

FUTURE LOCAL GOVERNANCE OPTIONS FOR BIRMINGHAM

COUNCIL SIZE SUBMISSION SUPPLEMENTARY PAPER

June 2015

BACKGROUND

Birmingham City Council has completed a submission for the first stage of the Electoral Review, looking at the overall size of the City Council. This has followed the Commission's guidance and covers material included in most other reviews in comparable places.

However, the context of the Birmingham review is unique (it has arisen from the Kerslake review and a decision of the Secretary of State and not at the council's own request) and the city's scale and significance make it a potential pioneer in new local governance arrangements. The Commission have therefore asked whether BCC would consider providing a supplementary submission setting out scenarios for Birmingham's governance in 2020, to enable them to consider a range of options for the Council's future size and structures.

Timelines for Key Decisions

The conclusions of the Electoral Review will now be implemented in 2018 and our overall vision for the Future Council is focusing on the period to 2021. This is a lengthy period over which to plan a new model of governance and there will inevitably be many uncertainties.

The Council's approach to changes in governance arrangements is set out in the Council Improvement Plan developed following the Kerslake Review. Two key elements with respect to the Boundary Commission's work are as follows:

- **The Future Council Programme** will establish a vision of the Council in 2021, together with the partnership, structure and governance arrangements to support this. This will include detailed consideration of the range of services the City Council will deliver within the resources available and how these will be governed. Our project plan agreed with the Kerslake-appointed Improvement Panel is to develop an outline vision for the Council by November 2015 and to refine this through public consultation by March 2016
- **At city-region level**, we are in the process of establishing a Combined Authority with local partners. Our project plan is to consult on a governance review and draft arrangements in September, and if approved to work with government to introduce the Combined Authority from April 2016. Further developments to city region governance may follow this date.

In addition there are uncertainties about the future development of the most local of the governance arrangements, such as devolved city council arrangements, parishes or entirely new models that could be developed with government support. These arise from the uncertainties of the financial environment, the wishes of Birmingham residents and the future direction of government policy.

Whilst this supplementary report sets out a clear set of future scenarios and a framework for the governance of Birmingham and the city region, it cannot at this stage offer a detailed blueprint that relates to a specific council size.

It is therefore recommended that the Commission consider a stepped approach to the implementation of changes to council size and consequent ward arrangements, to allow the outcomes in all these areas of uncertainty to be taken into account.

For example, based on the scenarios set out in this paper the following approach could be taken:

- The City Council begins moving to a new strategic model. This has already been set out in Future Council plans, the Business Plan and Leader's Policy Statement and has started with this year's constitutional changes, reduced numbers of committees and provide a new role for districts and ward committees
- District Committees are retained with their developing new role until at least 2018 – this will give some stability and enable this important community development role to become established
- The impact of the Combined Authority is taken into account once it is established during 2016. Also, during 2015-17 further work is undertaken on the options for parishes and arrondissement models, including consultation with the people of Birmingham and possibly work with DCLG
- The Commission may wish to, or could be invited by the City Council to conduct a further review for implementation in 2022
- Council reduces to no fewer than 100 members in 2018, in line with the above changes and adopts all out elections and new warding arrangements
- Either the parish or arrondissement model (or similar bottom up approach) may be developed after 2018.
- A smaller council size and ward arrangements to fit the above are implemented in 2022 this being the date of the next set of elections after all out elections in 2008.

THE FRAMEWORK FOR CITY GOVERNMENT

City government is complex and multi-level and in the future it will need to better reflect the diverse activities required to balance a city's role in the global economy with local place shaping and community leadership. It also needs to be conceived of as city region governance, with an integrated set of governance institutions that can serve the needs of a whole city from the functional economic region down to the local neighbourhood. In the years ahead it may also be more powerful but also much more streamlined and local communities will demand powers as much as local representatives.

We have established a framework¹ for the future of city government in Birmingham and the city region, known as triple devolution. This will guide the Future Council design work. In future, our public services and political leadership will operate at three levels, characterised by three new ways of working:

- **The city region** – with fiscal and policy-making powers devolved from central government and exercised collectively by the member councils. The initial focus of the combined authority will be on economic development, transport, regeneration and skills. Support resources in the fields of economic intelligence, investment planning, skills and local regeneration will be pooled. The combined authority will also be part of future public service reforms, potentially including employment and skills, integration of health and social care around individual needs and further reducing elements of youth offending.
- **The city** – where a more strategic role will oversee the integration of local services and provide leadership to the city itself. We will work with government to develop a “whole place” budget for the city so that we can align spending priorities across the public sector. A core City Council resource will be needed to support strategic planning and leadership (policy, research, commissioning, performance management, financial planning) and the council's regulatory functions (planning, licensing, consumer and environmental protection) and there will also be an integrated, efficient support services function (e.g. finance, human resources, legal advice, payment and revenue systems, contact centre).
- **The neighbourhood** – where elected representatives will work with others in the community to provide community leadership and where the most local services will be provided in new ways. New local service hubs will be developed to provide integrated neighbourhood services in a responsive, efficient way, focused on the needs of different local places in the city. We will develop an integrated place management approach, which brings together housing, environmental and other services. Housing will be central to this vision because it is the bedrock of people's lives and their communities.

¹ See Leader's Policy Statement 2015, p. 6 (Full Council June 2015)

Members' community leadership role will need to operate at each of these three levels, which implies very significant changes to current governance arrangements.

INDICATIVE SCENARIOS

City Region Level

At the city region level, we are creating a combined authority to be operational from April 2016. The current plans are for:

- Initial focus on economic development, transport, regeneration and skills
- Pooled support resources in the fields of economic intelligence, investment planning, skills and local regeneration
- Public Service Reform to reduce costs and prevent future high-cost service demand.

Scenarios about how this develops could in theory go towards the Manchester or the London models and includes:

- A metro mayor, either as chair of the combined authority or a separate executive in the London model
- Additional representative structures such as a GLA style elected authority or a set of committees to hold the CA (and mayor) to account.

Scenario 1: London Model

- Directly elected metro mayor
- West Midlands Combined Authority adopts an assembly model
- West Midlands Assembly has, say 25 Assembly Members who are elected by residents, every four years
- The Mayor is held to account by the Assembly Members
- The Mayor must consult the Assembly before producing statutory strategies and the budget
- The Assembly conducts investigations through its committees, which meet regularly and publish their findings. They provide recommendations, making proposals to the Mayor/CA and government organisations about ways to improve the city region
- West Midlands Assembly covers: Arts & Culture, Business & Economy, Environment, Transport, Fire, Health & sport, Volunteering, Housing & Land, Planning, Regeneration, Policing & Crime and Young People.

Uncertainties

- The model would probably require legislation which may not be forthcoming
- The model may be seen as top heavy and having the drawbacks of the London model (potential division rather than partnership working between the Mayor and the boroughs and another layer of bureaucracy and set of elections)
- The discussions (to date) between West Midlands District Leaders would suggest that this model will not be pursued.

Implications for council size

- Requires no Birmingham councillors – Assembly and Mayor separately elected.

Scenario 2: Appointed Committees Model

- Directly elected or appointed metro mayor
- Combined Authority including, say 18 appointed Birmingham members (or 13 in addition to 5 cabinet members)
- Committees on Transport (incorporating the present Integrated Transport Authority), Environment, Regeneration, Health and Wellbeing, Arts and Culture, Police
- The Fire Authority – 10 members

Uncertainties

- There is no legal framework for this scenario. It would be possible without legislation but the committee structure would be informal with no backing in legislation
- May be seen as creating a new metropolitan council and adding bureaucracy
- Not currently envisaged in the plans being discussed by West Midlands District Leaders for the combined authority or in government policy. Range of functions for Scenario 2 also goes beyond initial proposals from West Midlands District Leaders for a West Midlands Combined Authority.

Implications for council numbers

- Requires 28 Birmingham members

Scenario 3: Manchester Model

- Elected metro mayor
- Combined authority of council leaders, chaired by the Mayor

Uncertainties

- Whether an elected mayor can be agreed to by at least all but one of the member councils of the combined authority (legal requirement in the bill)

Implications for council size

- Requires no Birmingham councillors other than the Leader if the current proposals by West Midlands District Leaders are adopted.

City Level

At the city level, we envisage the City Council becoming a more strategic body, with less direct service delivery but a stronger role in community leadership, place shaping across Birmingham and integrating services from a range of providers around the needs of people and places. It will have a stronger role in managing demand and preventing need for services across the public sector.

These changes will be the result of reduced resources, increased diversity of providers (including a bigger role for social enterprises and the community and new forms of organisation such as mutuals) and some policy directions that will mean a reduced role for local councils, e.g. in services to schools. More will be done through partnerships and less within direct council decision making structures.

Specific elements of this level of governance could be:

- A “Whole Place” model of public service delivery across Birmingham
- Single, multi-year budget for local public services (“The Birmingham Pound”) enabling integrated planning and commissioning
- BCC adopting a strategic role overseeing the integration of local services and providing leadership to the city itself.
- A Public Service Board ensuring aligned leadership across local public services
- Significant delegation of responsibilities from Central Government agencies to local public service leaders, for example: in housing we might develop a single “affordable housing fund” integrating multiple existing programmes, making use of HCA assets and agreeing an “Earnback” scheme to reduce housing benefit costs.

The challenge will be to create a governance structure that can provide strategic leadership, whilst direct oversight of services is delivered in different ways (often at a more local level where services can be more responsive to needs and demand therefore managed better).

Scenario 1: Council retains a wide range of functions

Councillors required:

Leader and Deputy Leader of the City Council	2
Cabinet Members	8
Lord Mayor and Deputy Lord Mayor	2
Scrutiny Committees - 5*12 members	60

Council Business Management	5 plus Leader and Deputy Leader of the Council
Planning and Licencing and Public Protection Committees - 2*15	30
Audit Committee	10
Standards Committee	4
Chief Officer appointments sub committee	5 including Leader and Deputy Leader of the Council

Uncertainties

- The future looks like being one of contraction and the shifting of functions elsewhere (see below). This does not represent a change from the status quo.

Implications for council size

This scenario proposes a similar council size to the current one.

Scenario 2: Council loses some functions to city region but otherwise retains the same roles

The above model would have to be reduced to reflect the integration of economic, transport, skills, employment and potentially other functions at the city region level.

Uncertainties

- It is not yet known how many functions will be amalgamated at city region level
- There are uncertainties over the future of other local services due to the cuts

Implications for council size

This scenario would again imply a similar size of council and governance arrangements as at present, though there could be some loss of cabinet posts and related scrutiny committees if the integration of activities at city region level is extensive.

Scenario 3: City Council loses other functions to other parts of government and more local arrangements but develops a more strategic role

- City Council develops a stronger place shaping and city leadership capacity and engages with city level partnerships to take forward the vision for the city
- City council remains responsible for regulatory functions, social care, refuse collection and potentially whole place budgeting
- Many schools services are commissioned out to the Birmingham Education Partnership
- Adult social care is integrated with the NHS – with the council having a leading role in decision making
- Housing and other environmental services are delegated to sub-city structures
- Leisure services may be downsized
- Libraries and information services could be delivered in different ways

Uncertainties

- This scenario involves a high degree of speculation and therefore uncertainty on government policy and our response to the funding reductions
- Work on new partnership arrangements has only just begun so the future role of councillors at the strategic level is uncertain

Implications for council size

- This scenario envisages a strategic council of many fewer than 120 members - with a smaller cabinet, similar membership of regulatory committees and a smaller number of scrutiny committees. More decisions are taken in partnership with other agencies.
- However, the governance of the city as a whole would call for further elected representation at a more local level (see sub-city level scenarios below), so the overall community leadership capacity would not be reduced.

Sub-City Level

We will maintain our commitment to working at a more local level within the city, recognising that responsive services and effective community leadership and representation cannot be provided from the Council House alone. In future this will be less about devolving services within council structures and more about community planning and engagement and the co-ordination of services managed by others. Some aspects of this will be:

- Elected representatives will work with others in the community to provide community leadership
- The most local services will be provided in new ways
- Local service hubs will provide integrated neighbourhood services in a responsive, efficient way, focused on the needs of different local places in the city
- An integrated “place management” approach will bring together housing, environmental and other services
- Districts will develop their new roles – neighbourhood challenge and community planning, and wide partnership activity.

Note: The four scenarios below relate to elected representative structures and the council size issue. In addition to these structures the community governance review has proposed that local communities may want to establish many more parish councils at a smaller, neighbourhood level. We also intend to continue working with neighbourhood forums and residents’ associations as a key element of the future governance of the city.

Scenario 1: Ward Committees only

Ward committees with “community chest” funding accountability.

Uncertainties

- Full ward committees cannot be supported under present budget constraints

Implications for council size

None

Scenario 2: District Committees only

- Districts develop the role set out in new terms of reference, guidance etc. in May 2015 – neighbourhood challenge and community planning
- Districts have wide partnership activity

Uncertainties

- Resources over medium term (this is interlinked with the uncertainties at the city level)
- Decisions on other scenarios at the sub-city level

Implications for council size

- Continuation (and intensification) of district arrangements implies status quo size for the council is needed so that councillors can perform their district role as well as cabinet, scrutiny or regulatory functions. This could be seen alongside scenario 3 at the city level.

Scenario 3: “Super Parish Councils”

- 10 or so parish councils separately elected
- Councils would provide all local (neighbourhood services) – similar to the Shropshire model of town councils.

Uncertainties

- Whether electors would support parishes given the precept (though could be imposed by city council rather than subject to ballot or petition)
- Residents may prefer smaller neighbourhood councils which would preclude this option.

Implications for council size

- Would require fewer councillors due to devolution of services (see city level)
- Would lead to abolition of districts removing that role for city councillors
- Overall number of representatives might grow though, because each council would probably have around 20 town councillors.

Scenario 4: Arrondissement Model

We could explore a model such as the French Municipal Arrondissement:

- The three largest cities in France – Paris, Lyon and Marseille – have a distinct governance system which involves elected representatives at both the city (commune) and sub-city (arrondissement) level
- In Lyon the arrondissements make nominations to the city council
- This model would be legislated for, perhaps making this option available to the eight English core cities.

This system would allow for representation to be refocused into both a smaller strategic council and more local community leadership.

In a Birmingham version of this model, we would perhaps see:

- 10 or so arrondissement or “community councils” separately elected
- The Arrondissement providing many of the most local services
- Arrondissement then nominating members for the strategic city council

Uncertainties

- Would require legislation, but could operate informally (councillors would still be city councillors). At present we are uncertain about the interest in government in exploring such new models for English cities. Under the previous government it was clear that there was no appetite for this, with the preference being for parish councils.

Implications for council size

- Similar to parish model
- City council is automatically smaller and is no longer directly elected
- Overall number of councillors may again be higher though (arrondissement plus strategic council)
- In this model councillors may feel more a part of the overall governance of the city because of their role in nominating (and holding to account) members of the city council.