

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – PUBLIC MEETING

1400 hours on Thursday 17 October 2019, Committee Room 6

Present:

Councillor Sir Albert Bore (Chair)

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

Also Present:

Councillor Kate Booth, Cabinet Member for Children's Wellbeing

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources

Lisa Fraser, Assistant Director, Education and Early Years

Lorette Galena, Indoor Market Representative

Becky Hellard, Interim Chief Finance Officer

Nichola Jones, Assistant Director, Inclusion and SEND

Debbie Middleton, Interim Assistant Director – Finance

Sajeela Naseer, Head of Trading Standards and Markets

Jonathan Owen, Indoor Market Representative

Paul Stevenson, Finance Business Partner

Sean Uzell, Indoor Market Representative

Amanda Prosser-Davies, Operations Manager, Bull Ring Markets

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

Apologies were received from Councillor Lisa Trickett.

3. DECLARATIONS OF INTERESTS

None.

4. ACTION NOTES – 17 SEPTEMBER 2019

(See document 1)

RESOLVED:-

The action notes of the 17 September 2019 meeting were agreed.

5. INDOOR MARKET SERVICE CHARGE

(see documents 2 and 3)

Sean Uzell, Jonathan Owen and Lorette Galena attended on behalf of the Indoor Market Traders and Sajeela Naseer, Head of Trading Standards and Markets, and Amanda Prosser-Davies, Operations Manager, Bull Ring Markets, attended on behalf of Birmingham City Council (BCC).

The Chair began by advising attendees that following today's session, the aim was to report back to the Leader in November.

Sean Uzell and Jonathan Owen gave the following summary of issues on behalf of the Indoor Market traders:

- In previous years, the service charge has always come under budget and traders have therefore received a refund, however this year the service charge overran;
- Costs are not apportioned fairly between wet and dry traders;
- Traders are experiencing difficult trading conditions at the moment, with a drop in footfall from around 70,000 to 50,000 and are finding it difficult to pay the service charge and rent;
- Some of the services charged for were not tendered to the benefit of traders and were unnecessarily high;
- The service charge exceeds the rent, which is unusual, and is excessively high in comparison to other markets;
- Traders expect to pay a reasonable service charge, but the amount needs to reflect market conditions;
- Their view is that the Council is not meeting the terms of the lease, ie providing what is fair and reasonable;
- Some of the refrigerated display counters are not fit for purpose;
- There is an unfair apportionment of electricity costs, with for example, stalls of 100 square feet paying the same as stalls of 250 square feet.

In response, Sajeela Naseer, on behalf of BCC, made the following points:

- There are two elements of service charge – one applies to both wet and dry traders and the second is exclusively about services used by wet traders;
- It was acknowledged that some of the refrigeration display units installed by the previous landlord, Hammersons, are not fit for purpose and as a result the council is picking up the maintenance costs;
- It was pointed out that an electricity survey had just been carried out and all the units are safe;
- With regard to the electricity to the refrigeration units, a clamp meter has been installed to establish usage and the proposal from April is to include that in the relevant service charge;

- The service charge has been reviewed independently and it is compliant with industry standards;
- The service charge has increased but that reflects the costs of providing services and the way it is charged formalised to spread the cost rather than issuing bills (or refunds) at the end of the year;
- There are some void units within the market and the council bears the apportioned costs for those units;
- The market service has sought to address issues raised in the past, e.g. the cost of cleaning (where a new operating model is being looked at) and officers are confident that they are doing all they can to try and bring costs down to provide an appropriate service and achieve best value.

In the ensuing discussion, the following points were made:

- The cost of replacing the refrigeration units would be placed on traders and would be too costly over the two year period until the Smithfield Development commences. Under the terms of the lease, BCC could charge for maintenance but have agreed to take on these costs because of the historical issue;
- The traders' view was that the units should have been replaced earlier, and also that the electricity clamp meter should have been installed earlier as this had been brought to the council's attention in 2015;
- With regard to cleaning costs, Members asked whether any market testing had been done. Officers confirmed they had not been out to the market since they started using Acivico (now Civic Cleaning) and would be happy to do so but pointed out there is limited time before Smithfield; the indoor market representatives told Members they had raised in liaison meetings that they would like to have the cleaning contract market tested;
- In response to further concerns expressed by the indoor market representatives regarding health and safety and liability with regard to the refrigeration units, Members were assured that Environmental Health had inspected all the units and all were operating within temperature and were safe.

The Chair referred members of the committee to the Terms of Reference and, in considering whether they had heard enough to be able to conclude their consideration of this matter, the following points were agreed:

- **Justification of service charge** – whatever the increase is, there is an end of year consideration with either a refund or invoice for further payment;
- **Verification/audit** – the increase had been based on two previous years charges and had been put in place to even out the charge;
- **Impact of increase on Indoor Market traders** – Representatives had clearly stated trading conditions were more difficult due to the drop in footfall and that is the situation for many shops on the high street;
- **Alternatives** – management are willing to look at cleaning costs (which are 25% of the overall service charge) and it was suggested that both sides could go out and test the market;
- **Impact on budget** – in terms of replacement chiller units, due to the possible limited time left before Smithfield, the capital investment possibly cannot be justified.

It was agreed that a report to the Leader would be drafted and shared with the Indoor Market representatives and BCC officers to check accuracy and clarify any outstanding points.

RESOLVED:-

A report back to the Leader outlining the Committee's findings to be drafted and shared with attendees before being sent.

The meeting was then adjourned for a short break.

The meeting then resumed at the point where the meeting had been adjourned.

6. FINANCIAL MONITORING 2019/20 – MONTH 5

(See documents 4 and 5)

Councillor Kate Booth, Cabinet Member for Children's Wellbeing, Councillor Tristan Chatfield, Cabinet Member for Finance and Resources, Lisa Fraser, Assistant Director, Education and Early Years, Becky Hellard, Interim Chief Finance Officer, Nichola Jones, Assistant Director, Inclusion and SEND, Debbie Middleton, Assistant Director, Finance, and Paul Stevenson, Finance Business Partner, attended for this item.

The Chair told those present that the O&S summary note would be used as a guide to considering the Month 5 monitoring report.

The following were amongst the main points raised:

- It was noted that a better position was being reported at Month 5 but that there was still a very significant figure on red and purple non-delivery of savings;
- There are some issues in the Neighbourhoods Directorate but the main focus for this month is on Education and Skills;
- The Children's Trust position, with an overspend at Month 4 after mitigations, is of concern;
- Members were told that further mitigations are being sought and it is expected that the overspend will come down to around £6m, which would hopefully be reflected in their Month 5 report;
- When asked about how many out of city placements there are and what action is being taken to bring them back into the city, Councillor Booth told the committee that this is being looked at, particularly around fostering to see what can be brought back in-house, eg from independent fostering agencies, and also trying to increase the number of Birmingham foster carers, which should bring substantial savings;
- There are on-going concerns around the Travel Assist budget, with the use of the policy contingency hiding the extent of the problem and the likelihood that more money will be needed by year end to balance the budget;
- Members were told that there is work to be done to identify on-going and one-off costs and the directorate is moving to a position where it will be

presenting a more detailed position in terms of year end forecast and whether there is a case for re-allocating this budget;

- The Chair stressed that when setting the budget for 2020/21 there needs to be a forensic review of costs as it is obvious that the 2019/20 re-basing was insufficient;
- There are systemic problems within SEND in Birmingham. An EHC plan is needed to get any special provision and you can see families go through a 20 week process to get provision, with no earlier help offer and youngsters not always given the right placement. There is a lot of work to be done and it will not be turned around immediately;
- With regard to Early Years, there is an overall overspend of £0.158m. There has been a slight delay in terms of transfers taking place, with most transferred around the end of July;
- In Neighbourhoods Directorate, there has not been much change since Month 4;
- The Housing Options overspend and re-modelling of the service which was discussed at the last meeting has been referred to the Housing and Neighbourhoods O&S Committee;
- A question was raised around our ability to meet capital spend targets, with particular reference to the Paradise development and as the Deputy Chair had earlier asked that committee looks at the Capital Budget and the process for the Capital Board, a summary note was requested for the November meeting;
- The Chair concluded by thanking Debbie Middleton for her involvement in the improvement of the budget monitoring reports.

RESOLVED:-

- Summary Note on the Capital Budget, including the process for the Capital Board, to be provided for the November meeting;
- The report was noted.

7. WORK PROGRAMME

(See document 6)

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 1556 hours.