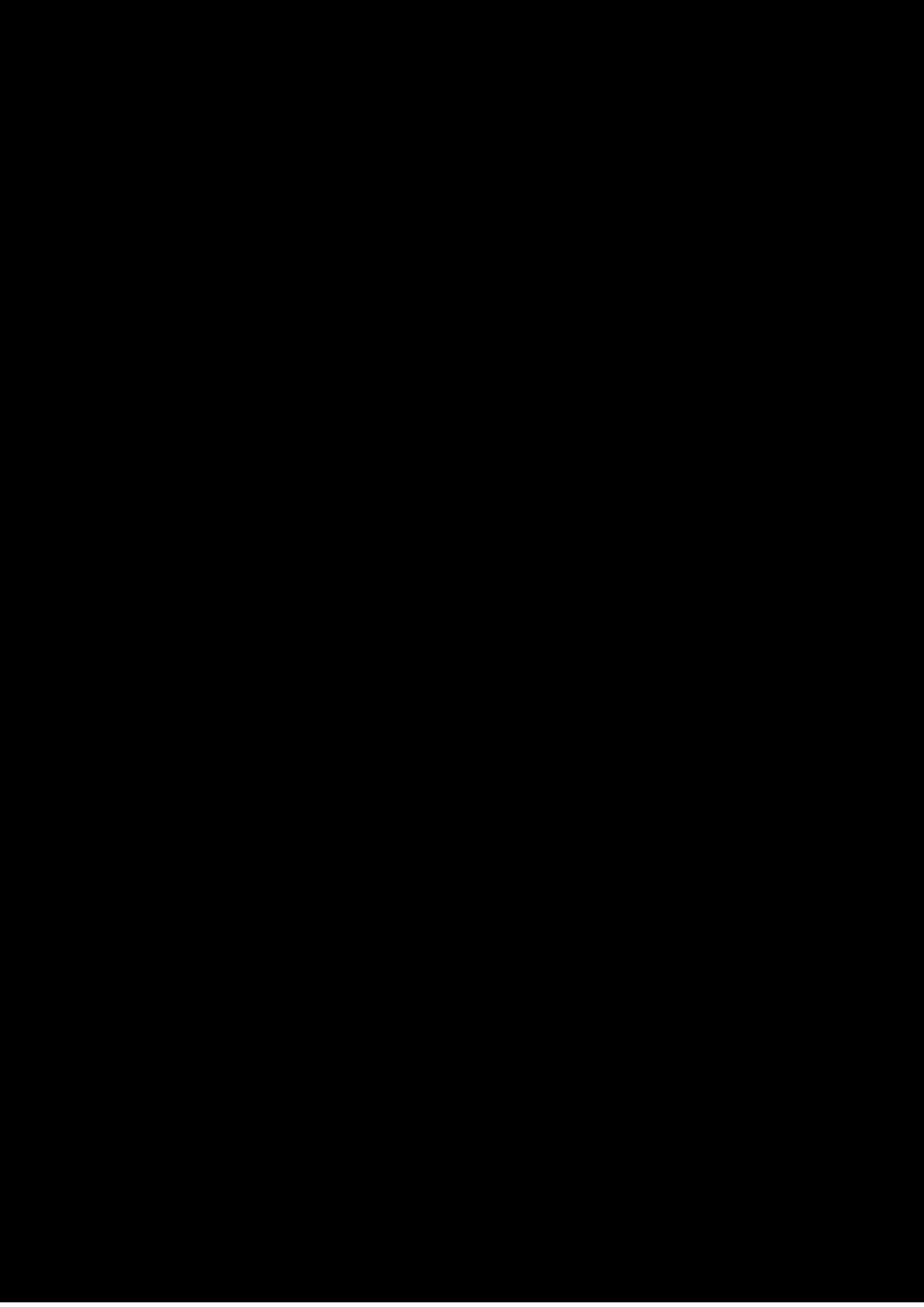
Localisation

provided for their continuous professional development in terms of technical expertise. (Cabinet Member)

4.2.31 In contrast, we heard strong views as to the importance of local staff serving their local areas. Partly this is to do with the size of the organisation and the ability of active residents to build



managers will be needed anyway and these should be considered at a geographical level not



Ward Committees

4.3.8 The proposals for Ward Committees centre on “clean, green and safe services”. Ward Committees, the consultation paper states, would be “suitable for environmental services” but “not viable” for “future delegations”.

4.3.9 Wards are seen as the building blocks for accountability by the Police and were acknowledged throughout our evidence gathering as the right level to tackle some local issues and to engage with residents, echoing the 2006 Scrutiny Review of Devolution and Localisation:

Ward Committees and Ward Advisory Boards were considered by many to be a more appropriate level for public involvement (and of course in Birmingham

Wards themselves are a very populous unit).

4.3.10 Most Councillors agreed that Constituencies rather than Wards were the level at which engagement with strategic partners was possible and there were benefits to good partnership working. However, one view was expressed in favour of abolishing Constituency Committees in favour of Ward Committees.

4.3.11 The alternative view was that whilst Constituency Committees have no real power to adjust budgets to meet priorities (as discussed), Ward Committees have had “real ‘marginal’ cash via community chest”. With the reduction of some services very likely, and recognising that needs in each ward vary massively, small budgets devolved down to ward level could determine locally needed services.

Number of Meetings

4.3.12 One of the benefits of Area Committees for most of our witnesses would be fewer meetings. As the consultation paper sets out:



Localisation

during the meeting and how long they stay ... I don't need to sit in meetings that have no value just so the local authority

4.4 Localism and Big Society

4.4.1 The third and final area for consideration is “how emerging national policies around “localism” and “big society” can offer timely opportunity for Birmingham to refocus its own localisation policy and practice.” There are a number of concepts which help shape this debate.

Localism

4.4.2 The Coalition Government’s agreement in May 2010 set out some key principles which relate to localisation including to:

- Promote decentralisation and democratic engagement, and end the era of top-down government by giving new powers to local councils, communities, neighbourhoods and individuals;
- Promote the radical devolution of power and greater financial autonomy to local government and community groups;
- Train a new generation of community organisers and support the creation of neighbourhood groups across the UK, especially in the most deprived areas;
- Take a range of measures to encourage volunteering and involvement in social action.²⁰

4.4.3 A new approach to local decision-making underpins this approach. Eric Pickles, Secretary of State for Communities and Local Government has said:

It's a fundamental shake up of the balance of power in this country. So power goes right back to the people who elected us. People must have a genuine voice. A reason to get involved. A sense of responsibility for their neighbourhood. They aren't going to get that if the only discussion about localism is between [Councils] and [Government]. So the relationship between councils and residents should change as much as the relationship between central and local government.²¹

4.4.4 This underpins the Decentralisation and Localism Bill expected in November 2010. The purpose is to devolve greater powers to councils and neighbourhoods and give local communities control over housing and planning decisions. The key aims are to include empowering local people and freeing local government from central and regional control.²²

²⁰ The Coalition: Our Programme for Government

²¹ Eric Pickles speech to Local Government Association Annual Conference. 6 July 2010. At: www.communities.gov.uk/speeches/newsroom/lgaconference2010

²² 25 May 2010. At:

www.number10.gov.uk/queens-speech/2010/05/queens-speech-decentralisation-and-localism-bill-50673



Big Society

4.4.5 This, in turn, links to the concept of “Big Society” which has been described by Ministers. In July the Prime Minister set out the concept:

We must push power away from central government to local government – and we shouldn’t stop there. We should drive it down even further to ... communities, to neighbourhoods and individuals.

4.4.6 The Prime Minister set out three strands: social action, public sector reform and community empowerment.

4.4.7 In July 2010, four councils were announced as Vanguard Communities by the Government. The four areas chosen were Liverpool, the London Borough of Sutton, Windsor and Maidenhead and



4.4.12 Two recent reports describe the links between co-production and Big Society:

As the local State shrinks, the only way it can gain influence is by working better



Localisation

- 4.4.15 Total Place and co-production have already been piloted at a City-wide level and they can also be used at constituency and ward levels to reshape services.
- 4.4.16 We are concerned that some of these approaches, and some of the principles announced by Ministers, are at odds with the Executive's proposals for recentralisation.

5 Conclusions and Principles

5.1 Conclusions

- 5.1.1 **The proposals to take back the delegations to the centre would be a backward step for the Council**, particularly given the Government's proposals to widen localism and develop the Big Society concept. We do not dispute that savings must be made, but do have strong beliefs about who should be at the helm when those decisions are made.
- 5.1.2 Returning delegations to Cabinet Members would add to already very large portfolios and would in effect give more power to centrally-based officers at the expense of local Councillors.
- 5.1.3 **A clear case for re-centralising services as the only or best way to achieve further service improvement and budget efficiencies has not been made.** Firstly, there is the question of the savings themselves. The Executive consultation document refers to saving of £1.5m in management, support and other costs. No detailed proposals have been presented to say how the centralised services would make the savings promised.
- 5.1.4 The financial appraisal being conducted alongside the consultation will not now be available until the end of the consultation process – too late to be taken account of in this report. Surely the public and partners, as well as local Councillors, should be presented with all the facts *before* being asked to respond on consultation proposals.
- 5.1.5 However, even if a financial case is made for the proposed changes, there is still the question of



the venues are Council owned and so paid for anyway; and whilst staff attendance is a cost to the Council, simply reducing the number of meetings does not yield a cash saving as most officers will continue to be paid for other work), savings could be made on the number of meetings but that could be achieved within the current structure.

- 5.1.9 **Ward Committees are the building blocks of accountability** and we support the view that these are the main way in which the Council engages with local residents. The focus of Constituency Committees is on decision-making and financial matters – where the benefits of some elements of partnership working and pooled budgets are more likely to be found – with Ward Committee and neighbourhood groups bringing together residents and volunteers.
- 5.1.10 However, it is important that Ward Committees have budgets to respond to local concerns. Community Chest is one way to fund such concerns, but the ability to influence some mainstream funding would also be beneficial (for example the £50,000 per ward for street lighting and grass



5.3 Principles for the Future

5.3.1 This report has set out our findings in relation to the key question: "What are the key elements of localisation that contribute to improved quality of life for the residents of Birmingham and what are the strengths and weaknesses of possible changes?".

5.3.2



7. **If some form of locality structures are retained, then these should have a champion at Cabinet level and their profile and influence in the decision making process raised.**

5.4 Next Steps

- 5.4.1 This report has been concluded in a very short timescale in order to respond to the Executive's consultation. However, there is a need for a wider debate. Such a debate should also take into account the Localism Bill and how the Council should respond.
- 5.4.2 In addition, this Committee could undertake further helpful in-depth research. A detailed study could take account of analysis by other groups and consider their proposals (such as alternative structures or services that could potentially be devolved) as well as the forthcoming Localism Bill.
- 5.4.3 We ask that a review of the number and purpose of meetings held involving partners and residents is considered, to ensure the optimum number is held, and that each is productive and efficient.





Appendix 2: Proposed locations of Delegations

Appendix 3: 2010/11 Approved Budget – Leisure Services

The table below sets out Constituency budget expenditure on community libraries, sport and leisure, and community arts.

Proposals for Leisure Trusts could result in these services being removed from Constituency control and placed within a trust. We have not been told that this will definitely happen but it is a possibility.

The table below therefore also sets out the remaining Constituency budgets should these services be simply lifted out of Constituency control.

This crude analysis illustrates the fact that, if these service budgets were simply lifted out of Constituency control, this would affect the size and viability of Constituency budgets.

	Locally Managed Services* – Expenditure	Community Libraries – Expenditure	Sport & Leisure – Expenditure	Community Arts – Expenditure	Total of community libraries, sport & leisure, community arts	Community libraries, sport & leisure, community arts as percentage of locally managed budget
	£'000	£'000	£'000	£'000	£'000	
Edgbaston	2,669	544	613	33	1,190	44.6%
Erdington	4,293	438	1,723	1	2,162	50.4%
Hall Green	4167	862	757	3	1,622	38.9%
Hodge Hill	2,602	516	359	3	878	33.7%
Ladywood	6,372	981	1,571	3	2,555	40.1%
Northfield	3,216	1,080	913	0	,1993	62.0%
Perry Barr	4,889	883	2,588	2	3,473	71.0%
Selly Oak	4,230	753	1,518	14	2,285	54.0%
Sutton Coldfield	4,315	1,527	1,760	12	3,299	76.5%
Yardley	4,160	1,095	1,917	3	3,015	72.5%

* I.e. those services not held in a Service Level Agreement