

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – PUBLIC MEETING

1430 hours on Thursday 18 June 2020 (On-line Meeting)

Present:

Councillor Sir Albert Bore (Chair)

Councillors: Muhammed Afzal, David Barrie, Meirion Jenkins, Brett O'Reilly, Paul Tilsley and Lisa Trickett.

Also Present:

Councillor Tristan Chatfield, Cabinet Member Finance and Resources

Andrew Christie, Chair, Birmingham Children's Trust

Andy Couldrick, Chief Executive, Birmingham Children's Trust

Nigel Harvey-Whitten, Assistant Director Children's Services (Commissioning)

Rebecca Hellard, Interim Chief Finance Officer

Tim O'Neill, Director of Education & Skills

Sara Pitt, Assistant Director, Service Finance

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 – 12 MARCH 2020

(See document 1)

RESOLVED:-

The action notes of 12 March 2020 were agreed.

5. FINANCIAL OUTTURN 2019/20

(See document 2)

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources, Rebecca Hellard, Interim Chief Finance Officer and Sara Pitt, Assistant Director, Service Finance attended for this item.

Cllr Chatfield introduced the report and the Chair agreed it was an encouraging outturn report, although there were some variations between directorates. Rebecca Hellard noted some key points, including corrective actions using reserves and slippage in capital outturn (some of which will continue into this year).

The Chair said he wanted to focus on four directorates in the first instance: Adult Social Care, Education & Skills, Inclusive Growth and Neighbourhoods.

Adult Social Care – there is an underspend reported of £9.6 million on packages of care. It was agreed the Health and Social Care O&S Committee could usefully look at the service issues in more detail, to understand the reasons and to get the relevant detail that underpins this.

Other members commented that an £18m saving made in-year did raise questions particularly around whether this is the result of displacement activity, for example assessments not taking place or whether there are older people not getting the contact they need.

Members also stated that the senior officers should be congratulated for achieving such a good budgetary result.

Education & Skills – It was noted that there were references to both Policy Contingency and reserves, which were being used interchangeably, and the report should refer to Policy Contingency for clarity and not General Reserves (as referred to in the Birmingham Children's Trust Outturn 2019/20 report agreed by Cabinet on 26th May).

It was confirmed that the total amount paid to Birmingham Children's Trust (BCT) was £7m and it was acknowledged that this was not clear in the report as there was reference elsewhere to savings non-delivery of £5.0m covered by a one-off Policy Contingency allocation.

The report also states that School Transport is overspent by £1.4m, £2.897m of policy contingency was used in year to cover non-delivery of spending. Problems arise if this is done in-year, as it masks the extent of the problem. The Chair noted that several years ago the Auditor had expressed concern about in-year changes masking the true overspend situation. The Cabinet Member stated that in-year changes may be needed but should be transparent and with a proper governance process. This particular use of Policy Contingency has been reported in previous monitoring report.

Members supported the idea of having all such uses of contingency in one section in the report so the extent of it was clear.

Inclusion and SEND has an overspend of £1.6m and there are still children without placement and the Director of Education & Skills offered to bring back further information on the work being done on provision. Members will agree whether that should sit with the Resources or Education & Children's Social Care O&S Committee.

Inclusive Growth has £11.393m transferred from grants and other resources to deal with the overspend; more information on this would have been helpful and Rebecca Hellard agreed to amend future reports.

The report also shows a £0.6m deficit in housing development relating to Inreach and bringing schemes forward. Members agreed to look at Inreach for more understanding of budgetary issues at a future meeting.

Neighbourhoods – the key issues in relation to Neighbourhoods directorate relate to street scene, specifically the delay in implementation of service redesign and lead time in replacing waste collection vehicles. These issues have been well known but there are questions as to whether there are actions that management could have taken to mitigate this, as it is a very large overspend. Members also asked why the service has lost customers. This and other matters will be picked up with Directorate officers at a future meeting.

Housing Options also has an overspend, and again the words in different parts of the report do not match up – different sections refer to increasing demand, and then delay in implementation of savings initiatives. The Chair suggested greater clarity on wording.

Capital Budget – there is quite an underspend here and the explanations are reasonable. The underspend on the capital programme for the Commonwealth Games was noted. There was also a need to review the programme post Covid-19.

Members also referred to the financial risk associated with academisation and the pension cost overhang, both of which are substantial amounts.

RESOLVED:

- That the underspend reported in Adult Social Care Directorate be referred to the Health and Social Care O&S Committee and suggest they obtain the relevant data that underpins this;
- That a note summarising the comments made in this meeting is sent to Cabinet Members ahead of the Cabinet meeting on 23rd June.
- That the report is noted.

6. BIRMINGHAM CHILDREN'S TRUST OUTTURN 2019/20

(See document 3)

The Chair briefly introduced this item, stating that the intention was to assist the Trust in reviewing the budget. The contract variation was a one off adjustment, so the question was whether there would be issues in future years. The report also acknowledges the impact of Covid-19. It is therefore to assist the council in understanding that the contract is being taken forward in a world not envisaged at the start and ensure that this does not occur again.

Andy Couldrick, the Chief Executive of the Children's Trust, responded by informing members that the number of children being looked after has increased; and the number of foster carers decreasing, which has an impact on the figures.

A balance was achieved in the first year of the budget, noting that the demand was a national phenomenon. However, it became clear that there would be an issue this year. At the end of 2019/20 average overspend nationally was 9% (which would have been £18m for the Trust in Birmingham).

They are now looking to the future and note that they are now carrying a deficit but are working with the council to create a shared understanding of pressures and how to mitigate. A CIPFA review said that the Trust was working well and provided some assurance. A further report on how the Trust purchases care for children will be brought to the Board. Together these will come together to get the Trust on a solid footing.

Andrew Christie, Chair of the Trust, added that the findings of the different reviews are being or will be shared with the Council. On the impact of Covid-19, that is still unknown at the moment, but work is on-going to ensure cost increases are kept to a minimum.

The Cabinet member thanked the Trust for their engagement with the Council and praised the openness of the relationship.

Members raised the following issues:

- The number of placements outside the city is a concern;
- The cost of £205m to support 1,900 children means a cost of around £108,000 per child. It is a concern that it is costing so much. Other members noted that the levels of need, deprivation and trauma were extremely high, and therefore there were costs associated. It is critical to base budgets on the city as it actually is. It was also noted that the Trust is involved in prevention.
- The additional money for 2020/21 will not be sufficient to cover all costs, though work is on-going to bring costs down. The in-year position will be set out and it is hoped the situation will be clear by September.

The Director also noted that there was an industry leading relationship of challenge and support with the Trust which they were working to maintain.

RESOLVED:-

- The report was noted.

7. BUDGET IMPLICATIONS OF COVID-19 ACTIVITY

The Cabinet Member introduced the report, saying that work being done to understand the impact of Covid-19 across the council and the significant challenges that brings.

Rebecca Hellard, Interim Chief Finance Officer, commented on the report, noting that updates come through regularly and the position changes. The report has a six month forecast, assuming that we will still be in the incident in that period. The

report is updated weekly and submitted to the Strategic Cell. The report also quantifies financial risk, which the council is leading the way on.

The Chair praised the report as exemplary as it gave a very good understanding of the finances.

Other points made included:

- Members noted the incredible effort made by the council to support people and businesses.
- There is work on-going with the BIDS to understand the impact on their income, particularly around collection. The risk does sit with the BIDs.
- This is not being dealt with via Bellwin funding; there have been two tranches of funding and the Government has said there will be more but no indication of amounts.
- The £203m referred to in Table 2 is based on a six month forecast, including impacts this year and next.
- There is a need for investment in recovery, which will be critical.
- There is a risk that the impact on the airport will have an impact on the council.

Both Cllrs Chatfield and Tilsley declared interests as non-executive directors of the Airport.

The Chair concluded by noting that what is needed is flexibility in using ERDF monies – the outcome should not be numbers of job, but rather can the business be stopped from going under. Training needs have also changed remarkably. The European Commission has said that money from 2019 unspent, does not need to be returned and so that should be pursued (220m Euros are available to the UK.)

RESOLVED:-

That the report be noted.

8. DATE AND TIME 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 1645 hours.