

## **BIRMINGHAM CITY COUNCIL**

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

**1400 hours on Tuesday 17 September 2019, Committee Room 2**

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**Present:**

Councillor Sir Albert Bore (Chair)

Councillors: Muhammad Afzal, Meirion Jenkins, Yvonne Mosquito and Lisa Trickett

**Also Present:**

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources

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

Councillor Sharon Thompson, Cabinet Member for Homes and Neighbourhoods

Julie Griffin, Acting Assistant Director, Housing

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

Parmjit Phipps, Finance Business Partner - Place

Darren Share, Assistant Director, Street Scene

Jayne Bowles, Scrutiny Officer

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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 Councillors David Barrie and Paul Tilsley.

**3. DECLARATIONS OF INTERESTS**

The following non-pecuniary interest was declared:

Councillor Lisa Trickett – Chair of the Active Wellbeing Society.

**4. ACTION NOTES – 18 JULY 2019**

(See document 1)

**RESOLVED:-**

The action notes of the 18 July 2019 meeting were agreed.

## 5. FINANCIAL MONITORING 2019/20 – QUARTER 1 (MONTH 3) AND MONTH 4

(See documents 2, 3 and 4)

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources, Councillor John O'Shea, Cabinet Member for Street Scene and Parks, Councillor Sharon Thompson, Cabinet Member for Homes and Neighbourhoods, Debbie Middleton, Interim Assistant Director, Finance, Julie Griffin, Acting Assistant Director, Housing, Darren Share, Assistant Director, Street Scene, and Parmjit Phipps, Finance Business Partner – Place, attended for this item.

The following were amongst the main points raised:

- The Chair began by saying that the additional information now being included in the monitoring reports, for example the classification of non-delivery of savings, is very useful;
- A request was made to Finance to start to list within the monitoring reports mitigations which might have service implications so that these can be followed up;
- The Chair highlighted the objectives of, and key issues included in, the summary report and confirmed that although the issues in relation to the Education & Skills Directorate would be covered at this meeting, these will be picked up in more detail when the Cabinet Member and officers attend in October;
- In response to a query regarding the change in use of the “Invest to Save” budget within Specific Policy Contingency to “Invest to Improve”, Members were told that there is still an “Invest to Save” reserve; “Invest to Improve” is a base budget that was included in the approved budget and is not repayable because we are investing to try to fix things that are wrong; “Invest to Save” expects a repayment of the investment and an ongoing saving as a result;

### Education and Skills

- Councillor Chatfield made the point that this directorate has engaged fully and properly with the Star chamber process and he is confident that mitigations are being put in place to ensure that, whilst some of these savings are difficult, alternatives have been found and are being worked up into a business plan;
- **Travel Assist** – The Education and Children's Social Care O&S Committee is doing an inquiry on Travel Assist which will address some of the concerns raised by this committee;
- Councillor Jenkins informed the Committee that there is an audit report on Travel Assist which he has requested for the November meeting of the Audit Committee and that this committee may wish to take an interest in this in due course;
- Concern was expressed that the matter of the setting up of a policy contingency had been included in the report on the award of the contract which was a report that could not be called in;

- At Month 4, the directorate is forecasting a zero budget overspend, having drawn down on the policy contingency, however there is still an increase in overspend and non-delivery of savings on Travel Assist;
- **Early Years Day Nurseries** – there needs to be some common use of language as there is a statement that there is no intention to close BCC's day nurseries provision but it is clear there is an intention to transfer them across to the Private, Voluntary and Independent sector;
- Clarity was sought regarding the apparent risk that the lease income may be less than expected due to the state of the buildings and it was suggested that this issue should be raised with the Director of Education and Skills before the October meeting;
- **Education PFI Reserve** – it is suggested that this might peak at a fairly substantial figure – is this being built into longer term financial planning?
- Members were advised that a lot of work has been undertaken by Finance in partnership with the directorate to understand the state of the PFI contracts this year and projections to the end of the contracts;
- It was flagged at year end that there was a need to create a reserve and it was assessed that £3.383m was needed to cover off contractual commitments and this comes from the corporate financial resilience reserve;
- It has been established through financial modelling that the contributions to build the reserve up to £8.764m are factored into the financial plan and should not add any further pressures provided the contracts perform as expected;
- It would be good practice to review the contract position on an annual basis to ensure the amounts held are still sufficient;
- **Dedicated Schools Grant** – With regard to the budget risks highlighted, Members expressed concerns around the cumulative deficits in High Needs and School Deficits;
- Members requested more information on High Needs, in particular:
  - What are the current numbers of High Needs individuals?
  - Do we have an understanding of what the potential demands are on the budget and has any work being done around the cumulative impact?
  - What is the impact of using money from non-schools DSG reserves?
- It was agreed that this information would be requested before the October meeting;
- In terms of School Deficits, does revenue from schools impact on the level of borrowing we are able to take as a Local Authority?
- The Assistant Director, Finance, didn't think that was the case but undertook to go back and check this with the capital finance specialists within the team;
- It was highlighted that in the recent spending review, substantial additional funding has been announced for schools nationally addressing the High Needs block issues so we will need to take account when we receive our

provisional settlement as to how that might impact on schools generally, and particularly schools in deficit;

### Neighbourhoods

- **Street Scene** – The Street Scene overspend is a significant part of the overall overspend within Neighbourhoods;
- Members have concerns around the repair and maintenance and hire costs of vehicles, with capital spend put in place to replace vehicles but this will not come on-stream yet;
- Councillor O’Shea was asked whether realistically there was any prospect of reducing either base budget overspend or non-delivery of savings before the end of this financial year;
- It was acknowledged that it would be a serious strain to get ongoing costs down; the big savings will be achieved once the new vehicles are in place but this will be March at the earliest;
- Trials are being carried out to ensure the vehicles purchased are fit for purpose, looking at the size of vehicles and alternative fuels which may bring reduced revenue costs going forward;
- Councillor Chatfield stressed that the directorate is working closely through the star chamber process to find mitigations, however there is a significant cost pressure around Fleet & Waste which is unlikely to disappear by the end of the year and it might be the case that some re-balancing of the budget will have to take place;
- In response to Members’ concerns about fly-tipping, Councillor O’Shea advised Members that fly-tipping is tending slightly downwards, however additional money to do more work on this would be welcome;
- It was acknowledged that it is incumbent on citizens to help to keep the city clean;
- The Chair advised Members that as part of its Customer Services inquiry, the Co-ordinating O&S Committee has set aside its meeting on 4<sup>th</sup> October to look at Waste complaints issues;
- **Housing Service - Housing Options** – The monitoring report quantifies the problems in relation to homelessness and the figures are alarming with the potential for costs to increase by £4m;
- Councillor Thompson told Members that the overspend is largely due to ongoing pressures and demands for temporary accommodation;
- Mitigations are underway, with work being done on re-modelling the Housing Options service, including a tasking group looking at current council stock, working with BMHT around building and increasing social housing stock, use of the private rented sector and working with partners and people with lived experience;
- The Chair suggested that the issue of Housing Options should be referred to the Housing and Neighbourhoods O&S Committee to look in more detail at the mitigating actions being taken;

- Members asked about the social cost of homelessness and were told that work is being done looking at case studies to cost out interactions with all services to truly understand the impact on people's lives, as prevention is better than high cost intervention;
- Councillor Thompson told Members she will ensure the results of this piece of work will be reported to Housing and Neighbourhoods O&S Committee;
- **Neighbourhoods Service** – With regard to the overspend for community sport, Members were told that it is thought this is due to an error in the setting of the base budget and the finance team and service are working together to understand the history of how that budget was set;
- The Chair requested that a note be provided setting out the historical position and comment as to what might be done about this.

**RESOLVED:-**

- Director of Education and Skills to be asked to provide the additional information requested by Members in relation to Early Years Day Nurseries and Dedicated Schools Grant;
- Assistant Director, Finance to provide a response as to whether revenue from schools impacts on the level of borrowing we are able to take as a Local Authority;
- Housing Options to be referred to Housing and Neighbourhoods O&S Committee to look in more detail at mitigating actions being taken;
- Assistant Director, Finance to provide a note on the overspend on community sport;
- The report was noted.

## 6. **WORK PROGRAMME**

(See documents 5&6)

The work programme was discussed and noted as follows:

- October – Financial Monitoring Report Month 5, with a focus on Education & Skills (Travel Assist to be dealt with by the Education and Children's Social Care O&S Committee; Indoor Markets Service Charge inquiry – draft Terms of Reference were tabled);
- November – Financial Monitoring Report Month 6; update on Funding for Commonwealth Games;
- Informal HR Briefing to be held on Wednesday 2<sup>nd</sup> October;
- The first meeting of the ICT Changes Working Group will take place on Tuesday 5<sup>th</sup> November.

**RESOLVED:-**

- The draft Terms of Reference for the Indoor Markets Service Charge inquiry were agreed;
- The work programme was noted.

**7. DATE OF NEXT MEETING**

Noted.

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

None.

**9. OTHER URGENT BUSINESS**

None.

**10. 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 1545 hours.