

**BIRMINGHAM CITY COUNCIL**

**RESOURCES O&S COMMITTEE – PUBLIC MEETING**

**1400 hours on Thursday 18 July 2019, Committee Room 6**

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**Present:**

Councillor Sir Albert Bore (Chair)

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

**Also Present:**

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources

Councillor John O'Shea, Cabinet Member for Street Scene and Parks

Councillor Majid Mahmood

Rob James, Acting Director, Neighbourhoods

Debbie Middleton, Interim Assistant Director – Finance (Deputy S151)

Parmjit Phipps, Finance Business Partner, Place

Darren Share, Assistant Director, Street Scene

Emma Williamson, Head of Scrutiny

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**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](http://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 – 12 JUNE 2019**

(See document 1)

An amendment was requested under the Financial Outturn 2018/19 item which stated "monthly reports will be more detailed". This should read "quarterly reports will be more detailed".

**RESOLVED:-**

The action notes of the 8 April 2019 meeting were agreed subject to the above amendment.

**5. REQUEST FOR CALL IN: PROCUREMENT STRATEGY TO SUPPORT THE FLEET REPLACEMENT STRATEGY FOR WASTE MANAGEMENT SERVICE**

(See documents 2, 3 and 4)

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources, and Councillor John O'Shea, Cabinet Member for Street Scene and Parks, attended for this item, supported by Rob James, Acting Director, Neighbourhoods, and Darren Share, Assistant Director, Street Scene.

Councillor Majid Mahmood gave the following reasons for the Request for Call-In:

*4 – the Executive appears to have failed to consult relevant stakeholders or other interested persons before arriving at its decision* – this refers primarily to trades unions and the depots themselves. A report had been agreed by the trades unions last year and the main difference between that report and this report is it was a seven year procurement strategy with funding of £68m. There is also no reference to consultation with the garages and depot managers;

*5 – the Executive appears to have overlooked some relevant consideration in arriving at its decision* – it was surprising that the report was late as months of work had taken place on the procurement strategy and the reason given for this was that it had not been approved by the Capital Board. It had also not been listed in procurement priorities.

*6 – the decision has already generated particular controversy amongst those likely to be affected by it or, in the opinion of the Overview and Scrutiny Committee, is likely so to do* – if the report had come through last year, the £3m which has been spent on repairs and maintenance would have been saved;

*9 – the decision appears to give rise to significant legal, financial or propriety issues* - can there be trust and confidence that the £11.8m referred to in this report is going to go through. Another consideration not included in the report is the current Defra consultation on the future operating model for waste collections which includes discussion about offering free green collections and food collections and this could potentially result in a need for more vehicles during the three year period; there is also the independent waste review to consider, which will take place before the new vehicles are procured;

*11 – the decision appears to give rise to significant issues in relation to a particular District* – the Montague St depot is in the clean air zone and so vehicles coming in and out of the depot will be liable for the clean air zone charge. However, there is no priority listing for these vehicles; the report should list which vehicles are being procured for each depot;

In response to the issues raised and Members' questions, the Cabinet Members made the following points:

- There will be some vehicles replaced into Montague Street, however the number of vehicles to be purchased means they will not be going solely into that depot;

- This is the start of the procurement process and does not commit us to purchasing particular types of vehicles; that would come later in the process. We will be able to decide which vehicles are replaced and in what order to ensure the more reliable vehicles can be retained for longer;
- Further discussions will be held with the workforce about the types of vehicles to be procured;
- It is likely that more smaller vehicles will be purchased to give more flexibility. Phasing is also important so the vehicle stock can be changed to meet changing demands and the procurement approach will allow for that;
- The financial information in Appendix 1 gives indicative costs to provide guidance in terms of what the financial envelope would be to ensure value for money;
- In terms of how we deal with recycling, the Council is looking at paper recycling which is no longer generating significant income. For example, there is an option to co-mingle all recycling into one bin;
- This is a changing framework and we do not expect to get the result of the Defra consultation until next year;
- With regard to timescales, as stated in the report, it is a three year programme and the biggest spend will be in the first year. The specifications will be agreed by the end of October, with orders placed around the end of the year for delivery from April;
- It is not possible to combine economies of scale and spot purchasing; the framework will provide economies of scale and allow flexibility to respond to changes;
- The trades unions, workforce and managers are fully behind this and do not want any more delay in the procurement;
- In terms of trust and confidence, it will be more damaging if we do not go ahead with this;
- It is accepted that the report was late and an undertaking was given to not let this happen again;
- It is vitally important that the Council gets value for money with this procurement.

Councillor Mahmood made the following final points:

- The figure of £11.8m is not enough to do the large scale procurement which is needed – the original figure was £68m;
- The procurement exercise needs to be more than three years to get the best deal and to work with other local authorities to purchase vehicles;
- The potential impact of the Defra consultation was stressed;
- This should have been dealt with sooner.

Members considered the Request for Call In and the following were among the main points made:

- There was criticism of the process for Cabinet reports and on this occasion the Executive should have sought to avoid a late report;
- There is an issue with the content of Cabinet reports – if more information was included then it would reduce the number of call-in requests;
- In light of events some months back when Members were expressing concern about abandoned collection routes, it was obvious that there was a need to move forward with this sooner rather than later and if this had been spelt out as one of the reasons for the report and the lateness it would have provided some assurance and some contrition from the Executive would be helpful;
- It was questioned whether the fact that it was a late report or that it does not give a depot-by-depot breakdown justified a call-in;
- Members had heard from Councillor Chatfield that there is a need to stay within budget constraints in revenue terms but there is an assumption that if this does not solve the problem then there will be an attempt to bring forward further capital monies to ensure the next stage is put in place;
- The Cabinet Members have given assurance that discussions have taken place and continue;
- The assumption that a depot by depot view has been taken and the figures have been aggregated;
- There is controversy but it is around the non-collection of waste;
- Members wanted clarity around the difference between the two figures of £11.8m and £68m;
- Members agreed there was a need to get new vehicles on the road to improve the service.

**RESOLVED:-**

The Committee agreed not to call in the decision.

**6. FINANCIAL MONITORING 2019/20 – MONTH 2**

(See document 5)

Cllr Tristan Chatfield, Cabinet Member for Finance and Resources, and Debbie Middleton, Assistant Director, Finance, attended for this item.

The Chair gave a brief introduction to this item stating that he had been asking for improved consistency in the monthly financial reporting and officers had achieved that with this report, which was better structured and easier to read. However, there was still some duplication in the report and it does need to be written in language which is easy to understand.

Councillor Chatfield highlighted the following key points in the report:

- There is a forecast overspend, however this is significantly lower than what was forecast this time last year and with mitigations being put in place he is confident this figure will be reduced over the next few months;
- Those areas with forecast overspends over £1m (Education, Neighbourhoods and Inclusive Growth) have been picked out for particular scrutiny and work is being undertaken with Cabinet Members and officers from those directorates

through a mini star chamber process to identify where the pressures, to find solutions and develop mitigation plans which will now go through a formal process with reports to Cabinet;

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

Sections 1 to 6:

- In 3.2 of the report there is no list of mitigations. These had been requested separately last year and are helpful in referring service issues to other O&S committees, so the Committee will want to see these at some point;
- The details of risks and mitigations in Annex 1-11 had not been included in previous years and are very helpful, as is the section on future years issues which identifies where there may be issues further down the track;
- The overspend of £18.2m is not dissimilar to where we have been in the past but in the past there has been a reliance on one off events to get back on track. Given that savings are running below where we expect them to be, can we rely on one off events occurring again;
- It was accepted that last year we did benefit from some one-off adjustments but there had also been some very dedicated work in terms of driving out savings and putting mitigations in place and it is important to note things will change throughout the year;
- It is worth noting that the largest spending directorate – Adult Social Care – performs exceptionally well in terms of managing its allocated budget and it is therefore legitimate to expect other directorates to perform well, although there will be pressures;
- Assurance was given that the aim is to deliver financial stability going forward and we are on a journey to gain greater transparency; there is a need to understand service implications, which can be driven out through star chambers and there will always be a combination of savings plans going well and those which do not come off, where mitigations have to be put in place;

Adult Social Care:

- Transition Programme – this had been picked up last year in terms of the savings which needed to be delivered in future years. The report says this is achievable assuming work with partners on early intervention is successful and Members were told that the Director believes this is do-able and considerable efforts are being made to understand the demographics;

Digital and Customer Services:

- A query was raised around ICT and the Capita transition and it was agreed a response would be provided outside of the meeting.

Education and Skills:

- Travel Assist – serious concern was expressed regarding the recent report to Cabinet and the process which has been followed, especially in view of the similarity with the issues this committee had raised last year;
- Whilst Councillor Chatfield acknowledged that there had clearly been a pressure for many years, he could not comment on operational details of the service which would need to be picked up with the Director of Education and Skills;

- The expectation is that the Director of Education and Skills will present a Financial Recovery Plan for the directorate back through Cabinet;
- Day Nurseries - clarity was requested regarding the potential overspend and Councillor Chatfield drew Members' attention to the email which had been circulated by Councillor Booth which addressed some of the funding issues;

#### Finance and Governance:

- With regard to the £1.1m projected shortfall on advertising revenue, partly due to the closure of the five ways underpass - as this had been known about for some time it should have been budgeted for, however it was pointed out that there are general market pressures and perhaps the wording could be changed slightly to reflect that;

#### Neighbourhoods:

- Waste Management – the injection of funding for this financial year was in relation to the staffing resource and that is on track; the difficulty is in relation to repairs and maintenance of vehicles, not helped by an increase in fuel prices, however a range of mitigations are being looked at, especially in terms of what can be done regarding spare parts and vehicle hire;
- Parks – there has been concern about the disposal of open land; not all of this has been successful, however some has been good. The next tranche is in relation to vacant allotments;
- Homelessness – this is a national issue and we do need to build more to meet demand; another challenge is helping those in crisis and prevention is important;
- The Local Housing Allowance is an issue as it will only access 17% of the private rented sector market in the city; the focus needs to be on increased provision, prevention and understanding the housing need;
- There has been a reduction in the use of bed and breakfast accommodation and this needs to be further reduced;
- The Health and Wellbeing sites – all options are being reviewed to ensure there is the budget available to manage these sites and the Active Wellbeing Society contracts are constantly being reviewed;
- All the above issues will be picked up in the directorate Financial Recovery Plan;

#### Dedicated Schools Grant:

- Spending on High Needs and School Deficits – there are concerns regarding the cumulative deficit in relation to High Needs and School Deficits and Councillor Chatfield suggested that the Director is invited to a future committee meeting to address these issues

#### **RESOLVED:-**

The report was noted.

#### **7. RESOURCES O&S COMMITTEE WORK PROGRAMME JULY 2019 AND DRAFT TERMS OF REFERENCE FOR 'ICT CHANGES – IMPACT ON CITY COUNCIL'**

(See documents 6 and 7)

The draft Terms of Reference for 'ICT Changes – Impact on City Council' were agreed and it was further agreed that Councillor Meirion Jenkins would chair the working group, with Councillor Lisa Trickett suggested as a second member, and a third member to be identified.

**RESOLVED:-**

The work programme was noted.

**8. OTHER URGENT BUSINESS**

None.

**9. DATE OF NEXT MEETING**

Noted.

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

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.

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The meeting ended at 1628 hours.