

# **BIRMINGHAM CITY COUNCIL**

## **CO-ORDINATING O&S COMMITTEE – PUBLIC MEETING**

**1000 hours on Friday 5<sup>th</sup> February 2021, On-line meeting**

### **Action Notes**

#### **Present:**

Councillor Carl Rice (Chair)

Councillors: Deirdre Alden, Albert Bore, Debbie Clancy, Liz Clements, Roger Harmer, Ewan Mackey, Rob Pocock, Lou Robson and Kath Scott

#### **Also Present:**

Cllr Ian Ward, Leader of the Council

Cllr Matt Bennett

Cllr Tristan Chatfield, Cabinet Member Finance & Resources

Cllr Meirion Jenkins

Suzanne Dodd, City Solicitor

Rebecca Hellard, Interim Chief Finance Officer

Alan Layton, Head of Finance

Chris Naylor, Interim Chief Executive

Sara Pitt, Assistant Director, Finance

Craig Scriven, Assistant Director, Organisational Development

Emma Williamson, Head of Scrutiny Services

#### **1. NOTICE OF RECORDING/WEBCAST**

The Chair advised that this meeting would be webcast for live or 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 were confidential or exempt items.

#### **2. APOLOGIES**

No apologies were received.

#### **3. DECLARATION OF INTERESTS**

None.

#### 4. ACTION NOTES

(See document No 1).

##### **RESOLVED:**

The action notes from the meeting held on 11<sup>th</sup> December 2020 were agreed.

#### 5. REQUEST FOR CALL-IN: INVESTING IN OUR FUTURE - WHAT BIRMINGHAM CITY COUNCIL NEEDS TO DO NEXT: 2021- 2026

(See document No 2).

Cllrs Matt Bennett and Meirion Jenkins outlined their reasons for requesting the call in, focusing on the following call-in criteria:

- *4 – the Executive appears to have failed to consult relevant stakeholders or other interested persons before arriving at its decision;*
- *5 – the Executive appears to have overlooked some relevant consideration in arriving at its decision;*
- *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, it is likely so to do;*
- *8 – there is a substantial lack of clarity, material inaccuracy or insufficient information provided in the report to allow the Overview and Scrutiny Committee to hold the Executive to account and/or add value to the work of the Council;*

In their submission, the Members stated that:

- This is another re-organisation after several over the last few years, with some of the same things being repeated such as an emphasis on prevention and a move away from salami slicing. These previous attempts seem to have been abandoned when a new Chief Executive was appointed.
- This re-organisation does not really explain how the results promised will be realised, it is light on detail in that regard. For example, reducing the number of direct reports to five is said to be in line with “best practice”. Brief research on the internet shows that best practice can be anything from four to sixteen direct reports. Therefore, more explanation on this is needed.
- There appear to be some gaps in moving to the new structure from the old. For example, with regards to the Education & Skills Directorate, there seems to be no mention of where the Director of Children’s Services sits. If there is an intention to move this to the Children’s Trust, that should be made explicit.
- The report as presented does not amount to a full business case. £1.1m has been spent so far but not clear on what, presumably consultants.
- The compelling reason why this must be referred back to Cabinet is because the Council is embarking on major organisational change whilst in the process

of recruiting a Chief Executive. A new Chief Executive may have very different ideas about the structure.

- It is hard to justify asking constituents to pay more tax in order to recruit five managing directors. The structure would make little sense to most constituents.

Some Members of the Committee raised the issue of the recruitment for a permanent Chief Executive, and some were of the view that the call in meeting could not continue without further details on the progress of this. It was suggested that the meeting move into private session to facilitate that.

In response, Cllr Ian Ward, the Leader of the Council, stated that he did not believe it was necessary to move into private session, as he could not give any more detail than he would in public session. He stated that the situation around the Chief Executive is one that he has to deal with, that he has discussed with other group leaders and he will be in a position to make a statement in a couple of weeks.

He further stated that he did not accept the assertion that the Council cannot make structural change until there is a permanent Chief Executive. The restructure in this report and subsequent reports is linked to budget proposals to be agreed by Full Council on 23 February 2021, so the logical extension of not making these changes would be that we cannot set the budget until there is a permanent Chief Executive. That would place the Council outside of the law.

He also noted that there is currently limited capacity at the top of the organisation which is the largest local authority in the country, and there is a real need to shift from crisis management to prevention and to deliver growth at greater scale and pace.

Details about the structure and what sits where will be set out in future reports to Cabinet.

The Interim Chief Executive gave more details on the changes, noting that five posts already exist, and the creation of other posts would be for the JNC Panel to agree. Three posts (Purpose Director: Places, Prosperity and Sustainability; Managing Manager City Help and Support; and Managing Director City and Municipal Development) are subject to future business cases. The paper sets out a general direction of travel. The restructure as a whole aims to generate £65m of savings that underpin the budget in February.

In the ensuing discussion, the main points included:

- The report sets out a direction of travel, and some members were of the view that it makes sense to do that before compiling detailed business cases.
- It was clarified that the Members requesting the call-in were questioning the invest to save basis of the report.
- The Leader confirmed that the financial justification for the restructure is built within the budget already published.
- On the matter of direct reports, the best practice referred to is related to a report published by PWC a couple of years ago.

The matter of the permanent Chief Executive was raised again, with Members stating that in briefings to the Committee, Members had been given the impression that the Interim Chief Executive would have ownership of these changes. This is a fundamental change, and it was proposed that it would be better to wait for matters to be settled. The Leader reiterated that he would not be drawn on the matter and that an announcement would be made.

The Members requesting the call-in request, emphasised the position with regards to a permanent Chief Executive, which is likely to mean further changes when one is appointed. They also argued that there is not sufficient clarity on the links between the changes and the savings.

The Leader responded by saying that there cannot be a pause on the restructure until a permanent Chief Executive is appointed as there is much work to do, including responding to the pandemic.

The Members of the Committee then discussed the call-in and the following points were made:

- There is a legitimate concern about the Chief Executive position, but some Members were content to take the Leader's word that he is content to take the proposals forward despite this.
- Some Members were minded not to agree with the call-in on the grounds that criteria 5 was not met as the Interim Chief Executive is looking at the future financial environment, and therefore a strong case has not been made by those requesting the call-in. Criteria 6 is not met as this is a major change and any major change is controversial and is going to stimulate debate, and that is the point of the paper. The recommendation is to approve the direction of travel and it is clear that work is ongoing.
- It is concerning that stakeholders are not fully in the loop regarding the restructure and the position of the council.
- The changes within the Cabinet report were generally supported. However, the key concern of some Members was the potential risks associated if there were to be a change of Chief Executive, which is the crux of the recommendations within the Cabinet report, as the current Interim Chief Executive has clear ownership of this proposal.
- The Committee has the option to not call in the decision and write formally setting out the concerns raised at the meeting and pressing for early resolution of the Chief Executive position. It was agreed that a letter should be sent asking the Leader for resolution of the matter as soon as possible.
- Concern was expressed that Members of this Committee are being asked to take decisions which impact on the future of the Council without having full knowledge or understanding of relevant facts. Members are being inhibited in that regard in not having full facts.

The Chair thanked the Cabinet Member, Councillors and officers for their time.

Following a vote, which was determined by the Chair's casting vote, it was:

**RESOLVED:**

That the decision is not called in for reconsideration by Cabinet.

**6. SCRUTINY OF BUSINESS PLAN 2021-25**

Cllr Tristan Chatfield, Cabinet Member for Finance and Resources set out the background to the draft budget report, which was prepared in unique set of circumstances. Rebecca Hellard, Interim Chief Finance Officer, was also in attendance.

Members then made the following points:

- In response to the Cabinet Member's assertion that the Council is now better at setting realistic budgets, the Chair asked about progress implementing the CIPFA recommendations following their review from a couple of years ago. The Cabinet Member confirmed there was a lot of work happening to meet the CIPFA standards and ensure clear accountability across the organisation. The Interim Chief Finance Officer further confirmed that the CIPFA financial review has led to a substantial amount of work to look at how the organisation works with finance officers, including the delivery of a new financial management system and a re-write of the financial regulations. The intention is to move the authority on to be best in class. The Council continues to be peer reviewed and there is full programme management overseeing this work.
- Cllr Bore confirmed that the Resources O&S Committee had continued to provide oversight of this work, including a report on the Neighbourhoods Directorate review.
- Business rates income: how certain can we be about the assumptions underpinning this, including a drop in income and government funding to mitigate loss of income? The Cabinet Member explained that these were built on an income drop and nil growth, which was a forecast but based on solid evidence.
- The Enterprise Zone, set up many years ago is yielding benefits but have the growth assumptions for this also been reassessed? The Interim Chief Finance Officer confirmed that a full review of the EZ model has been done, and it is not currently believed that we will have a funding shortfall. It was asked whether extending the period for business rate growth from 25 years to 35 years was still being considered and the Interim Chief Finance Officer undertook to respond to the Committee.
- Clean Air Zone – some of the income from this will need to go into areas beyond the zone to provide controlled parking outside the zone. The Cabinet Member has responded positively to that proposal, but it is not listed in the budget document.

- Chapter 3, section 12.1, Table 3.5 gives budget pressures, which includes a line “members priorities”. What are those priorities? It was confirmed that these are listed under Appendix F.
- Cllr Bore stated his intention to bring Chapter 6, Commonwealth Games, to the Resources O&S Committee. The Committee has on several occasions had a report on the revenue and capital costs, and this is important because of a particular concern around partner contributions, some of which are unlikely to be delivered.
- The public health grant: is the ringfence for this grant to be retained and for how much longer? The Cabinet Member stated it is still uncertain, and they are awaiting guidance from Government.
- Homelessness: dealing with the increase in use of temporary accommodation is focused on prevention which is welcomed but how far will this go? The City Council lost 600 properties last year, and so do the plans take sufficient notice of level of crisis? The Cabinet Member confirmed that the intention is to support people before the situation becomes a crisis.
- Climate change: there appears to be no series of identified measures to tackle climate change – there are regular references but no specific package. Page 158 of the budget report has a table that has “air quality and climate” – is that relating to the Clean Air Zone? The Cabinet Member agreed to confirm exactly what was contained within that budget line.
- Schools and academisation deficits: the report states that special schools’ deficits will be supported through the High Needs Block (other schools are supported in a different way). It was confirmed that the High Needs Block is ringfenced for special schools though the Council could use general fund to add to that.

Cllr Chatfield thanked the officers for all their hard work in putting the budget together under difficult circumstances, and the Chair echoed that thanks.

**RESOLVED:**

The report was noted and:

- The Chair requested that the update on the CIPFA financial review is summarised by each Scrutiny Committee, so Chairs can see what areas their Committee should focus on.
- The Cabinet Member to confirm exactly what is contained within the budget line for air quality and climate on page 158.

**7. WORK PROGRAMME**

(See documents No 3 and 4).

Emma Williamson, Head of Scrutiny Services, updated the committee on items including:

- The call for evidence for the Exempt Accommodation Inquiry has gone out and responses are coming through. It may be necessary to look at an additional date for evidence gathering in early March, and Emma Williamson will come back to Members regarding dates;
- The draft Scrutiny Framework has been shared with all Members and senior officers, and feedback is being collated. That is on track for Full Council in April and a draft of the report will be shared with Members.
- Feedback on the protocol for Member enquiries has been given and the next step is for sessions with all Members, to be arranged by the customer services team. Again, this is on track for a report to Full Council in April.
- The other scrutiny report due at Full Council in April is the Infant Mortality Inquiry by the Health and Social Care O&S committee.

Cllr Harmer updated the committee that Covid-19 has severely impacted on the ability of the Council to deliver the Exempt Accommodation pilot, and so the timescales have been put back indefinitely to end of lockdown, which gives the Committee more time for their inquiry.

Cllr Bore reiterated his caution on how residents' views are facilitated for the inquiry, as there are so many interacting issues that it will be difficult to get a meaningful set of evidence at this time.

**RESOLVED:**

The work programme was noted.

**8. DATE AND TIME OF THE NEXT MEETING**

The date of the next meeting is the 12<sup>th</sup> March 2021 at 1000 hours.

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

None.

**10. OTHER URGENT BUSINESS**

In light of the number of call-ins this week, clarification was sought on whether there were time limits on Councillors speaking. It was confirmed there were no formal limits for committee meetings, but speaking time was at the discretion of the Chair.

**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 1335 hours.