

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – PUBLIC MEETING

1400 hours on Thursday 11 February 2021 (On-line Meeting)

Present:

Councillor Sir Albert Bore (Chair)

Councillors: Muhammad Afzal, David Barrie, Meirion Jenkins, Paul Tilsley and Lisa Trickett

Also Present:

Councillor Tristan Chatfield, Cabinet Member, Finance and Resources

Craig Cooper, Programme Director, Birmingham 2022 Commonwealth Games

James Couper, ERP Programme Director

Rebecca Hellard, Interim Chief Finance Officer

Tim Normanton, Assistant Director, HR

Guy Olivant, Business Partner, Development and Comms

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 – 14 JANUARY 2021

(See document 1)

The Chair confirmed that a briefing note on the bid for Government funding for support to leisure centres had been circulated.

Concerns were raised that we are anticipating relief claims of £5.4m in the 2020/21 financial year but our bid is for £2.9m.

Members were told that all local authorities where there is an outsourcing arrangement in place are being treated in a detrimental way in terms of funding as if the services had been in-house we would have received 75% of all lost income from Government.

It was suggested that some political lobbying should be done to put pressure on Government to try and secure a higher sum to offset the expected relief claims and Cllr Chatfield agreed to take this to the Core Cities Finance Group.

RESOLVED:-

The action notes of 14 January 2021 were agreed.

5. FINANCIAL MONITORING 2020/21 – QUARTER 3/MONTH 9

(See documents 2 and 3)

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources, and Rebecca Hellard, Interim Chief Finance Officer, attended for this item.

The Chair pointed out that the Month 9 Corporate Exception report is a replication of the first section of Appendix A in the Quarter 3 report and it would have been helpful if this had been highlighted. It was agreed this would be addressed for future reports.

The following points were highlighted:

- There is a net improved underspend of £8.9m and the table in 1.12 sets out what is driving both the underspend and the overspend, which is entirely driven by Covid and subsequently being offset by the Covid funding which has been received;
- With regard to delivery of savings, we are up to 73.7%, which is £20m of the £27m, and are looking to make sure that is fully delivered by year end.

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

- **Covid funding** - It was acknowledged that there is a danger that the Covid funding could be covering up some underlying issues. They are aware of that risk and are working with service areas to make sure that is not the case;
- **Delivery Plan Reserve** – With regard to the transfer of un-ringfenced underspend at year end into the Delivery Plan Reserve, Members were told it was too early to say what this might be expected to be;
- **One-off mitigations** - There is reference to vacancies not being filled in the Neighbourhoods, Inclusive Growth and Finance and Governance directorates.

This is applicable for 2020/21 and being carried through to 2021/22, which seems to be at odds with policy;

- There is a change of policy around savings delivery next year which will make holding of vacancies as a mitigation more difficult because of the £20m savings target and serious justification will be needed to do this;
- **School Deficits** - The concern about the position with regard to School Deficits is a repetition of what has been seen in previous reports, with the deficit now at £9m and Members are concerned whether schools are going to be able to deal with this deficit in a way that the Council will not be adversely affected;
- **Neighbourhoods Directorate** – With regard to Street Scene budget pressures, eg reduced income, maintenance and vehicle hire, waste issues, income from waste, this is a repeat of issues seen in previous reports and Members asked whether these will be resolved or carried through to next year;
- These are long-standing issues which have been the subject of discussions and work through the Star Chamber;
- It had already been picked up that income targets were not deliverable, and this had been confirmed by the recent budget sufficiency review, so these are being written out for future years in the Medium Term Financial Plan;
- It was agreed that a note would be sent to the Housing and Neighbourhoods O&S Committee highlighting these issues as it might be of value to look into this;
- **Adult Social Care** – The underspend as a consequence of the directorate's transformation programme and rollout of customer journey are very substantial savings;
- There were concerns as to whether the savings would adversely impact on service users in future years;
- It was suggested that perhaps a budget sufficiency review should be undertaken, similar to the one done in Neighbourhoods, to ensure the budget is sufficient and the forecast is sufficiently accurate;
- It was pointed out that the directorate does a lot of work in this area and has a firm grip on finance, forecasting and modelling;
- Due to Covid funding arrangements, Health have been picking up a lot of the costs of packages previously picked up by the Council and for that reason they won't be saying Adult Social Care will get less money in future years;
- However, Members were concerned about what might happen when the Health funding finishes;
- It was agreed that a note would be sent to the Health and Social Care O&S Committee as they might want to have a look at the impact on potential clients in future years as a consequence of savings having been made.

The Chair thanked Councillor Chatfield and officers for a positive report which clearly highlighted the issues the Committee needed to pick up on.

RESOLVED:-

- Notes to be sent to Housing and Neighbourhoods O&S Committee regarding the Street Scene budget pressures and to the Health and Social Care O&S Committee in relation to the Adult Social Care underspend;

- The report was noted.

6. **ENGAGEMENT OF AGENCY WORKERS, CONSULTANTS AND INTERIMS**

(See document 4)

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources, and Tim Normanton, Assistant Director, HR, attended for this item.

In introducing the report, Cllr Chatfield made the following points:

- The background to this is the change to the Constitution giving the Cabinet Member for Finance and Resources an oversight of the use of consultants across the organisation;
- He wanted to bring this to O&S to get Members' views as the process is developed;
- It is important to understand that consultants are part of the operating of a modern council and there are times when the use of consultants will be required to bring in necessary expertise, skills and specialisms;
- This is an attempt to set out how the costs and value for money are properly measured and controlled and to ensure elected members have a strong understanding of what consultants are doing in the organisation, the benefits and the costs, and are therefore in a better position to make informed judgements about their use.

Tim Normanton then took Members through the process outlined in the report. In the course of the discussion, and in response to Members' questions, the following were among the main points raised:

- Members referred to the high daily rates charged by large consultancy firms and pointed out that there might be better value for money in the use of smaller, local firms;
- It was acknowledged that in IT, consultancy is a way of life and there are a large number of people in that industry who want to be employed on that basis;
- The Committee needs to get a better understanding of consultancy spend and where it is being spent;
- Concern was expressed at the high number of interim posts in the organisation and highlighted the need for a stable workforce;
- This is being addressed through workforce planning and strategies to fill gaps;
- In response to an issue raised regarding officers taking early retirement and returning as consultants, Members were told there is a re-engagement policy in place with specific timeframes meaning those officers should not return within three years;
- With regard to extensions of contracts, these will be covered by the Gateway Panel which is being implemented;
- It would be valuable to seek a view from this Committee as to how to determine where to draw the line between procurement activity which has consultancy aspects to it and the work in HR focussed more on the individual;

- As regards diversity and seeking to secure contracts with a broader range of consultancy providers, that is very much a procurement matter;
- The big consultancy firms have their own teams that write bids so they will always have that expertise which some of the smaller, more local companies won't have;
- They will also be on the main frameworks that are used, whereas the smaller ones might not be;
- It was noted that contract commissioning officers, not Procurement, decide which framework to use, however they will take advice from Procurement;
- There is another issue about testing the market and only using Single Contractor Negotiations where it is absolutely necessary or they are the only provider;
- One Member stressed the need to be building a workforce with empathy and understanding of the community, for example in the special needs sector, which is not transactional;
- The Chair stated that both HR and Procurement are part of the remit of this Committee and suggested there is a further piece of work to be done beyond today's discussion;
- The report presented does not include agency workers, although that was in the original scoping document;
- Members were told there is some work being done by HR and Procurement on the agency framework;
- There is a series of questions that still need to be addressed in terms of the process and Tim Normanton confirmed that the outline of the process shared with senior officers is encouraging those senior officers, when they feel there is a need for a consultancy assignment, to engage with their portfolio holder prior to the officer process of a business case, procurement and the approvals surrounding that;
- It was suggested that an informal session be arranged for immediately before or after a future committee meeting to discuss whether there is a need for this Committee to do some further work and what the scope might be.

RESOLVED:-

The report was noted.

7. PLANNED PROCUREMENT ACTIVITY REPORT

(See document 5)

The Chair confirmed that no O&S comments had been raised in advance of the report being considered at Cabinet.

He referred to the recent call-in which had re-enforced the need for the Committee to look again at the procurement process and a piece of work would be scoped in due course.

Cllr Chatfield said he would welcome the Committee's views on Procurement. He confirmed that some immediate steps were being taken and an update would be provided.

RESOLVED:-

The report was noted.

8. WORK PROGRAMME

(See document 6)

RESOLVED:-

The report was noted.

9. DATE OF NEXT MEETING

Noted.

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

None.

11. OTHER URGENT BUSINESS

(See documents 7, 8 and 9)

Two items of urgent business were raised:

ERP Update – Rebecca Hellard, Interim Chief Finance Officer, and James Couper, ERP Programme Director, updated Members on the current position.

The design stage has just been signed off and an updated business case would be going to Cabinet in March.

There are discussions taking place about the costs of the delay in getting to the design stage, acknowledging that there are some things that have been requested over and above the original scope.

The project is entering into the third stage which is the “Refine stage” and getting into building and testing.

The deadline for implementation is April 2022, as the financial year end is a good point in time to go live, with significantly more work involved if going live in the middle of the year.

Funding of the Commonwealth Games – Craig Cooper, Programme Director, Birmingham 2022 Commonwealth Games, and Guy Olivant, Business Partner, Development and Comms, attended for this item.

The Chair advised that this matter was being raised due to concerns in relation to the position regarding partner contributions, with £25m being unsecured.

Members were concerned about the shortfall and asked whether the Council will have to make an enhanced contribution.

They also questioned whether any work had been done in preparation for the partner contributions not being forthcoming.

They were told this has been highlighted as a risk with regard to the 2022/23 budget and the way forward will be a policy decision.

12. 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 1608 hours.