

Council – 12th January 2015

Portfolio Holder Report by the Leader of the Council

This report to full Council focuses on three broad areas of Council activity. Two of these look forward and address how the Council is dealing with the financial and economic challenges facing the Borough and the third looks back to an unfortunate period of time in Adult Social Care.

1 Revenue Budget

Council will be aware that the Administration is following a similar process to that of previous Administrations in setting the budget. We have inherited a financial gap, not of our making, estimated to be £86m over the next four years. This is caused by: an unprecedented reduction in central government funding since 2010; and the absence of coherent medium term plan to meet that challenge.

In 2010 the National settlement assessment for local government was £29 billion pounds. In 2015/16 it is £21 billion. A reduction of £8 billion pounds. For Walsall that has meant a loss of £74 million. On top of that the previous Administration's acceptance of the council tax freeze grant has lost the council £6.2m. That's £80m.

At the same time the Treasury loses £12 billion to tax dodging multi-national companies. Collecting those taxes would have paid for those cuts and left £4 billion to invest in vital public services going forward.

The Secretary of State's claims of a 1.8% reduction in spending power to Councils is misleading and doesn't apply to Walsall. £23m will be taken out of our RSG and NNDR top up, for 2015/16. There is little comfort in giving funding to the NHS for Better Care Fund, saying the local authority can share in that when that funding comes with a bill.

It is expected that the conservative led opposition will seek to place responsibility for the cuts on the Labour administration. But most people will appreciate that whoever formed the administration would have to deal with the challenge. Our approach is to recognise that as far into the future as anyone can see, we will not be able to maintain historic levels of service. Unpleasant as it is, the Council will have to scale back both the range of services provided and the extent of remaining services. The Administration will seek to protect the most vulnerable people in the borough. We will continue to resource Children's Safeguarding and appropriate adult care. We will identify how the Council can assist the private sector through our regeneration activities so that job growth remains a priority. We will also seek to protect as many other services as possible. In doing so we will seek wherever possible to support the most vulnerable individuals and communities.

2 Combined Authorities

Members will be aware that consideration is being given to establishing a Combined Authority in the West Midlands Metropolitan area. I have undertaken to keep Members up to date on significant developments and I want to take the opportunity of this report to outline the current position.

The Government and Labour Opposition are supporting the idea of local authorities combining their transportation and economic powers in order to promote economic growth and job generation. Across the country groups of local authorities are exploring whether and to what extent their areas will gain by working through these new governance vehicles. At present it is mainly metropolitan areas that are leading this work but increasingly county areas are exploring how they may benefit.

The Leaders of the four Black Country Councils together with Birmingham City Council have agreed to explore the parameters for negotiating with government about powers and funding that could be given to any Combined Authority. The process involves first defining the geography to be involved and establishing a very detailed economic case as to how the economic output of the area would be improved through new powers, funding and governance - this work is in hand.

Clearly the number of local authorities interested in exploring the issue helps to define the economic area to be studied. At present the leadership of Solihull MBC has not indicated a wish to be part of the proposed Combined Authority. Coventry City Council is participating in the economic analysis but its leadership has yet to make a decision about whether in principle it is prepared to join a West Midlands Combined Authority. Coventry is also exploring the possibility instead of joining a different Combined Authority including local authorities south of the City.

The Government is currently consulting upon new draft regulations which amend, amongst other things, a current restriction that non contiguous councils cannot join a Combined Authority. If approved this would open the possibility of district councils separated from the urban West Midlands joining a Combined Authority.

Current understanding of proposed Combined Authorities will not impact upon the integrity of the Council's political and organisational authority but any negotiation about revised forms of governance powers and duties is of great significance to the Council and local people – no changes to these matters will be agreed without detailed reports to Cabinet and where necessary to full Council.

3 Adult Social Care

As part of the current Administration's pledge to be honest, open and transparent, I felt that it was important to formally report the outcome of the Paul Davies employment tribunal claim to Council at the first available opportunity.

Elected Members are already aware that Paul Davies brought a number of claims against the Council for sex discrimination, victimisation and unfair treatment, and "whistle-blowing". Paul Davies's claims for victimisation and unfair treatment were struck out by the employment tribunal. He withdrew his claims for sex discrimination

and “whistle-blowing”, and on the 11th December 2014 the employment tribunal decided that his dismissal was not only fair, but that the Council was justified and reasonable in dismissing him. Paul Davies brought his claim for unfair dismissal against the Council following the Council’s decision to dismiss him for gross misconduct on the 25th March 2014.

Whilst the Council was successful at the tribunal and fully vindicated in its decision to dismiss Paul Davies, this remains a deeply disappointing episode in the management of Walsall’s Social Care and Inclusion Directorate. His actions have meant the council has had to take extensive action to resolve the problems he created whilst managing the service.

Paul Davies and John Fell were held accountable under the council’s governance procedures which lead to their dismissal for gross misconduct. Prior to the commencement of the tribunal claim the Council had already carried out a full review of governance, in conjunction with Grant Thornton LLP (the Council’s external auditors), which concluded that the Council had effective governance in place, but that governance was always vulnerable to people who were determined to act outside council policy and procedure. In particular this problem was exposed due to employees reporting issues of concern under the Council’s “whistle-blowing” procedure, which was effective and the Council is indebted to the employees who raised these issues. In addition to this, the Chief Executive has also taken action to prevent this from happening again, one example of this being restricting delegated powers of Executive Directors in relation to expenditure.

The council was right to deal with the concerns identified by “whistle-blowers” through its Internal Audit Section undertaking a thorough investigation, then instructing Bevan Brittan LLP to conduct an independent investigation, through to elected Members who sat on various panels judging copious evidence placed before them, and reaching the correct decision based upon that evidence.

Whilst a lot of the problems could only be identified following extensive investigation, it does raise the question as to how effective the portfolio holder worked in her role, which may have restricted the actions of the then Executive Director, Paul Davies, and whether or not the Cabinet could have done more to prevent damage being caused to the service. Whilst there needs to be a close relationship between Executive Members and Officers, this should not prevent adequate challenge over changes in policy and procedures that affects the way services are delivered to the residents of Walsall. A portfolio holder has a number of responsibilities as set out at Part 9 of the Council’s constitution:

- Leadership – preparing plans and strategies in consultation with the appropriate Chief Officer,
- Achieving and reviewing best value in the service
- Setting appropriate performance objectives and targets for the service area and ensuring all Members of the Council are assured of progress.
- To bring to the Executive all matters that require a collective decision at Member level and ensuring that approved strategies are implemented and delivered effectively.

Whilst the Cabinet member was fully aware of the matters that were under investigation from the middle of 2012, her reports to the Council after that time indicated nothing but continued full support for all of the key actions that were being taken, including those that were found to be deeply flawed and deficient through investigation and subsequent decisions by elected Members.

There has obviously been a cost to the council in terms of dealing with both the employment issues and the service area issues. However, there would have been a greater cost to the council if it had failed to take action to deal with Paul Davies and John Fell. As I have said previously in the media, this matter has been extremely difficult and distressing for the council but the ruling means that we can finally move on from this episode and ensure that we continue to deliver services properly for all services users. I would like to put on record my thanks to all the officers who have put in an enormous amount of work, often beyond the boundaries of what we would normally expect from our staff, in order to put right the things that were deficient, focusing on meeting the needs of our most vulnerable residents across the Borough.

This may not be the end of this matter, as Paul Davies may appeal the decision of the employment tribunal. In addition, the council has referred this matter to the police to see if there is any criminality involved.

Councillor Sean Coughlan
Leader of the Council

2 January 2015