

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – PUBLIC MEETING

1400 hours on Thursday 16 January 2020, Committee Room 6

Present:

Councillor Sir Albert Bore (Chair)

Councillors: Muhammad Afzal, David Barrie, Meirion Jenkins, Yvonne Mosquito, Brett O'Reilly and Lisa Trickett

Also Present:

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources

Rebecca Farr, Development Planning Manager

Clive Heaphy, Interim Chief Executive

Joanne Knight, Assistant Director, Service Finance

Guy Olivant, Major Developments Lead, Finance and Governance Directorate

Jayne Bowles, Scrutiny Officer

Emma Williamson, Head of Scrutiny

1. NOTICE OF RECORDING/WEBCAST

The Chairman advised the meeting to note that this meeting will be webcast for live and subsequent broadcast via the Council's Internet site (www.civico.net/birmingham) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2. APOLOGIES

None.

3. DECLARATIONS OF INTERESTS

None.

4. ACTION NOTES – 19 DECEMBER 2019

(See document 1)

RESOLVED:-

- The action notes of the 19 December 2019 meeting were agreed.

5. COMMONWEALTH GAMES – NATIONAL EXPRESS BUS DEPOT RELOCATION

(See document 2)

Clive Heaphy, Interim Chief Executive, and Guy Olivant, Major Developments Lead, attended for this item.

The Chair explained that this had been brought to committee due to Members' concerns about lack of transparency, the legitimacy of the route taken in making this decision and the timeline.

In the course of the discussion and in response to Members' questions, the following were among the main points raised:

- Members were told the council had been in discussions with National Express since October 2017 and, having looked at a number of different sites, Aston Lane was identified as an appropriate site;
- These early discussions were around site assembly, access for surveys, etc and at that point there was only a hypothetical scheme to cost;
- Legal discussions took place in September/October 2019, when it was made clear that further information was needed regarding the cost of the development;
- That further information was provided in late November and consultants were engaged to look at the costs;
- They were of the view that some savings could be made and suggested a figure of £12.5m, which National Express have to demonstrate they are attempting to meet, and the figure of £15.5m is the long-stop cost cap;
- The council tried to work with National Express around delaying completion to look at ways of bringing the costs down, however it was made clear that if the decision was delayed the cost cap and long-stop date to vacate the existing facility would be removed;
- The full structure of the deal was not finalised until 30th December, hence the emergency decision on 31st December;
- The Chair pointed out that the discussions with National Express were not reflected in the papers and that this is important in terms of the timeline;
- He went on to say that the report refers to a significant increase in costs, which had originally been identified as £2m, however there was no mention of this figure in either the Outline Business Case (OBC) or the Full Business Case (FBC);
- Members were told that both the OBC and FBC were supported by a detailed financial model which included the £2m;
- Concerns were raised that the report refers to discussions being entered into with West Midlands Property Holdings, a subsidiary of West Midlands Travel, but there had been no reference prior to that, leading to questions about lack of transparency and accountability;
- With regard to delegated authority, Members questioned whether the Interim Chief Executive should have been able to sign off increased costs without any political consideration or suggestion as to where the additional money would come from and the implications;
- The Interim Chief Executive advised Members that at the time the Host City Agreement was signed, the council committed to deliver the Village and that has to be done;

- Most of the Compulsory Purchase Orders have gone through without problems; in the case of National Express, they are a statutory undertaker and there has always been an assumption regarding land acquisition costs with us having to fully reinstate their site;
- It was acknowledged that there had been an unrealistically low estimate of the costs and Internal Audit have been asked to look at the timeline, the process and at what point it was realised that the cost would be higher;
- Members were told that it could be questioned whether National Express could have released figures earlier than they did, however it was stressed that a lower, capped price had been obtained by making the emergency decision;
- If the decision had not been made, the council could have been in a position where National Express would not vacate in time, leaving us in breach of the Host City Agreement;
- Members agreed that a root and branch review was needed and that Savills, who had been named as the external consultant in response to a City Council Written Question, could be concerned about reputational damage;
- It was also queried whether the council should be looking at a possible claim against the external consultant regarding the under-estimated costs;
- Clarification was sought regarding the square footage of the development and the situation regarding the external consultant's Public Liability Cover and Rebecca Farr undertook to provide a written response after the meeting;
- Members also asked how confident we can be that other costs are accurate and whether there are any other cost overruns that have not yet come to light;
- Members were told that, to date, 85% of land assembly has happened and on budget, and with regard to the Village as a whole, a revised business case will be presented to Cabinet in February;
- There are cost pressures emerging which need to be mitigated and there will be a need to look at what can be done to bring the project in on time;
- It was suggested that at FBC stage there should have been an awareness of the issues which needed to be resolved and perhaps there is something wrong in the system where these issues are not being picked up and discussions accelerated where necessary;
- The Interim Chief Executive advised that capital projects do have a series of milestones and it is important to stick to them or identify where we are deviating from them;
- He went on to say that there are learning points across the capital programme and resources are being brought in to look at the capacity for that to ensure delivery;
- One final point was made regarding the requirements of the Constitution in relation to emergency decisions and the reference to a record of decisions maintained by the City Solicitor – which Members assume has happened in this case;
- There was concern, however, that as this is a decision which does not have to be published on CMIS (albeit it did go onto CMIS on this occasion), this means there is no transparency as the Constitution is currently written and there may be a need to ask the City Solicitor to look at that;

- The Interim Chief Executive said that this would be reviewed with the Governance Team;
- There is also no financial limit within the delegation to the Chief Executive on emergency decisions and it was suggested that this could be looked at in the next iteration of the Constitution;

RESOLVED:-

- The additional information requested with regard to square footage of the development and the external consultant's Public Liability Cover to be circulated to Members after the meeting;
- The outcome of the investigation by Internal Audit to be shared with Committee.

6. FINANCIAL MONITORING 2019/20 – MONTH 8

(See documents 3 and 4)

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources, and Joanne Knight, Assistant Director, Service Finance, attended for this item.

The Chair referred to the summary report and confirmed that its purpose is to focus on a limited number of priority issues, which this month are:

- Adult Social Care – there are £0.918m savings not being delivered against care packages and reference is made to demand management. This is something which the Health and Social Care O&S Committee might need to reflect on;
- Education and Skills – Children with Complex Needs Transport - there is an overspend of £1.291m, an increase from Month 7, and also savings non-delivery of £1.178m. This committee will be looking at the 2020/21 budget to see whether this is addressed through re-basing;
- Neighbourhoods – there is an overspend in Street Scene of £7.860m, an increase from Month 7, and it was noted that further increases are being seen month on month;

There is also an overspend on Housing Options, unchanged from Month 7 but there is a worrying comment about an increase in homeless cases presenting resulting in costs rising.

The Cabinet Member responded as follows:

- Adult Social Care – his understanding is that the position is due to the success of the Free Conversations model, which is about making sure care packages best meet needs and is a model which is nationally accepted as best practice;
- Education and Skills – Children with Complex Needs Transport – there are challenges around demand and issues relating to distances, with a report being signed off giving permission to go ahead with moving the skills academy from Redditch to Birmingham, meaning less transportation;

There has been some re-basing of the budget, with some degree of re-basing going into next year's budget, and there are opportunities for making the service more efficient;

- Street Scene – this would need to be picked up with the directorate;
- Housing Options – there is some stabilisation in the use of B&B accommodation and there is a need to find a way of being less market dependant around temporary accommodation and to be more proactive in terms of finding solutions to stop people reaching that point;

In the discussion which followed, and in response to Members' questions, the following were among the main points raised:

- Concern was expressed that there was a loss of empathy in public services and it was noted that a balance has to be found with the language used in reports;
- In terms of the savings tracker, some mitigations and savings have been found through the Star Chamber process;
- There is a need to ensure robust delivery plans sit underneath the savings proposals for next year;
- The shortfall in Bereavement Services was queried and Members were told that this was about income targets being set too high and not being met and officers have been asked to do a piece of work on income targets for next year;
- Members were told that our Fleet and Waste costs are not particularly out of kilter with other areas but there is a need to reach a settled position.
It was pointed out that the government review on food waste collection is awaited and could have implications;
- It was acknowledged that there needs to be flexibility in terms of revenue and capital, with reference made to Invest to Improve and the importance of robust full business cases identifying the benefits of receiving monies.

RESOLVED:-

- The report was noted.

7. WORK PROGRAMME

(See document 5)

The Chair confirmed that the ICT Changes Working Group report back to committee had been programmed for March.

RESOLVED:-

- The work programme was noted.

8. DATE OF NEXT MEETING

Noted.

9. REQUEST(S) FOR CALL IN/COUNCILLOR CALL FOR ACTION/PETITIONS RECEIVED (IF ANY)

None.

10. OTHER URGENT BUSINESS

None.

11. AUTHORITY TO CHAIRMAN AND OFFICERS

RESOLVED:

That in an urgent situation between meetings, the Chairman jointly with the relevant Chief Officer has authority to act on behalf of the Committee.

The meeting ended at 1548 hours.