

BIRMINGHAM CITY COUNCIL

HOMES OVERVIEW AND SCRUTINY COMMITTEE

THURSDAY, 21 SEPTEMBER 2023 AT 14:00 HOURS
IN COMMITTEE ROOM 6, COUNCIL HOUSE, VICTORIA SQUARE,
BIRMINGHAM, B1 1BB

A G E N D A

1 **NOTICE OF RECORDING/WEBCAST**

The Chair to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's Public-I microsite ([please click this link](#)) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2 **APOLOGIES**

To receive any apologies.

3 **DECLARATIONS OF INTERESTS**

Members are reminded they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at this meeting.

If a disclosable pecuniary interest is declared a Member must not participate in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If other registerable interests are declared a Member may speak on the matter only if members of the public are allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If it is a 'sensitive interest', Members do not have to disclose the nature of the interest, just that they have an interest.

Information on the Local Government Association's Model Councillor Code of Conduct is set out via <http://bit.ly/3WtGQnN>. This includes, at Appendix 1, an interests flowchart which provides a simple guide to declaring interests at meetings.

- 5 - 8** 4 **MINUTES**
- To confirm the minutes of the Homes Overview and Scrutiny Committee meeting held on 20 July 2023.
- 9 - 10** 5 **ACTION TRACKER**
- To note the action tracker.
- 11 - 56** 6 **FINANCIAL CHALLENGES - SCRUTINY CONTRIBUTION TO THE BUDGET SAVINGS AND RECOVERY PLAN**
- To update the Committee on plans to meet the Council's financial liabilities relating to Equal Pay following the publication of a Section 114 notice, and for the Committee to consider the implications for the Committee's work programme.
- 57 - 92** 7 **REGULATORY COMPLIANCE**
- To consider a report on the Social Housing Regulation Bill and response to the Housing Ombudsman report.
- 93 - 108** 8 **WORK PROGRAMME**
- To consider the Committee's work programme and agree any updates/amendments.
- 9 **DATE OF THE NEXT MEETING**
- To note the date of the next meeting on Thursday 19 October at 1400 hours in Committee Room 6.
- 10 **REQUEST(S) FOR CALL IN/COUNCILLOR CALL FOR ACTION/PETITIONS RECEIVED (IF ANY)**
- To consider any request for call in/councillor call for action/petitions (if received).
- 11 **OTHER URGENT BUSINESS**
- To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.

12 **AUTHORITY TO CHAIR AND OFFICERS**

Chair to move:-

'In an urgent situation between meetings, the Chair jointly with the relevant Chief Officer has authority to act on behalf of the Committee'.

BIRMINGHAM CITY COUNCIL

HOMES O&S COMMITTEE – PUBLIC MEETING

1400 hours on Thursday 20 July 2023, Committee Room 6, Council House

Minutes**Present:**

Councillor Mohammed Idrees (Chair)

Councillors: Saqib Khan, Lauren Rainbow, Rinkal Shergill, Ron Storer and Penny Wagg

Also Present:

Jayne Bowles, Scrutiny Officer

Amelia Wiltshire, Overview and Scrutiny Manager

1. NOTICE OF RECORDING/WEBCAST

The Chair advised that this meeting will be webcast for live or subsequent broadcast via the Council's Public-I microsite 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 Ziaul Islam and Ken Wood.

3. DECLARATIONS OF INTERESTS

Members were reminded they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at this meeting, and none were declared.

4. MINUTES

(See document No. 1)

RESOLVED:

That the minutes of the meeting held on 22 June 2023 were agreed.

5. ACTION TRACKER

(See document No. 2)

RESOLVED:

That the action tracker was noted.

6. WORK PROGRAMME 2023/24

Amelia Wiltshire outlined the items scheduled for the September and October meetings and the menu of options for future consideration.

Councillor Storer raised the following matters on behalf of Councillor Wood:

- A request for detailed updates at every meeting on where we are with the backlog of inspections.
- A request for details of contractors' performance.
- Decent Homes/Voids – the importance of completing the piece of work which had been started last year and Councillor Wood would be happy to chair a Task and Finish Group.

It was agreed that scrutiny officers would clarify the first two points with Councillor Wood.

In terms of Voids, the Terms of Reference would be re-visited and expanded on and there could be overlap with Decent Homes which the Task and Finish Group would need to discuss.

The Chair invited Members to indicate if they wished to be on the Voids Task and Finish Group and the following membership was agreed – Councillors Mohammed Idrees, Saqib Khan, Lauren Rainbow, Penny Wagg and Ken Wood.

RESOLVED:

- That the membership of the Voids – Improving Standards Task & Finish Group would be Councillors Mohammed Idrees, Saqib Khan, Lauren Rainbow, Penny Wagg and Ken Wood.
- That the work programme was agreed.

7. DATE OF THE NEXT MEETING

RESOLVED:

That the Committee noted the date of the next meeting on Thursday 21 September at 1400 hours in Committee Room 6.

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

None.

9. OTHER URGENT BUSINESS

None.

10. AUTHORITY TO CHAIR AND OFFICERS

RESOLVED:

That in an urgent situation between meetings, the Chair jointly with the relevant Chief Officer, has authority to act on behalf of the Committee.

The meeting ended at 14.14 hours.

**HOMES O&S COMMITTEE
ACTION TRACKER 2023/24**

Date	Agenda Item	Action	Notes
20 July 2023	Work Programme	Task & Finish Group to re-visit the Voids Terms of Reference	COMPLETE – Task & Finish group established. Outline Terms of Reference for an inquiry on Improving Standards of Council Homes included under Work Programme item for September meeting.
		Scrutiny Officers to seek clarification on the following matters raised on behalf of Cllr Wood: <ul style="list-style-type: none"> • Backlog of inspections • Contractor Performance 	COMPLETE – Backlog of inspections to be picked up as part of the Regulatory Compliance agenda item at the September meeting. The quarterly HLB performance reports will be shared with committee members – the Q1 2023/24 report was emailed on 13 th September.
22 June 2023	Developing the Homes O&S Committee’s Work Programme 2023/24	City Housing management structure chart and responsibilities to be shared with Members.	COMPLETE - Emailed to Members on 27 th June.

Birmingham City Council

Homes Overview and Scrutiny Committee

Date 21 September 2023



Subject: Scrutiny Contribution to Budget Savings and Recovery Plan

Report of: Christian Scade, Head of Scrutiny and Committee Services

Report author: Christian Scade, Head of Scrutiny and Committee Services
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07517 550013

1 Purpose

- 1.1 To update the Committee on the report of the Section 151 Officer (the Chief Finance Officer), made under section 114 (3) of the Local Government Act 1988, published on 5 September, and for the Committee to consider the implications for the scrutiny work programme.
- 1.2 This agenda item also includes the Medium-Term Financial Plan, agreed by Cabinet in July, and a list of savings agreed as part of the 2023/24 budget setting process with RAG ratings.
- 1.3 This additional information, including the slides from the training delivered in July, is provided to assist with the discussion. However, it should be noted that this item was prepared, and shared with the other Overview and Scrutiny Committees, ahead of the Section 114 notice being issued.

2 Recommendations

The Committee:

- 2.1 Receives and notes a verbal update on the report (attached at Appendix 4) of the Section 151 Officer (the Chief Finance Officer) made under section 114 (3) of the Local Government Act 1988.
- 2.2 Considers the financial issues that are relevant to the Committee's terms of reference (outlined in the [Council's Constitution, Part B, section 11.5](#)) and what this means for the scrutiny work programme.

3 Any Finance Implications

3.1 Financial implications in relation to the report made under section 114 (3) of the Local Government Act 1988 are set out in Appendix 4.

4 Any Legal Implications

4.1 Legal implications in relation to the report made under section 114 (3) of the Local Government Act 1988 are set out in Appendix 4.

5 Any Equalities Implications

5.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

5.2 The protected characteristics and groups outlined in the Equality Act are: Age; Disability; Gender Reassignment; Marriage and Civil Partnership; Pregnancy and Maternity; Race; Religion and Belief; Sex, and Sexual Orientation.

5.3 The Committee should ensure that it addresses these duties by considering them during work programme development, the scoping of work, evidence gathering and making recommendations. This should include considering: How policy issues impact on different groups within the community, particularly those that share a relevant protected characteristic; Whether the impact on particular groups is fair and proportionate; Whether there is equality of access to services and fair representation of all groups within Birmingham; Whether any positive opportunities to advance equality of opportunity and/or good relations between people are being realised.

5.4 The Committee should ensure that equalities comments, and any recommendations, are based on evidence. This should include demographic and service level data and evidence of residents/service-users views gathered through consultation.

6 Appendices

6.1 Appendix 1: Medium Term Financial Plan – Report to Cabinet, 25 July 2023.

6.2 Appendix 2: Slides from Co-ordinating Overview and Scrutiny Committee training session delivered by Fifield Training Ltd, 26 July 2023.

6.3 Appendix 3: Agreed Savings 2023-24, Q1.

6.4 Appendix 4: Section 114 Report

Birmingham City Council

Report to Cabinet

25th July 2023



Subject: **Medium Term Financial Plan (MTFP) Refresh – update to Cabinet at Quarter 1 of the 2023/24 Financial Year**

Report of: **Fiona Greenway, Interim Director of Finance & Section 151 Officer**

Relevant Cabinet Member: **Councillor John Cotton, Leader
Councillor Sharon Thompson, Deputy Leader
Councillor Brigid Jones, Cabinet Member for Finance and Resources**

Relevant O &S Chair(s): **Councillor Jack Deakin, Finance and Resources Overview & Scrutiny Committee**

Report author: Peter Sebastian
Head of Financial Planning (interim)
Email Address: peter.sebastian@birmingham.gov.uk

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 011384/2023		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

1 Executive Summary

- 1.1 As part of the Council's approach to financial management, the Council provides updated forecasts across the Medium Term Financial Plan (MTFP) period to Cabinet three times a year – at Quarter One (this report); Quarter Two (in October) and at

Quarter Three (December/January, in the run up to formal budget-setting for the next financial year).

- 1.2 This report shows forecast budget pressures and inflation forecasts over the current financial year (2023/24) and the remaining financial years that make up the MTFP. It is projected that there is in-year budget shortfall of £87.4m in 2023/24, rising to £164.8m in 2024/25, reflecting the extent to which the costs of current service provision exceed the funding levels. These projected budget shortfalls do not reflect any additional costs relating to Equal Pay, including potential future liabilities as well as the cost of implementing any scheme of job evaluation.
- 1.3 Across the country, many councils are facing significant and similar budget pressures – mainly due to increased demand for services from residents, higher than forecast inflation and difficulty with delivering existing savings programmes in this current economic climate. Therefore, the current MTFP forecasts for Birmingham City Council (BCC), while serious and requiring immediate attention, are not unique.
- 1.4 What is unique, in the BCC context, is the significant and additional forecast liability for Equal Pay claims of between £650m and £760m. The Council has engaged with its External Auditors and is having ongoing discussions with the Department of Levelling-Up, Housing and Communities (DLUHC).
- 1.5 It is for this reason that this report supports the implementation of mandatory spending controls to give the Council time to further review financial pressures (including finalising the details of the Equal Pay liability) and mitigations.
- 1.6 In addition, this report recommends the implementation of a Robust Budget Savings & Recovery Plan to tackle existing budget pressures and the financial implications of the additional Equal Pay liability. This Plan sets out a series of activities that need to be delivered over the next five years to achieve financial stability within the Council, reviewing all aspects of BCC's financial management systems, processes and capability. This Plan will also seek to tackle financial pressures and rebuild corporate reserves over the medium term.

2 Recommendations

Cabinet is recommended to:

- 2.1 Note the MTFP budget pressures (inflation, savings, directorate pressures, Collection Fund update), as well as the Quarter One 2023/24 position (which provides a high-level assessment of a budget gap for this financial year) (**Section 5 of this report**);
- 2.2 Note the wider financial position of the Council, in terms of capital expenditure and available corporate resources, which demonstrate that the additional Equal Pay liability, alongside MTFP budget pressures, cannot be found within existing BCC resources (**Section 5**);

- 2.3 Note the work carried out to date to assess the potential scale of additional Equal Pay liabilities (**Section 4**);
- 2.4 Endorse the mandatory spending controls which came into effect from 5 July 2023 (**Section 6**);
- 2.5 Endorse the robust Budget Savings & Recovery Plan – to close the forecast budget gaps in the current financial year and future financial years– as per the timetable included in this report (**Section 6**); and
- 2.6 Agree the 2024/25 budget-setting timetable, including the dates for the implementation of the recommendations in this report (**Section 7**)

3 Background

- 3.1 Birmingham City Council (BCC) approved its 2023/24 annual budget and Medium Term Financial Plan (MTFP) on 28 February 2023 as part of the annual budget setting cycle. Budgets were balanced up to 2023/24 (and across the MTFP period) on the assumption that:
 - a. £97.1m of savings were to be delivered over the next four years to 2026/27 (assuming no savings are brought forward undelivered from 2022/23);
 - b. Budget managers and budget holders are diligent in working within budgetary envelopes; and
 - c. Council tax was increased by 4.99% (including 2% for social care) with income levels largely returning to pre-Covid levels.
- 3.2 This paper:
 - a. Updates the assumptions (particularly inflation) that were used to set budgets for the 2023/24 financial year and provide an initial high-level

forecast (as at Period 3; Quarter One, April – June 2023) for the 2023/24 financial year;

- b. Updates the budget assessments over the MTFP period (from 2024/25 to 2027/28) based on the most recent forecasts (particularly with regard to inflation);
- c. Provides an update on Directorate spending to identify recent spending pressures, as well as progress against the agreed savings programme within the 2023/24 Financial Plan;
- d. Provides an outline of the Robust Budget Savings & Recovery Plan, including proposals for spending controls and key workstreams;
- e. Outlines the timetable and next steps required for the budget-setting process for the 2024/25 financial year, including budget consultation and engagement;
- f. Outlines the scale of the Council's existing capital programme – including a summary of existing borrowing (a full Capital and Treasury Management will come to Cabinet later this year); and
- g. Provides an initial assessment of potentially available corporate reserves that could be used to cover potential upcoming financial liabilities. It should be noted that these reserves are currently an estimate; a full review of reserves will be completed as part of the 2022/23 outturn report that will come to Cabinet in Autumn 2023.

3.3 This paper does not cover ringfenced revenue funding in the Housing Revenue Account (HRA) or the Dedicated Schools Grant (DSG) – it solely focuses on General Fund revenue budgets. The HRA Business Plan is expected to come to Cabinet in September 2023 for review; the DSG budget position is covered as part of the usually cycle of quarterly reporting to Cabinet.

4 National & Local Financial Context

4.1 Cabinet should note that there are a significant range of challenges that this Authority, and all public bodies, are currently facing. Research by the Special Interest Group of Municipal Authorities (SIGOMA) which represents 47 urban authorities, published on 19 June 2023, found that 55% of respondents were unsure whether they would be able to meet the budgets that were approved in March 2023 for the 2023/24 financial year. Based on the updated MTFP forecasts in Section Four of this report, without immediate and urgent action, BCC is in a similar position. The macroeconomic factors that are causing financial pressures include:

- a. **The impact of inflation** – compared to February 2023 when the budget for the 2023/24 financial year was agreed, inflation looks set to be higher than forecast. This manifests itself in a number of ways, from increased pay and materials budgets to rising energy costs; for example, the 2023/24 Financial Plan included an increased budget allocation of £18 million for the Council's energy bills and a £6 million increase for our schools. Further details on the impact of inflation are detailed in Section Five of this report;
- b. **Impact of Covid** – this continues to impact in a number of ways, from increased support needs for our residents (resulting in additional pressures on public services) to the income collection, as can be seen in the movement in the Collection Fund (most notably for business rates) that is described in Section Five;
- c. **Uncertain central government funding** – the Council's net revenue budget is funded from four main sources: Business Rates, Council Tax, government grants and fees & charges. (Where necessary, corporate reserves may also be used to cover specific expenditure or cover budget shortfalls.) Fees & charges are dependent on activity levels and residents' ability to pay. While Council Tax and Business Rates are also dependent on ratepayers' ability to pay, there are a number of uncertainties over these funding streams in future. Central Government has provided some clarity for the 2024/25 financial year only – namely that current Council Tax threshold levels (i.e., the amount that rates can be increased without the need for a referendum) will remain at 3% for Council tax and 2% for the Adult Social Care precept. Future reforms to the Business Rates system are currently delayed until 2025/26 at the earliest but may have a significant impact on BCC.

4.2 At present, there are also a number of challenges that are specific to BCC:

- a. Oracle finance system implementation – as approved by Cabinet on 27 June, this MTFP refresh includes £33.7m of costs from 2023/24 onwards to fix urgent issues, and to develop a plan that will deliver the Council's vision for an optimised Oracle. The total cost is £46.5m, including £12.8m of costs that had related to the 2022/23 financial year. In addition, the time taken to fix this Oracle system has delayed the completion of the 2022/23 outturn report and final reserves position, which means that this report cannot fully consider the impact on reserves of future cost pressures. This will be done at the Quarter Two MTFP refresh report due to come to Cabinet in October.
- b. Equal Pay challenges – the additional forecast Equal Pay liability is a key driver for the recommendations in this report. As noted above, initial estimates of the potential additional Equal Pay liability are between £650m and £760m.

4.3 Before the financial implications of this Equal Pay liability can be fully quantified for the MTFP, a more detailed calculation, using individual time-series data, to assess the full extent of the Equal Pay liability is being carried out. The results of this work are expected in August.

- 4.4 The overall scale of the liability needs to be quantified to assess total costs and enable BCC to explore all options for payment. A provision for Equal Pay liability will also need to be made within all accounts that are not currently signed off by auditors – this includes the 2020/21, 2021/22 and 2022/23 financial years – to demonstrate the scale of the issue at that point in time. This provision cannot be made until a financial solution is agreed with national government and stakeholders. At that point, the accounts can be reviewed and signed off by auditors.

5 MTFP – updated forecasts

- 5.1 The key movements from the MTFP position since BCC approved the budget for 2023/24 (and forecasts for future years) in February 2023 are shown in the table below. The projections identify a significant in-year budget shortfall of £87.4m in 2023/24, rising to £164.8m in 24/25, reflecting the extent to which the costs of current service provision exceed the funding levels:

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Total Net Expenditure (as per 2023/24 Financial Plan)	925,078	1,018,314	1,035,612	1,049,934	1,083,206
Total Resources (as per 2023/24 Financial Plan)	(925,078)	(1,018,314)	(1,035,612)	(1,049,934)	(1,079,093)
Budget gap as (as per 2023/24 Financial Plan)	-	-	-	-	4,113
Expenditure					
Budget Pressures					
Staffing	3,844	3,973	4,070	4,170	4,273
Demand/Complexity Growth	55,586	37,736	44,027	42,240	39,840
Statutory Requirement	-	-	-	-	-
Borrowing costs, investment etc	-	-	-	-	-
Budget Pressures Subtotal	59,430	41,709	48,097	46,410	44,113
Corporately Managed Budgets	(4,240)	(4,097)	(3,935)	(4,154)	(5,461)
Pay Inflation	-	-	(2,532)	(5,178)	(7,943)
Contract Inflation	1,042	27,346	51,904	55,348	58,666
Other Inflation	19,875	28,352	35,367	42,593	50,063
Fees and Charges Inflation	-	(357)	(365)	(372)	(378)
Inflation Sub-total	20,917	55,341	84,374	92,391	100,408
Savings					
High Risk Savings	35,141	56,274	75,374	75,374	75,374
Savings Subtotal	35,141	56,274	75,374	75,374	75,374
Total Net Expenditure Movements	111,248	149,227	203,910	210,021	214,434
Resources					
Business Rates	-	14,100	(27,677)	(40,165)	(41,052)
Council Tax	-	2,019	-	-	-
Other Grants Excl DSG & ABG	-	-	-	-	-
Top Up Grant	-	-	-	-	-
Other income	5,044	2,589	2,589	2,589	2,589
Net Payment to/(from) Reserves	(28,907)	(3,096)	(1,687)	-	-
Total Resources Movement	(23,863)	15,612	(26,775)	(37,576)	(38,463)
MTFP Budget Gap at July 2023	87,385	164,838	177,135	172,445	180,084

- 5.2 These projected budget shortfalls do not reflect any additional costs relating to Equal Pay, including potential future liabilities as well as the cost of implementing

any scheme of job evaluation. Full detail on these projections is included in paragraphs 5.3 – 5.15 below.

5.3 **Budget Pressures & Policy Choices** – this is made up of two elements:

- a. **Staffing** – this includes the correction of a previous budget issue that relates to the 1.25% planned increase in National Insurance contributions (and therefore pay costs) which was subsequently scrapped in September 2022. This planned increase was removed from base budgets, leaving a shortfall (£3.4m in 2023/24) to cover the forecast pay award.
- b. **Demand / Complexity** – this covers a range of directorate-specific spending pressures. The four largest areas of cost pressures are:
 - i. Oracle costs (assumed £33m from 2023/24 to 2025/26);
 - ii. Temporary Accommodation (assumed pressure of £8.6m in 2023/24, rising to £18.2m in 2024/25; based on the recent proposal to June Cabinet to purchase additional temporary accommodation which was approved);
 - iii. Children & Families pressures (£6.7m in 2023/24 and £3.9m in 2024/25), driven by demographic pressures requiring care (particularly in Unaccompanied Asylum Seeking Children) and home-to-school transport support, as well as an additional liability relating to Birmingham’s Children’s Trust pension liabilities for 2023/24 only (all of which will be further reviewed at Quarter Two); and
 - iv. Adult Social Care demand pressures (forecast £6.2m in 2023/24 and £8.9m in 2024/25) relating to increased numbers seeking care and increased placement costs (i.e. additional demand for more expensive residential care).

5.4 **Corporately Managed Budgets** – this includes a forecast reduction in borrowing costs of £3.9m in 2023/24 and £2.3m in 2024/25, as delays in the capital programme have led to lower than forecast loan debt (and therefore lower Treasury costs).

Inflation

5.5 **Other inflation** – this line covers General Price inflation on premises, transport, and supplies and services costs. The assumptions used in the 2023/24 Financial Plan have been reviewed in light of the latest Bank of England Consumer Price Index (CPI) forecasts from May 2023. The updated forecasts are based on the following assumptions:

	2023/24	2024/25	2025/26
Apr-Jun	8.2%	3.4%	1.1%
Jul-Sep	7.0%	2.9%	1.0%
Oct-Dec	5.1%	2.3%	1.0%
Jan-Mar	4.4%	1.5%	1.1%
Average CPI Inflation	6.2%	2.5%	1.1%
MTFP refresh assumptions used:	6.2%	2.5%	2.0%
Assumptions used in 2023/24 Financial Plan:	0.0%	0.0%	0.0%

Source for MTFP refresh assumptions: Bank of England CPI forecasts, May 2023

Note: for the 2025/26 financial year and future financial years, MTFP forecasts are assumed to be 2.0% - a slight increase from Bank of England forecasts to ensure the MTFP is calculated on a prudent basis

5.6 As noted above, the increase in forecast inflation is due to the increase compared to the 2023/24 Financial Plan, in which assumptions were made that Directorates would not receive any inflationary uplift for premises, transport and supplies & services costs and would need to manage pressures within existing budgets.

5.7 **Contract inflation** – this relates to areas of spend which are tied to specific contracts, and so require specific inflation assumptions. The largest area of spend – and therefore the largest impact on the MTFP – relates to Adult Social Care (packages of care; estimated £18.6m increase in inflation forecasts in 2024/25) and Children’s Social Care (third party payments to the Birmingham Children’s Trust for care packages; estimated £7.3m increase in inflation forecasts in 2024/25). This is based on the following assumptions:

	2023/24	2024/25	2025/26
<u>Adult Social Care packages</u>			
Assumptions used in the 2023/24 Financial Plan:	7.5%	0.6%	0.0%
MTFP refresh assumptions used:	8.7%	6.5%	4.9%
<u>Children's Social Care third party payments</u>			
Assumptions used in the 2023/24 Financial Plan:	7.4%	0.6%	0.0%
MTFP refresh assumptions used:	7.4%	6.5%	4.9%

Source for MTFP refresh assumptions: Analysis of future ASC care package costs as at end of May 2023

Note: for Children’s third-party payments, it is assumed that they will track ASC inflation movements in 2024/25 and 2025/26. The 2023/24 figures have not yet been updated and will form part of the next MTFP Refresh paper to Cabinet in October

5.8 **Pay inflation** – at present, pay inflation budgets look broadly accurate. The Financial Plan 2023/24 assumed 5.0% increase in 2023/24, 2.5% in 2024/25 and in future years. Based on Bank of England forecasts, this update revises this forecast to 2.0% from 2025/26 onwards.

5.9 **Savings** – progress against the savings agreed in the 2023/24 Financial Plan has been reviewed. Based on the table below, it is estimated that a total of £35.1m of savings are at high risk (i.e., assessed as unlikely to deliver). These are described in paragraphs 5.10-5.11 (£33.2m of savings at risk within the agreed corporate savings programme) and 5.12 (an additional £1.9m of savings that had been incorrectly applied).

- 5.10 From the agreed corporate savings programme, as laid out in the 2023/24 Financial Plan approved by Cabinet in February, the Financial Sustainability Programme Board is currently forecasting that £33.2m of savings are at high risk (i.e., assessed as unlikely to deliver) in 2023/24 with a further £21.1m unlikely to be delivered in 2024/25:

£'000	2023/24	2024/25	2025/26	Total	% of Target
MTFP Target 23/24 to 25/26	(55,165)	(28,137)	(19,544)	(102,846)	92%
Previous Undelivered Savings	(9,454)			(9,454)	8%
Total Target	(64,619)	(28,137)	(19,544)	(112,300)	100%
Delivered					
Low Risk	(2,623)	(1,116)	(84)	(3,823)	3%
Medium Risk	(28,517)	(5,888)	(360)	(34,765)	31%
High Risk	(33,479)	(21,133)	(19,100)	(73,712)	66%
To Be Confirmed					
Potential Write-Off					
Total Forecast	(64,619)	(28,137)	(19,544)	(112,300)	100%

- 5.11 The following points should be noted about this savings forecast:

- a. This assumes that, in addition to the £55.2m of budgeted savings in the MTFP for 2023/24, there will be £9.5m of undelivered savings in 2022/23 that will need to be rolled forward for a total savings target of £64.9m in 2023/24. This will need to be confirmed as part of the outturn report for 2022/23 (and the number of undelivered savings could rise or fall).
- b. The projects that are not expected to deliver target savings in 2022/23 include: Workforce savings (£2m); Traded Services (£1.6m); Council Admin Buildings Premises (£1.3m); Automation (£0.85m); Fieldworker / new ways of working (£0.8m); and Customer Services (£0.4m).
- c. An initial high-level review of savings projects by the Financial Sustainability Programme Board, as at mid-May, suggests that approximately £33m (50%) of the total £64.9m required in 2023/24 is currently at risk of slippage/non-delivery. Key projects currently at high risk of slippage/non-delivery include: Children's Trust Savings - £6m; Reducing Bed and Breakfast spend - £5.5m; Commercial Investment/Property - £4.7m; Workforce Savings - £4m; CAB Premises - £3.7m; Traded Services - £3.1m; EIP/Localities Hub - £2.5m; Automation - £1.850m; Centres of Excellence - £1.8m; Customer Services - £0.990m; and Fieldworker - £0.8m
- d. Work is currently progressing to review the risk levels and options for mitigation. Further information will be provided in subsequent reports to Cabinet on the 2022/23 outturn and the Quarter Two MTFP Refresh in October.

- 5.12 In addition to the savings above, this MTFP includes an additional £1.95m of vacancy factor savings (i.e., holding staff positions vacant as people leave) that

had been incorrectly applied to Children & Families and City Operations. These had been applied on top of existing 3% savings across all Directorates.

5.13 **Resources** – this paper also considers a range of factors affecting future income. These include:

- a. **Business rates** – based on the draft 2022/23 outturn position for the Collection Fund, it is forecast that there is a deficit in business rates income of £27.8m due to a challenging economic environment for businesses (resulting in lower than forecast collection rates), a delay in enforcement activity (due to Oracle implementation issues) and an increase in business rates appeals (as this is the last year of the six year period in which businesses can query the latest set of rateable valuations (i.e. tax due) which were carried out in 2017).
- b. Under statutory guidance, the 2022/23 Collection Fund deficit will be charged to the General Fund for the next financial year (i.e. in 2024/25). However, this is offset by additional forecast income from business rates of £13.8m in 2024/25 and in subsequent years. Business rates are calculated by multiplying the rateable value of the property by the “non-domestic multiplier” which is adjusted to reflect the Consumer Price Index inflation figure for the September prior to the billing year. As Bank of England forecasts for CPI are expected to be higher than the forecasts used in the Financial Plan for 2023/24, this could result in additional income for the Council in future years.
- c. **Council tax** – as with Business Rates, there is projected to be a £2.0m deficit for 2022/23 in Council Tax income due to a reduction in collection rates. This will also be charged to the General Fund for 2024/25. It is worth noting that collection rates across Council Tax and Business rates fell in 2022/23, relative to 2021/22. For Council Tax, in year collection fell from 92.9% to 90.2%; for Business Rates, in year collection fell from 95.8% to 90.1%.
- d. **Grants** – there are two main categories of grant: 1) those used to fund wider Council services (e.g., Top Up Grant, Business-rates related Section 31 grants); and 2) those ringfenced to fund specific services (e.g., the Social Care Grant). At present, there is not sufficient information from central government to update forecasts for grant funding in 2024/25 and beyond. Further information is expected later in the 2023/24 financial year.
- e. **Other income** – this includes a range of pressures including a pressure of £1.5m on parking income (due to reduced demand with the city) and £1.5m on business waste collection income (again likely due to reduced office usage across the city).
- f. **Reserves** – at present, the only use of reserves assumed is to cover the additional expenditure required to support the remediation of the Oracle

finance system. A further review of reserves will be provided to Cabinet as part of the 2022/23 outturn report in the Autumn.

5.14 **Additional risks** – there are a range of other possible service pressures that are being reviewed by officers. For the purposes of this paper, only pressures that are 1) viewed as more than 50% likely to take place and 2) can be quantified are included in this report. Others will be reviewed and may be quantified as part of the Quarter Two refresh of the MTFP for Cabinet in October. This could include the potential cost implications relating to the current Private Finance Initiative (PFI) contract between the Council and Birmingham Highways Limited – a procurement exercise for a new sub-contractor is currently ongoing, so it is not possible to quantify any additional costs at this stage.

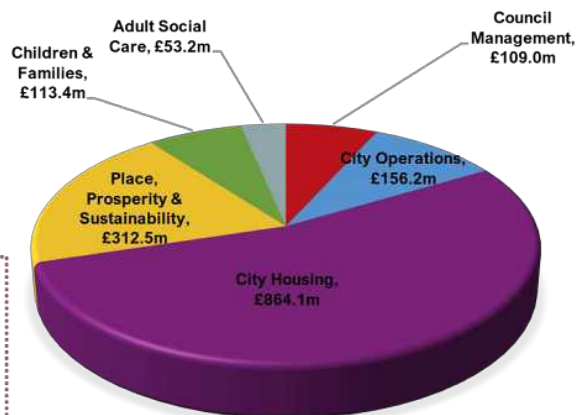
5.15 **Equal Pay** – further to the description in Section Four of this report, and for the purposes of this paper, a high level estimate of the potential financing costs has been made for information purposes. It is not yet included in the MTFP forecasts in this paper, as the work to finalise the figures is ongoing.

Capital Programme

5.16 **Size** – a review of the Capital programme is needed in light of the current financial situation with a view to add, reprioritise, accelerate, defer and descope the programme. This will need to be looked at across all Directorates within scope of the Capital Programme.

5.17 The current approved capital programme is for £1.6 billion of spending over this MTFP period:

	2023/24 to 2026/27
Directorate	£m
Council Management	£109.0m
City Operations	£156.2m
City Housing	£864.1m
Place, Prosperity & Sustainability	£312.5m
Children & Families	£113.4m
Adult Social Care	£53.2m
Total	£1,608.3m



Core City Comparison		
	4yr Programme	HRA
City	£m	£m
Birmingham	1,608	821
Manchester	1,104	105
Leeds	1,978	520
Bristol	1,118	700
Liverpool	345	0

- 5.18 The capital spend by Directorate includes:
- a. City Housing includes £820m for the Housing Revenue Account: investment in current housing stock as well as new social housing;
 - b. Council Management includes £54m transformation projects and £30m Corporate Contingency over four years;

- c. The above figures do not include the proposed £400m investment in the Council's Temporary Accommodation strategy, approved by Cabinet on 25 June; and
- d. Place, Prosperity & Sustainability includes £52.9m Enterprise Zone funded by borrowing to be repaid by the retention of future Enterprise Zone business rates.

Corporate Reserves

- 5.19 At present, officers are reviewing corporate reserves to finalise the outturn position for the 2022/23 financial year. These will need to be compared to the MTFP budget gap included in this paper and additional costs as a result of additional Equal Pay claims.
- 5.20 Using corporate reserves will, of course, significantly reduce the financial resilience of the council against future pressures. Once reserves have been used, they need to be rebuilt from existing budgets (i.e., through future savings that can be contributed to reserves). Once reserves have been spent, they are no longer available. That is why it is worth pursuing a savings programme first and retaining reserves to enable the authority to have some protection against future budget pressures. The method for pursuing these savings will be the Robust Budget Savings & Recovery Plan – outlined in the next Section of this report.

6 Robust Budget Savings & Recovery Plan

Background

- 6.1 The financial challenges being faced by the Council are of a sufficient size that they require immediate and sustained action to control. There is no doubting the scale of the financial challenge. There is a significant budgetary challenge arising, which includes:
 - a. The sizeable MTFP budget gaps identified in Section Five of this report; and
 - b. Additional financing costs for any future Equal Pay costs.
- 6.2 The Robust **Budget Savings & Recovery Plan** is made up of:
 - a. **Mandatory spending controls** – to enable the Authority to pause non-essential spending and to enable time to tackle the budget gap; and
 - b. **Detailed workstreams** – including Oracle Remediation, MTFP and Budget, and Workforce.

Mandatory Spending Controls

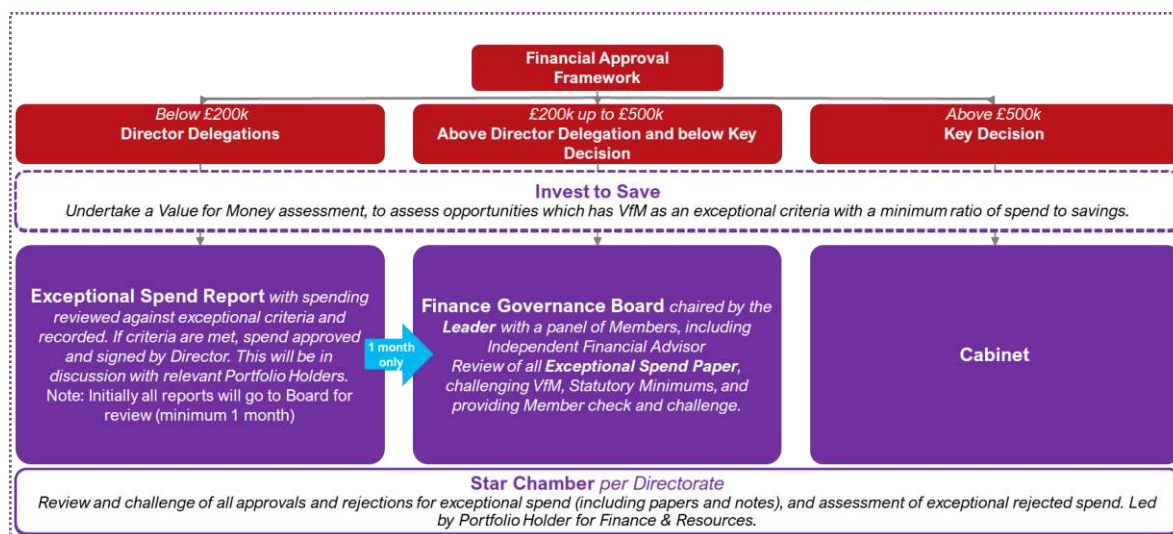
- 6.3 Based on the rationale in this report, **Mandatory Spending Controls** were implemented on 5 July.

- 6.4 **Mandatory spending controls mean that:**
- a. **No new agreements or commitments for expenditure can be made, without engagement with the three statutory officers.**
 - b. Temporary measures will be brought in to ensure all **new** non-essential expenditure will stop with immediate effect.
- 6.5 **The only allowable expenditure permitted under an emergency protocol includes the following categories:**
- a. Existing staff **payroll** and **pension** costs
 - b. Expenditure required through **existing legal agreements and contracts**
 - c. Expenditure on **goods and services** which have **already been received**
 - d. Expenditure required to deliver the council's **provision of statutory services**
 - e. Urgent expenditure required to **safeguard vulnerable citizens**
 - f. Expenditure to address **services** which are **under regulation**
 - g. Expenditure funded through **ring-fenced grants**
 - h. Expenditure necessary to achieve **value for money** and / or **mitigate additional in year costs**
 - i. Expenditure necessary to achieve **value for money** and / or **mitigate additional in year costs**
 - i. *Robust business case with short payback period required, i.e., less than 24 months;*
 - ii. *Value-for-Money Framework to be developed; and*
 - iii. *Business Cases to be reviewed by a group (to be established by Chief Executive)*

Robust Budget Savings & Recovery Plan

- 6.6 **Governance Arrangements – three governance forums will be used to challenge spend within the Council:**
- a. **Director Delegations with Exceptional Spend Report** – To review spend against exceptional criteria and take delegated decisions against spend thresholds. In discussion with relevant Portfolio Holder.
 - b. **Finance Governance Board** – To review spend above certain thresholds based on exceptional criteria, utilising senior stakeholders to challenge spend, and regularly review Director delegated decisions.
 - c. **Star Chamber** – To review and challenge all approved exceptional spend (including papers and notes) and an assessment of exceptional rejected spend.

6.7 This will be implemented in line with a temporary scheme of delegation, aligned to the Finance, Procurement and Contract Governance Rules in Part D of the constitution:



*Notes: All forums will occur on a weekly basis to ensure spend is agile and responses to Directorate needs. This will apply to all spend over £500 as a de-minimus level. All spend must adhere to Council Procurement Governance. This includes spend and call-offs from frameworks. This includes **Capital and Ring-Fenced Grant Spend**. Consideration will be given to the volume of reports, needs to split by General Fund and Housing Revenue Account spend, and the timeliness of reporting and governance. This covers increase in spend **and** decrease in income.*

6.8 **Work plan** – this plan will inform the roadmap of activities that need to be delivered over the next five years to achieve financial stability within the Council.

6.9 There are nine activities which form this plan, split into Strategic and Operational Activities. The Strategic work streams are:

- a. **Organisational Spending Review** – Review all spending for Value for Money and Outcome Focus across all services and budgets, including General Fund, Housing Revenue Account, Capital and external funding, Companies, Traded Services (i.e. Schools);
- b. **Equal Pay Resolution** – Roadmap of activities to understand and resolve the Equal Pay challenges, including detailing the potential costs over the next 5 years;
- c. **MTFP and Budget** – Quantification and remediation of the budget gap, revising the MTFP (next four financial years, Long-Term Financial Plan (next ten financial years), and Budget setting process. This will include the identification and delivery of savings, to be owned by the Corporate Leadership Team and Cabinet; and

- d. **Workforce** – Ensuring recruitment and retention is not at risk within the workforce, and developing contingency, creating capacity and flexibility, and exploring staff and people costs, including agency and interim costs.

6.10 The Operational work streams are:

- a. **Mandatory Spend Controls** – Implementation of mandatory spend controls, as outlined above, and the delivery of in-year spending savings through these controls, including Collection/Recovery of Income, balance sheet controls and use of Minimum Revenue Provision;
- b. **Oracle Remediation** – Activities to achieve Safe and Compliant, Stabilisation, and Optimisation of the Oracle Fusion implementation;
- c. **Governance and Controls Framework** – Review and remediation of governance and key financial controls, including but not limited to Internal Audit, Procurement, Value-for-money, Risk Management, Annual Governance Statement;
- d. **Closure of the Accounts** – Activities to deliver accounts for the Council across all financial years that remain open with External Auditors, including any further investigations and assessments; and
- e. **Finance and Governance Capacity and Capability** – Strengthened finance and governance knowledge, capability and capacity to deliver the planned improvements, including development of a Service Improvement Programme.

6.11 Work is already underway against a number of these areas. Each of the nine pillars above has a detailed plan of activities with responsible owners, risks, timelines, and allocated resources against each step.

6.12 The Robust Budget Savings & Recovery Plan will be reported to, and monitored by, the Finance Governance Board.

7 Next Steps

7.1 Significant work is required over the next few weeks to deliver on the proposed Budget Savings & Recovery Plan. A further update will come to Cabinet in October to update the MTFP position and assumptions over the medium term, in advance of the formal budget-setting process for 2024/25.

7.2 The timetable for the 2024/25 budget-setting process is as follows:

Activities	Date
Spending Controls implementation	5 July 2023
Implementation of Budget Savings & Recovery Plan	25 July 2023
Quarter Two Update on MTFP assumptions, budget position to Cabinet	10 October 2023

Budget engagement on resource prioritisation	Mid October – December 2023
Scrutiny of budget development proposals and Scrutiny review of Budget Savings & Recovery Plan for 2024/25 budget	November/December 2023
Provisional Local Government Settlement	Mid December 2023 (TBC)
Cabinet – setting of council tax and business rate tax base	16 January 2024
Final Local Government Settlement	January/February 2024 (TBC)
Cabinet consideration of the 2023/24 budget and Financial Plan	13 February 2024
Full Council approval of 2023/24 budget and setting of Council tax	28 February 2024

8 Next Steps

- 8.1 The Council believes that it is important that it engages with citizens and business when planning activity and the financial implications of those plans. An engagement plan is currently in development, focusing on gathering the views of Council Tax and Business Rates payers to feed into the 2024/25 budget setting process.

9 Risk Management

- 9.1 There remains significant uncertainty in respect of public spending levels and the level of funding for local government and therefore the assumptions outlined in this report will be subject to continual review over the coming months to ensure that the Council's short term and medium term financial stability can be protected and critical services delivered.

10 Compliance Issues:

10.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- a. The Robust Budget Savings and Recovery Plan is an essential part of the Medium Term financial planning process. This will be informed by the priorities that led to its implementation, namely to provide a stable footing for the future financial position of the Council. In doing so, the Robust Budget Savings and Recovery Plan will seek to support the delivery of the Council's priorities, as laid out in the Council Plan, wherever possible within current and potential financial constraints. The

MTFP must remain focused on social justice, frontline services and the needs of residents and communities of the city.

10.2 Legal Implications

- a. A local authority is required under the Local Government Finance Act 1992 to produce a balanced budget.

10.3 Financial Implications

- a. The detailed financial implications have been covered throughout the report.

10.4 Procurement Implications (if required)

- a. There are no procurement issues arising directly from the contents of this report. Any procurement implications will be identified as specific budgets are developed.

10.5 Human Resources Implications (if required)

- a. There are no specific human resources implications arising from this report. Any Human resource implication will be identified as specific budgets are developed.

10.6 Public Sector Equality Duty

- a. In compliance with the Council's duties on equality, changes in the budget that impact on the provision of services will need to be properly assessed. An Equalities Impact Assessment will be undertaken on proposals as they are developed where this is considered necessary to do so.

FINANCE SCRUTINY WORKSHOP

Birmingham City Council
26th July 2023

Ian Fifield

Objectives



- To ensure that everyone understands the nature and depth of the financial challenge faced by the Council
- To plan Scrutiny's approach and contribution to the Council's overall approach in meeting the challenge
- To develop a timetable and action plan for Scrutiny, especially over the autumn period

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Total Net Expenditure (as per 2023/24 Financial Plan)	925,078	1,018,314	1,035,612	1,049,934	1,083,206
Total Resources (as per 2023/24 Financial Plan)	(925,078)	(1,018,314)	(1,035,612)	(1,049,934)	(1,079,093)
Budget gap as (as per 2023/24 Financial Plan)	-	-	-	-	4,113
Expenditure					
Budget Pressures					
Staffing	3,844	3,973	4,070	4,170	4,273
Demand/Complexity Growth	55,586	37,736	44,027	42,240	39,840
Statutory Requirement	-	-	-	-	-
Borrowing costs, investment etc	-	-	-	-	-
Budget Pressures Subtotal	59,430	41,709	48,097	46,410	44,113
Corporately Managed Budgets	(4,240)	(4,097)	(3,935)	(4,154)	(5,461)
Pay Inflation	-	-	(2,532)	(5,178)	(7,943)
Contract Inflation	1,042	27,346	51,904	55,348	58,666
Other Inflation	19,875	28,352	35,367	42,593	50,063
Fees and Charges Inflation	-	(357)	(365)	(372)	(378)
Inflation Sub-total	20,917	55,341	84,374	92,391	100,408
Savings					
High Risk Savings	35,141	56,274	75,374	75,374	75,374
Savings Subtotal	35,141	56,274	75,374	75,374	75,374
Total Net Expenditure Movements	111,248	149,227	203,910	210,021	214,434
Resources					
Business Rates	-	14,100	(27,677)	(40,165)	(41,052)
Council Tax	-	2,019	-	-	-
Other Grants Excl DSG & ABG	-	-	-	-	-
Top Up Grant	-	-	-	-	-
Other income	5,044	2,589	2,589	2,589	2,589
Net Payment to/(from) Reserves	(28,907)	(3,096)	(1,687)	-	-
Total Resources Movement	(23,863)	15,612	(26,775)	(37,576)	(38,463)
MTFP Budget Gap at July 2023	87,385	164,838	177,135	172,445	180,084

Additional issues

- 2023/24 agreed budget savings - £33.479m out of £64.619m are “high risk” (i.e. unlikely to be delivered)
- Equal pay - £650 - £760m not currently included in the MTFS
- Oracle implementation – impact on reserves

My thoughts.....

- Both capital and revenue budgets require fundamental review to generate savings
- Work to be done on the deliverability of savings
- Much work is underway – including a “star chamber” process
- The end point is a scrutiny review of the Budget Savings and Recovery Plan for the 24/25 budget – November/December 2023

But....

- Should Scrutiny just wait for the results of the review and scrutinize the saving list?
- How can Scrutiny engage with the star chamber process?

How can Scrutiny be proactive and add value to this process, avoiding duplication?

Workshop

Generating Scrutiny Questions

“The important and most difficult job is never to find the right answers, it is to find the right questions” (Peter Drucker)

The Challenge

What questions can scrutiny ask and explore in order to make a positive contribution to the savings identification process?

Questions and Key Lines of Enquiry Discussed at the Workshop

- All scrutiny committees need to review their work programme and identify what can be delayed to give space to this work.
- Information required on:
 - What and who the “star chamber process” is, including what they will be reviewing to ensure there is no duplication.
- Are there any previous scrutiny recommendations that suggested ways that savings / efficiency could be achieved that have not yet been implemented? Can these be taken forward?

Cont'd

- Officers to be asked for the current list of agreed savings to be broken down per committee so that scrutiny committees can;
 - Undertake a reality check of how / when / how much can now be delivered.
 - Understand why these savings were put forward and agreed as part of the budget process but are now considered high and medium risk.
 - Ensure that all further savings proposals can be implemented on time and that they deliver the savings identified.
- Resources scrutiny committee to:
 - Review the various assumptions in the MTFP
 - Request other scrutiny committees review the assumptions made in lines such as “demand and complex growth”

Cont'd

- Potential more detailed reviews:
 - Duplication between departments.
 - Income generation possibilities e.g. commercial rental income
 - Invest to save possibilities in the capital programme
- Timescale
 - Much work needs to be completed over the next few weeks to ensure that recommendations are formally discussed and approved in the September scrutiny meetings
 - Scrutiny review of the Budget Savings & Recovery Plan need to be timetabled for later in the autumn (November/ December)

23/24 Savings Q1 Position by O&S Committee**Summary**

Savings by OSC Portfolio	Delivered	Low Risk	Medium Risk	High Risk	TOTAL
Co-ordinating OSC				(14,851)	(14,851)
Economy and Skills OSC		(133)	(816)	(9,595)	(10,544)
Education, Children and Young People OSC			(4,465)	(6,000)	(10,465)
Finance and Resources OSC		(1,269)	(8,799)	1,457	(8,611)
Health and Adult Social Care OSC		(700)	(9,008)	2,000	(7,708)
Homes OSC		(502)	(592)	(5,500)	(6,594)
Neighbourhoods OSC		(19)	(4,837)	(990)	(5,846)
Sustainability and Transport OSC					
TOTAL		(2,623)	(28,517)	(33,479)	(64,619)

List of Savings Projects

Directorate	O&S Committee	Savings Description	2023/24 (Saving) £'000
Adult Social Care	Health and Adult Social Care OSC	Adults Transformation Programme.	(3,700)
Adult Social Care	Health and Adult Social Care OSC	Adult Packages of Care (Reversal of previous year one-off savings)	1,000
Adult Social Care	Health and Adult Social Care OSC	Income Collection (Reversal of previous year one-off savings)	1,000
Adult Social Care	Health and Adult Social Care OSC	3% Turnover factor (Vacancy management)	(2,850)
Adult Social Care	Health and Adult Social Care OSC	Special Impact team (SIT) complex case review accelerated and expanded to cover high cost packages	(500)
Adult Social Care	Health and Adult Social Care OSC	Case load packages Review	(200)
Adult Social Care	Health and Adult Social Care OSC	Looking at ways to enhance ICS/CCG partnership to harness pooled resources more efficiently eg BCF Inflation	(1,000)
BCT	Education, Children and Young People	Children's Trust - Family and Friends Cars	(2,000)
BCT	Education, Children and Young People	Children's Trust - Stronger Families Programme	(3,000)
BCT	Education, Children and Young People	Children's Trust - Tackling Domestic Abuse to Support Families	(1,000)
Children & Families	Education, Children and Young People	Schools Balances	(328)
Children & Families	Education, Children and Young People	Education and Skill Early Retirement	(210)

Children & Families	Education, Children and Young People	3% Turnover factor (Vacancy management)	(1,921)
City Housing	Homes OSC	Reducing / Eradicating B&B Accommodation	(5,500)
City Housing	Homes OSC	3% Turnover factor (Vacancy management)	(502)
City Ops	Sustainability and Transport OSC	Street Work Permits	(100)
City Ops	Neighbourhoods OSC	Removal of Universal Superloos	(19)
City Ops	Co-ordinating OSC	Capitalise Salaries of Alexander Stadium Build (Reversal of previous year one-off savings)	40
City Ops	Co-ordinating OSC	Revenue Benefit from Capitalising the Cost of Indoor Track at Arena (Reversal of previous year one-off savings)	150
City Ops	Neighbourhoods OSC	3% Turnover factor (Vacancy management)	(3,307)
Corporate Items	Co-ordinating OSC	Localities / Public Hub (Savings from implementation of EIP Model)	(2,500)
Corporate Items	Co-ordinating OSC	BCC Target Operating Model Design Principles - Voluntary Workforce Savings Programme	(2,000)
Corporate Items	Co-ordinating OSC	B/F_BCC Target Operating Model Design Principles - Voluntary Workforce Savings Programme	(2,000)
Corporate Items	Finance and Resources OSC	Maximise the Use of Grant Funding – Identifying opportunities to use grant funding to fund existing GF spend releasing GF budgets for savings.	(1,000)
Corporate Items	Finance and Resources OSC	B/F_Maximise the Use of Grant Funding - Identifying opportunities to use grant funding to fund existing GF spend releasing GF budgets for savings.	(1,000)
Corporate Items	Finance and Resources OSC	Improvements in Debt Management – Review Debt Management Process with a view to improving collection and reducing bad debt.	(900)
Corporate Items	Finance and Resources OSC	B/F_Improvements in Debt Management – Review Debt Management Process with a view to improving collection and reducing bad debt.	(1,000)
Corporate Items	Co-ordinating OSC	Traded Services – Review of traded services with a view to greater commercialisation and reduced GF subsidy)	(1,500)
Corporate Items	Co-ordinating OSC	B/F_Traded Services - Review of traded services with a view to greater commercialisation and reduced GF subsidy)	(1,600)
Corporate Items	Finance and Resources OSC	Repayment of Borrowing Following Asset Disposal Resulting in Reduced Debt Management Costs (Reversal of one-off savings from previous years)	4,500
Corporate Items	Finance and Resources OSC	Release Highways policy contingency for one year – Accounting Adjustment (Reversal of one-off savings from previous years)	800
Corporate Items	Economy and Skills OSC	B/F_Corporate Landlord (Efficiencies in Asset Management through Consolidation and Rationalisation of Council Assets/ Buildings)	(500)
Corporate Items	Co-ordinating OSC	Automation – Use of Robotic Process Automation Technology to automate manual processes and reduce manual handling, leading to efficiencies in process and savings on time/resource required to deliver services.	(1,000)
Corporate Items	Co-ordinating OSC	B/F_Automation - Use of Robotic Process Automation Technology to automate manual processes and reduce manual handling, leading to efficiencies in process and savings on time/resource required to deliver services.	(850)
Corporate Items	Co-ordinating OSC	Reducing Workforce (Centres of Excellence) – Consolidation of similar roles and teams to reduce duplication of effort and achieve efficiency in resource/process	(1,791)

Corporate Items	Co-ordinating OSC	Automation (Voice Automation) – Use of voice automation technology to reduce volume of manual call handling, leading efficiencies and better customer services.	(1,000)
Corporate Items	Finance and Resources OSC	Automation (Oracle Optimisation) – Use of new oracle system to generate process efficiencies	(500)
Council Management	Finance and Resources OSC	Digital advertising on key assets to generate additional income	(200)
Council Management	Finance and Resources OSC	Operational Hub Programme – rationalisation of assets.	(161)
Council Management	Finance and Resources OSC	Application platform modernisation.	(11)
Council Management	Finance and Resources OSC	3% Turnover factor (Vacancy management)	(4,265)
Council Management	Finance and Resources OSC	Review all BCC leased properties and reduce cost of lease payments for assets	(460)
Council Management	Finance and Resources OSC	System Efficiencies	(600)
Council Management	Neighbourhoods OSC	Customer Services – Bereavement. Improvements in service design to deliver efficiencies	(460)
Council Management	Neighbourhoods OSC	B/F_Customer Services - Bereavement. Improvements in service design to deliver efficiencies	(250)
Council Management	Neighbourhoods OSC	Customer Services - Garden Waste. Introduce autorenewal and other process improvements to maximise levels of annual subscriptions.	(40)
Council Management	Neighbourhoods OSC	B/F_Customer Services - Garden Waste. Introduce autorenewal and other process improvements to maximise levels of annual subscriptions.	(40)
Council Management	Neighbourhoods OSC	Customer Services - Markets	(50)
Council Management	Neighbourhoods OSC	B/F_Customer Services - Markets	(50)
Council Management	Neighbourhoods OSC	Customer Services - Pest Control	(50)
Council Management	Neighbourhoods OSC	B/F_Customer Services - Pest Control	(50)
Council Management	Finance and Resources OSC	Development & Commercial - Digital advertising income and offer up of growth	(60)
Council Management	Finance and Resources OSC	Procurement - 2020/21 Expenditure Budget covered by funding	(106)
Council Management	Finance and Resources OSC	Audit - increase trading opportunities with Police, Housing Associations and Acivico	(60)
Council Management	Finance and Resources OSC	Finance - refinancing legacy systems	(700)
Council Management	Finance and Resources OSC	Personal Assistant Allocation - review use of Personal Assistant Support	(200)
Council Management	Finance and Resources OSC	Business Support Efficiencies	(50)

Council Management	Finance and Resources OSC	Customer Services Efficiencies	(50)
Council Management	Finance and Resources OSC	Review Human Resources Target Operating Model - reduce posts that are vacant	(170)
Council Management	Finance and Resources OSC	Human Resources reduce growth request in Medium Term Financial Plan (MTFP)	(113)
Place, Prosperity & Sustainability	Economy and Skills OSC	B/F_CAB Premises - excluding Council House. Reduced costs associated with Council Admin Buildings	(1,314)
Place, Prosperity & Sustainability	Economy and Skills OSC	CAB Premises - excluding Council House. Reduced costs associated with Council Admin Buildings	(2,431)
Place, Prosperity & Sustainability	Economy and Skills OSC	CAB Premises - Council House Commercialisation Income generation through improved commercial offer including banqueting and events.	(50)
Place, Prosperity & Sustainability	Economy and Skills OSC	Commercial Property - Lease Event Opportunities Review of commercial property leases – includes rent reviews and extension options	(600)
Place, Prosperity & Sustainability	Economy and Skills OSC	Commercial Property - Active Investment Additional income through investment in Public Works Loan Board (PWLB) compliant commercial property	(2,250)
Place, Prosperity & Sustainability	Economy and Skills OSC	Commercial Property - Blended Approach Investment and Lease Events Additional income generated through a combination of lease reviews and investment	(2,500)
Place, Prosperity & Sustainability	Sustainability and Transport OSC	Street Work Permits - moved directorate	100
Place, Prosperity & Sustainability	Economy and Skills OSC	3% Turnover factor (Vacancy management)	(666)
Place, Prosperity & Sustainability	Economy and Skills OSC	Review all £5-10k leases – with a view to optimising lease income.	(150)
Strategic Equals & Partnership	Finance and Resources OSC	3% Turnover factor (Vacancy management)	(116)
Strategic Equals & Partnership	Finance and Resources OSC	Efficiencies amongst non-staffing budgets	(116)
Corporate Items	Co-ordinating OSC	B/F_New Ways of Working_Fieldworker. Rolling out field worker module to allow staff working in the field to update host systems directly rather than returning to office to update	(800)
Adult Social Care	Health and Adult Social Care OSC	Fees & Charges 5%	(1,458)
Children & Families	Education, Children and Young People	Fees & Charges 5%	(2,006)
Council Management	Finance and Resources OSC	Fees & Charges 5%	(2,073)
City Ops	Neighbourhoods OSC	Fees & Charges 5%	(1,530)
City Housing	Homes OSC	Fees & Charges 5%	(592)
Place, Prosperity & Sustainability	Economy and Skills OSC	Fees & Charges 5%	(83)
		Total	(64,619)

Caveats:

- Many targets fit into multiple O&S portfolio, such as Fees & Charges, vacancy factor, thus for simplicity we have allocated to the O&S Committee where most of the target is more likely to fall.
- Some services also fall into more than one O&S portfolio – we have allocated the full target for these to the committee of higher alignment rather than split amounts.
- The total savings that need to be delivered in the 23/24 financial year may increase. Finance is currently working to close the 22/23 financial year accounts – this includes final assessment of savings delivery for the last financial year. Any further undelivered savings in 22/23 will need to be brought forward and found in 23/24 thereby increasing the overall target for 23/24.

Criteria for determining the RAG status of savings

Assessment Criteria	Delivered	Low Risk	Medium Risk	High Risk
Savings RAG	Saving or income realised and evidence provided that costs have been reduced or income increased.	Saving or income detail documented and robust plan in place to deliver agreed targets, showing when and who is responsible. - and / or - Saving / income will be delivered within agreed timeframes.	Saving or income lacks some clarity and / or not detailed at an adequately granular level, or at risk, but agreed plan in place to resolve and being actively managed. - and / or - Some risk of not delivering saving within agreed timeframe, leading to cost of slippage.	Limited confidence in agreed saving / income being delivered - and / or - Saving / income unclear and / or not specified at adequate granular level. - and / or - Inadequate plan / no plan agreed. - and / or - <i>Saving not yet agreed by Directorate / Service Manager</i> - and / or - Major risk of not delivering saving / income within agreed timeframe, leading to cost of slippage.
Headcount Example	Officer has departed, budget has been reduced and posts have been deleted from the approved establishment.	Timescales and the specific posts to be vacated / deleted have been agreed.	Budget Manager has confirmed that posts (to agreed value and timing) will be vacated and deleted from budget.	Headcount saving proposed, but no clarity RE timescales/ posts.

Report to all Elected Members of Birmingham City Council
Under
Section 114 (3) of the Local Government Finance Act 1988
By
Fiona Greenway CPFA
Interim Director of Finance (Section 151 Officer), Birmingham City Council
Date of Report: 5th September 2023

Purpose of Report

1. Members of the Council are asked to consider this report by the Section 151 Officer (the Chief Finance Officer). The report is made under section 114 (3) of the Local Government Act 1988 because the Section 151 Officer is of the opinion that:
 - a. The Council is currently in a negative General Fund position. That is because of the cost of providing for Equal Pay claims, that the Council is now legally obligated to recognise, will result in exceeding the financial resources available to the Council. This means that spend due within that period exceeded the financial resources available to the Council in that same period.
 - b. The Council has insufficient resources to meet that expenditure and the Council is not currently able to agree a solution that will allow suitable funding or financing to be obtained for this liability.

2. This report is being issued now because of the following individual factors:
 - a. Correspondence from External Audit on 1st September 2023 which raises concerns around the provisions for Equal Pay in prior year accounts, 2020/21 and 2021/22, being materially understated which means the Council would have exhausted its General Fund balance on an accounting basis.
 - b. Further confirmation of the historic value of the potential Equal Pay liability impacting prior years, which is becoming more evident that it is unaffordable for the council based on existing available reserves. Since the announcement of the Equal Pay liability we have received additional correspondence to put the Council on notice of further litigation from recognised Trade Unions and claimant lawyers.
 - c. Correspondence from External Audit on 1st September 2023 also enquires around the likelihood of the Council being able to generate savings, additional revenue income, and/or capital receipts to mitigate the financial challenges.
 - d. A projected deficit of £87m for the 2023/24 financial year, for which the Council does not have sufficient reserves based on the Equal Pay liability above, which is forecast to grow in the 2024/25 financial year.
 - e. Concerns over the speed and effectiveness of the mitigations which have been put in place to address the in-year budget challenges, and the ability of the Council to address our financial position. We must now make challenging financial decisions and stop non-essential spending.
 - f. Extensive discussions with External Auditors, regulatory stakeholders, and leading Kings Counsel who have confirmed our assessment of our financial position (i.e. liabilities exceeding assets) and statutory position (i.e. the requirement to issue a S114). This advice has confirmed the points raised above and the case for issuing a S114 notice.

3. As a result the Council is unable to finalise the provisions for Equal Pay set out in the 2020/21 and 2021/22 draft accounts, nor can I write the supporting going concern statements for these financial years, nor can I make a Section 25 statement in the Local Government Act 2003, nor

can I approve accounts for three financial years (2020/21, 2021/22, and 2022/23). Following extensive discussions with External Auditors and other regulatory stakeholders over the last few months, I have come to this conclusion.

4. The Section 114 Notice is issued following statutory consultation with both the Chief Executive (Head of Paid Service) and the Monitoring Officer. At the date of this report that consultation has taken place. Following the issuance of the Section 114 Notice the Council has 21 days to hold a meeting of Full Council to consider the report from the Section 151 Officer and decide how it will respond.
5. The purpose of this Section 114 report is to make it clear to Members of the Council that immediate steps must be taken to mitigate the financial consequences of Equal Pay claims. This means agreeing a plan which provides a route to bringing the General Fund back to a positive position and assurance that this will be successfully delivered. This should include:
 - a. An appropriate savings plan;
 - b. Full assessment of the capital programme (including delaying existing projects and reviewing assets for sale); and,
 - c. Engagement with Central Government via the Department for Levelling Up, Housing and Communities (DLUHC), resulting in a formal request for Exceptional Financial Support (EFS).

Recommendations

6. That Elected Members of Birmingham City Council must consider this report by Fiona Greenway, Interim Director of Finance (Section 151 Officer/ Chief Finance Officer) issued under Section 114 (3) of the Local Government Finance Act 1988.
7. That this report must be considered at an extraordinary meeting of Full Council, held no later than the end of 21 days (the maximum allowable period set out within the Local Government Finance Act 1988) from the date of issue of this report.
8. That Birmingham City Council (by which this means a meeting of Full Council) must decide whether it agrees or disagrees with the views documented within this report and outline what action it proposes to take because of this report.

Summary of key issues

9. This report is being issued now for the following reasons:
 - a. Officers informed Cabinet on 28 June 2023 that the potential cost of new Equal Pay claims (brought about as a result of existing claims of job enrichment and evidence of task and finish practices taking place in some teams) would be between £650 million and £760 million. This advice made clear that the Council does not have sufficient resources to cover this potential liability. It is likely that the Council will need to recognise this liability in the current or previous financial years which will result in a negative General fund balance. This is an unsustainable financial position for the Council to be in.

- b. In Q1 of FY23/24, the Council forecasted an overspend of £87m for the financial year, which was reported to Cabinet on 25th July 2023 and sets the context of the gravity and urgency of the Council's financial challenge. In the interim period a series of mandatory 'S114 like' spending controls have been in place across the Council to restrict exceptional spend. Progress made against the projected overspend has started, however pace of delivery needs to increase.
- c. Further, work has been ongoing on developing a savings programme to address the in-year budget gap for FY23/24, which is an issue to the Council regardless of the potential Equal Pay liability.
- d. The council's external auditor has now indicated that it expects the potential EP liability to be recognised in 2020/21 and 21/22. Based on current estimates it is expected there will be a negative General Fund balance. As such the Council's expenditure is now greater than the resources available to it (including reserves).

Consequences of a Section 114 Notice

10. The issuing of the Section 114 report has the following impact on the work of the Council:

- a. Elected Members must by law agree to cease all non-essential expenditure and reduce the Council's operational and service delivery costs immediately.
- b. Financial Controls will be exercised by a S151 Spend Control Board. Based on this S114 report, from this date this S151 Spend Control Board will be chaired by the Section 151 Officer. The controls will mean that from this date:
 - i. The Council is prevented, without explicit agreement of the Section 151 Officer, from entering into any new agreement or commitment for expenditure until Full Council has met to consider the Section 114 report. These controls may be re-applied after the date of this Full Council meeting.
 - ii. Temporary Measures are now in force such that all non-essential expenditure will now stop with immediate effect without written confirmation from the Section 151 Officer. For avoidance of doubt, non-compliance with this requirement will be considered a disciplinary matter by the Council. This supersedes all previous guidance on non-essential expenditure, with no exclusions or delegations of authority to Corporate Leadership Team (CLT).
 - iii. The controls outlined in (i) and (ii) will apply to all services being delivered through companies controlled by the Council, or where the Council supplies funding to companies that are jointly or partly owned by the Council.
 - iv. The Financial Controls apply to all Council services, including statutory services, services delivered through controlled companies and connected entities. A framework will be set in place to ensure this happens whilst ensuring that key services to children and vulnerable people are not affected because of these controls.
 - v. Spending Controls will now remain in place for the foreseeable future, with a Financial Recovery Plan reported to Full Council on a quarterly basis moving

forwards. This is not a plan that is developed in isolation by Finance, but a plan that is created and owned by all Directorates and Members.

- vi. Due to the significant potential Equal Pay liability, and no route for financing or limiting this liability, the Council's Capital Financing Requirement will need to be reviewed and re-calculated as a potential route to financing the liability. This means that no further loans will be sought from the Public Works Loan Board (PWLB) unless these are to be applied for capital purposes for which the Council is in contract, for the replacement of existing maturing loans, the maintenance of working capital, or other specified matters agreed by the PWLB in conjunction with DLUHC and the Section 151 Officer.
 - vii. Financial controls will generally have an adverse impact on the profit and loss accounts of various accounts and entities in receipt of support from the Council. The boards of these companies may look to the Council to make up for the lost funding from revenue resources. However, based on the current financial position of the Council, and the issuance of a S114 notice, the Council is unlikely to be able to consider provision of such support.
 - viii. If Financial Controls are not adhered to, or do not achieve the required outcomes, a further S114 notice will need to be issued.
- c. The Council has already implemented Financial Controls on spending – these are detailed in the report to Cabinet on 25 July of this year (entitled Medium Term Financial Plan (MTFP) Refresh – update to Cabinet at Quarter 1 of the 2023/24 Financial Year). This report extends these controls, such that, **the Council is prevented, without explicit agreement of the Section 151 Officer, from entering into any new agreement or commitment for expenditure until Full Council has met to consider the Section 114 report.**
 - d. Depending on the outcome of the Full Council meeting, these Financial Controls may need to remain in place until a solution is found to fund the costs of these Equal Pay claims. This is because the Council will lack the resources to maintain spending in all areas moving forward.

Financial Situation

11. As announced on 28 June 2023, following refreshed analysis it is estimated that as of the 31 March 2023 the Council's current potential Equal Pay liability is in the region of £650-760m. Detailed calculations are now being finalised for inclusion within the accounts for the 2020/21, 2021/22 and 2022/23 financial years, but they are material enough to warrant disclosure now.
12. Officers have begun consultation with the Department for Levelling Up, Housing and Communities (DLUHC). Potential support could enable the Council to make local arrangements to finance the cost, but would still require the Council to set a balanced budget and therefore make significant additional savings.
13. To enable the Council to cover the costs of any future loans, budget savings would need to be made. To address this challenge the Council has:
 - a. **Implemented Mandatory Spending Controls** for all non-essential expenditure. Mandatory spending controls mean that no new agreements or commitments for all

expenditure (including revenue, workforce, and capital) can be made unless specific criteria are met. Individual Directorate arrangements have acted as a first line of defence for the application of criteria, with a Finance Governance Board (chaired by the Leader with a panel of Members, including Independent Financial Advisor) in place to discuss exceptional spend decisions above £200k. This has now been in place since July, and we have seen additional control over exceptional spend. However, there is still a large value of spend being incurred across the Council in relation to the delivery of services against the criteria outlined as allowable expenditure.

- b. **Developed a Robust Budget Savings and Recovery Plan** which is a multi-workstream plan to address both in-year financial challenges and the longer-term transformational changes required to reduce the cost base for delivery of services across the Council. This plan has a number of identified workstreams and Directors have commenced developing saving opportunities with their teams. However, the savings identified will not be sufficient to address the significant Equal Pay liability.

- 14. This action has not yet been sufficient enough to mitigate Equal Pay pressures or tackle a range of existing budget pressures. These budget pressures are detailed in the report to Cabinet on 25 July of this year (entitled Medium Term Financial Plan (MTFP) Refresh – update to Cabinet at Quarter 1 of the 2023/24 Financial Year).

Legal Framework

- 15. Section 114 (3) requires that: “The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.”
- 16. The process for issuing a Section 114 report and the effect of it are set out in various sections under the 1988 Act. Subsection 3(A) requires the chief finance officer to consult, so far as reasonably practicable, the Head of Paid service and the Monitoring Officer. Both of these statutory officers have been fully briefed and consulted in the preparation of this report.
- 17. Section 115 of the 1988 Act requires Full Council to consider and decide on the report made under Section 114 within 21 days beginning on the day the report is issued. Full Council must consider the report at a meeting where it shall decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it.
- 18. Section 115 (6) states that pending consideration of the report by Full Council, there is a prohibition period which runs from the date the report is made to the date of the Full Council meeting. During this period, the Council must not enter into any new agreement which may involve the incurring of expenditure (at any time) by the authority unless the chief finance officer of the authority authorises it to do so.
- 19. Subsection (6A) states the chief finance officer may only give authority for the purposes of subsection (6) if he considers that the agreement concerned is likely to: a. prevent the situation that led him to make the report from getting worse, b. improve the situation, or c. prevent the situation from recurring.
- 20. Subsection (6B) requires that authority for the purposes of subsection (6) shall:

- a. be in writing,
 - b. identify the ground on which it is given, and
 - c. explain the chief finance officer's reasons for thinking that the ground applies.
21. Subsection (8) states that if subsection (6) is not complied with, the Council shall be taken not to have had power to enter into the agreement (notwithstanding any option to do so under contract or otherwise). Therefore, the Council's actions will be deemed unlawful.
22. Section 116 requires the Council to notify its external auditors of the report and the time, date and place of the full Council meeting. The external auditors also need to be informed of the outcome of the meeting as soon as practicable. The external auditors have been kept informed of the emerging financial position and the planned work. The external auditors will need to consider the implications of this report on their statutory functions and the implications for their opinion on the 2019/20 and subsequent accounts which remain unaudited at the date of this report.
23. The Council's legal duties around budget setting are set out in Section 31A of the Local Government Finance Act 1992, which states:
- a. In relation to each financial year a billing authority in England must make the calculations required by this section.
 - b. The authority must calculate the aggregate of:
 - i. the expenditure which the authority estimates it will incur in the year in performing its functions and will charge to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.
 - ii. such allowance as the authority estimates will be appropriate for contingencies in relation to amounts to be charged or credited to a revenue account for the year in accordance with proper practices.
 - iii. the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.
 - iv. such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.
 - v. any amounts which it estimates will be transferred in the year from its general fund to its collection fund in accordance with regulations under section 97(2B) of the 1988 Act,
 - vi. any amounts which it estimates will be transferred in the year from its general fund to its collection fund in accordance with section 97(4) of the 1988 Act; and
 - vii. any amounts which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of the 1988 Act and charged to a revenue account for the year.

Next Steps

24. The requirement of this S114 (3) notice is that an Extraordinary Meeting of the Full Council must happen within 21 days at which the Council must agree a response that addresses the issues outlined within this report. Full Council must consider whether it agrees or disagrees with the views contained within this report and determine action (if any) it proposed to take as a consequence. A failure to do so within the 21 days will lead to the issuance of a further s114 report.

25. As mentioned above, the Council needs to resolve funding the existing and accruing Equal Pay liability as well as address the Medium-Term Financial Plan Budget Gap for 2023/24 onwards.
26. The Financial Controls referred to in this report will operate from the date of this report. Elected Members must by law agree to cease all non-essential expenditure and reduce the Council's operational and service delivery costs immediately.
27. The timeline for activity over the coming months is as follows:
 - a. 5th September 2023 – Issue S114 Notice
 - b. Extraordinary Full Council Meeting by 26th September 2023 latest
 - c. Statutory deadline for Full Council to agree a response to this report by 26th September 2023 latest
28. Negotiations with DLUHC will continue over the coming months to determine an approach to financing the liability.

Fiona Greenway CPFA

Interim Director of Finance (Section 151 Officer), Birmingham City Council

5th September 2023

Birmingham City Council

Homes Overview and Scrutiny Committee

21 September 2023



Subject: Regulatory Compliance
Report of: Paul Langford, Interim Strategic Director for City Housing
Report author: Naomi Morris, Head of Strategic Enabling

1 Purpose

- 1.1 The purpose of this report is to brief the Committee on the expectations of both the Housing Ombudsman and Regulator of Social Housing in relation to City Housing's performance as a landlord.
- 1.2 The report also sets out the new legislative requirements of the Social Housing Regulation Bill and the governments review of the Consumer Standards, with the specific focus on how this will impact City Housing in its function as a social landlord.

2 Recommendations

- 2.1 It is recommended that the Committee has more a substantive role in providing oversight, scrutiny and productive challenge to the Directorate whilst moving towards compliance.
- 2.2 It is recommended that the Committee engages in quarterly meetings specifically on the subject of landlord compliance, to satisfy itself and the citizens we serve that the Directorate are travelling in the right direction when it comes to achieving compliance.
- 2.3 It is recommended that the Committee are supported in a one-off training session, via an external provider to understand the expectations around landlord compliance and the Committee's role in scrutinising the activity that is undertaken.
- 2.4 It is recommended that the Committee study the documents provided and make any relevant comment, particularly in relation to the draft Voluntary Undertaking and RSH Action Plan. These documents set out our commitment as a Council to address the areas set out in the Regulatory Notice and will be published publicly.

3 Background

- 3.1 In May 2023, Birmingham City Council were issued with a Regulatory Notice by the Regulator of Social Housing. The Notice relates to a breach of both the Home Standard and Tenant Involvement & Empowerment Standard, which are two of the Consumer Standards, devised to regulate the social housing sector.
- 3.2 The Regulator of Social Housing began their engagement with the Council, following the Housing Ombudsman's special report, published in January 2023.
- 3.3 The Housing Ombudsman responded to several complaints resulting in severe maladministration between 2017-2020. In response, a deep dive audit was undertaken by the Housing Ombudsman between March 2022-September 2022, with a full Paragraph 49 report, published in January 2023.
- 3.4 The Council undertook an intensive period of engagement with the Housing Ombudsman, following the special report. This ended on the 17th April 2023, where the Housing Ombudsman 'signed off' an agreed action plan against the recommendation, giving the Council a 6 month grace period to embed the actions agreed.
- 3.5 As part of the formal monitoring process by the Housing Ombudsman, they made a referral to the Regulator of Social Housing highlighting the findings of their report and sharing their concerns.
- 3.6 This triggered a period between December 2022-March 2023 where the Regulator sent several requests for specific information, beginning with information on damp and mould following the tragic death of Awaab Ishak.
- 3.7 The Regulator of Social Housing were concerned about the information received by the Council and issued a breach Notice reflecting the areas of concern. The Council are one of many Local Authorities to be issued with a breach Notice in the last 12 months, in preparation for the implementation of the Social Housing Regulation Bill in April 2024.

4 Progress

- 4.1 The Council initially began providing performance information to the Regulator in April 2023. Appendix 1 (slide 2) sets out the progress made in relation to landlord compliance matters between April and August 2023. Programmes have accelerated across all areas, at varying speeds and there are plans in place to increase capacity where required.
- 4.2 Appendix 1 (slide 3) sets out some of the key messages in relation to landlord compliance; including documenting our work with Savills, seeking assurance that the processes and systems we are now embedding put the Council in the strongest position to succeed.
- 4.3 Where required, the Council will be making direct awards to additional contractors/suppliers; this is the case with low-rise Fire Risk Assessments where

additional capacity is required to deliver the programme by June 2024 as promised to the Regulator of Social Housing and to our citizens.

- 4.4 Appendix 1 (slide 5-6) sets out our approach to stock condition surveys, a vital component when looking to achieve Compliance against the Decent Homes Standards. The Council are aiming to deliver 20% physical surveys by June 2024, in line with the industry norm. Circa 2,400 surveys have been completed since December 2022 and a financial commitment to a further 6,000 has just been agreed.
- 4.5 Appendix 1 (slide 7-9) sets out our complaint's performance across a 12-month period, including volumes and completions against SLA timescales. This is a significant area of work as it was complaints performance that alerted the Housing Ombudsman to the Council initially.
- 4.6 As highlighted, SLA responses have improved from 26% across the winter period but are not yet at a standard that we can be comfortable with. This is because the majority of the internal team have been focusing on reducing historic backlogs and recruiting to existing vacancies. Appendix 1 (slide 10) provides an update around resourcing in the complaints function.
- 4.7 Appendix 1 (slide 11-14) provides an update on tenant engagement following the initial observations of TPAS after their November 2021 review. (Slide 12-13) sets out the interventions that have already been achieved, as well as what is anticipated over the next 12 months.
- 4.8 The Council have deployed several layers of governance to ensure compliance is managed effectively going forward. In January 2023, an officer led Compliance Board was mobilised so there is a focused meeting to address landlord compliance within the Directorate.
- 4.9 CLT Assurance Board receive regular updates on the compliance position, as does the Cabinet Member.
- 4.10 As part of our commitment to refresh the way we address compliance, we know that landlord performance needs to be more visible across the Council, and particularly with elected Members. We are proposing that the Committee provides the oversight and scrutiny required in this area, and as a Directorate we commit to reporting our performance on a quarterly basis to invite this conversation.

5 Preparation for the Social Housing Regulation Bill

- 5.1 The Regulator of Social Housing recently released a consultation on a proposed set of new Consumer Standards, the Council have until October 2023 to respond. The consultation sets out additional burdens on landlords, following promises the government made to the sector after the Grenfell tragedy in 2017.
- 5.2 The Social Housing Regulation Bill, supplemented by a new set of Consumer Standards are due to launch in April 2024, where a proactive inspection regime

will commence. It is anticipated that Birmingham City Council will have an inspection, early in the regime due to the size and scale of the portfolio.

- 5.3 Whilst the Regulatory Notice issued to the Council addresses some areas of the Consumer Standards, there are several areas which are not considered in the breach. It is imperative that the Directorate continue to prepare for inspection in tandem so that there are no further consequences when an inspection takes place.
- 5.4 Throughout September and early October 2023, a revised self-assessment will be undertaken against the proposed Consumer Standards to give the Directorate an idea of some of the key gaps, informing service plans between now and the inspection period.
- 5.5 The results of the self-assessment will be shared with the Committee at the next meeting, to enable comment.
- 5.6 Moving forward, we will be working with an external provider (Campbell Tickell) who work very closely with the Regulator of Social Housing and know what they are looking to see. Campbell Tickell will support us with a mock inspection early in Spring 2024.

6 Any Finance Implications

- 6.1 There are several financial commitments that may be required in order to achieve compliance; for example, there has been and will continue to be a requirement to explore direct award opportunities to new and existing contractors to accelerate delivery.
- 6.2 In the main, these have been factored in to the HRA Business Plan that is set for Cabinet in October 2023, but it is pertinent to point out that there may be further financial implications as the relationship between the Council and the Regulator develops.

7 Any Legal Implications

- 7.1 The Regulatory Notice has several implications; direct grant from arms of government (such as Homes England) is prohibited whilst the Notice is being enforced.
- 7.2 The Regulatory Notice does not currently enforce any legal actions on the service, or the Council as a whole. However, the Regulator have a variety of powers including fines, special advisers being brought into the Council and ultimately taking over sole management for the stock portfolio. This will only become a reality if the Council do not deliver on the outcomes expected of them by June 2024.
- 7.3 Whilst not a legal document, Appendix 2 is a draft Voluntary Undertaking which will be a public commitment between by the Council, to the Regulator to deliver on the actions set out, in order to address areas of the Regulatory Notice. The

document has been signed off by legal and governance colleagues as it is a formal commitment, be it there is no legal standing to enforce.

- 7.4 Appendix 3 is a draft action plan; this will be shared with the Regulator and will be mutually agreed. Ultimately, the purpose of this document is to demonstrate to the Regulator and across the Council, the key actions that need to be undertaken to achieve overall compliance against the areas of breach.

8 Any Equalities Implications

- 8.1 There are no specific equalities considerations to note.

9 Appendices

- 9.1 Appendix 1- Regulatory Compliance update
9.2 Appendix 2- Voluntary Undertaking DRAFT
9.3 Appendix 3- Delivery Plan DRAFT

Regulator of Social Housing













6th September 2023

Naomi Morris, Head of Strategic Enabling



BE BOLD BE BIRMINGHAM

Landlord H&S Compliance

Compliance area	% Completed July 2023		% Completed for August 21 st 2023	Number Overdue	Remedial Actions July 2023	Remedial Actions August 2023
Gas (domestic)	99.66%		99.62%	191	54	43
Gas (communal)	94.74%		100%	0	4	3
EICR domestic (5 year)	81.02%		81.20%	11032	1261	3307
EICR communal (5 year)	86.20%		83.97%	415	0	6
Asbestos	30.91%		34.37%	15010	0	0
Legionella (block)	100%		100%	0	1	2
Legionella (domestic)	73.47%		74.04%	2201	0	0
Fire Risk Assessments (low-rise)	45.43%		51.18%	1177	24	31
Fire Risk Assessments (high rise buildings)	100%		100%	0	12	23
Carbon Monoxide (installation)	75.00%		84.10%	10201	0	0
Lifts	95.60%		95.73%	15	0	0
Smoke Detectors %	90.51%		97.45%	2102	0	0

Key Messages:

- New IT system (true compliance) working through internal sign off processes- providing more assurance around data and less opportunity for manual intervention. Anticipating January 2024 implementation
- Savills have just finished their assurance work on gas safety
- Direct award made in relation to low-rise fire risk assessments, mobilisation is due to take place across September 2023 with the view to begin work in earnest across October 2023
- FRA programme for low-rise has been set up as a 6 month programme- we should see completion sooner than the June 2024 deadline
- Asbestos is continuing to accelerate- further resources are being sought by BCL and direct award is being explored to provide additional capacity on low-rise
- IT solution has been identified and is now being implemented to improve recording of FRA remedials, capturing all relevant information
- Run rate for EICRs is currently behind programme; contractors securing resource to accelerate imminently and remedial analysis due to commence.
- All other programmes are currently on track, and are expected to hit the June 2024 deadline as anticipated

Repairs KPIs YTD (as requested)

CITY Year to Date (Cumulative)							
City (YTD) 2023/24	KPI Type	Source	Target	Standard	Apr	May	Jun
KPI001 - Customer Satisfaction	PRP	Northgate	95.1%	92.9%	99.9%	99.9%	99.9%
KPI002 - Work completed within timescale	PRP	Northgate	92.6%	87.9%	93.8%	93.4%	90.9%
KPI004 - Service Improvement Notices	PRP	Northgate	N/A	N/A	0	0	0
KPI005 - Safety SINs	PRP	Northgate	N/A	N/A	0	0	0
KPI006 – Properties with a valid Landlord Gas Safety Record	PRP	Northgate	100.0%	99.9%	100.0%	100.0%	100.0%
KPI007 - Appointments made within 10 minutes	PRP	Northgate	98.1%	94.9%	99.8%	99.8%	99.9%
KPI008 - Appointments kept	PRP	Northgate	98.1%	94.9%	98.5%	98.8%	98.6%
KPI009 – Compliance with No Access Process	Non-PRP	Northgate	98.1%	94.9%	99.6%	99.5%	99.5%
KPI014 – New work orders not resulting in a contractor Customer Resolution Enquiry	Non-PRP	Northgate	90.0%	85.0%	97.0%	97.0%	96.6%
KPI015 - Timely provision of information to allow leaseholder recharge	Non-PRP	Contractor	98.1%	94.9%	-	-	-
KPI016 - Works orders not resulting in Customer Complaints	Non-PRP	Northgate	95.1%	92.9%	99.2%	99.2%	99.3%
KPI017 - Customer Satisfaction Request Rate	Non-PRP	Northgate	75.1%	69.9%	90.0%	88.8%	88.7%
High level KPI 3 - We will respond to council housing emergency repairs within 2 hours	Part of KPI008	Northgate	98.1%	94.9%	99.4%	99.4%	99.3%
High level KPI 4 - We will resolve council housing routine repairs within 30 days	Part of KPI002	Northgate	92.6%	-	96.5%	95.6%	94.2%
High level KPI 1 - Percentage of gas servicing completed against period profile. This is a YTD profile		Northgate	98.0%		99.5%	99.4%	99.5%
High level KPI 2 - Right to Repair jobs completed on time for Council tenants	Part of KPI002	Northgate	92.6%	87.9%	96.6%	96.3%	92.5%

CITY YTD

Key Messages:

- 90.9% of works completed within target timescale
- 98.6% appointments kept
- 94.2% of routine repairs completed within 30 days
- 99.3% of emergency repairs responded to within 2 hours

Repairs WIP (as requested)

Percentage of Work In Progress (WIP) outstanding more than 30 Calendar days from the target completion date as a proportion of average repairs issued in the period

	Source	Target	Standard	Apr	May	Jun
Equans North (Period)	Northgate			1.3%	1.0%	0.3%
Fortem South (Period)	Northgate			37.5%	38.7%	16.2%
Equans East (Period)	Northgate			5.6%	4.5%	3.6%
Equans West (Period)	Northgate			3.0%	1.8%	1.6%

Key Messages

WIP is running at a reasonable rate across the city, at a YTD period. Some continued performance issues with Fortem across the South of the city but these are continuing to improve, as shown in June 2023 figures.

Decent Homes standard- physical assessments undertaken

- Actual stock condition survey (SCS) data:
 - Held on 16827 homes (28.5%)
 - 5837 (9.9%) completed in the last 5 years – considered ‘in date’
 - ~2400 of these recent surveys completed in the last 8 months
- Sense checking the decency % we have according to the ‘in date’ surveys to give initial estimates
- Of the 5837 actual ‘in date’ surveys completed in the last 5 years, 3628 are decent, providing a decency rate of 62.15%
- We understand this isn’t reflective which is why we have listened to advice from the Regulator to bolster the number of surveys, aiming to at least achieve 20%

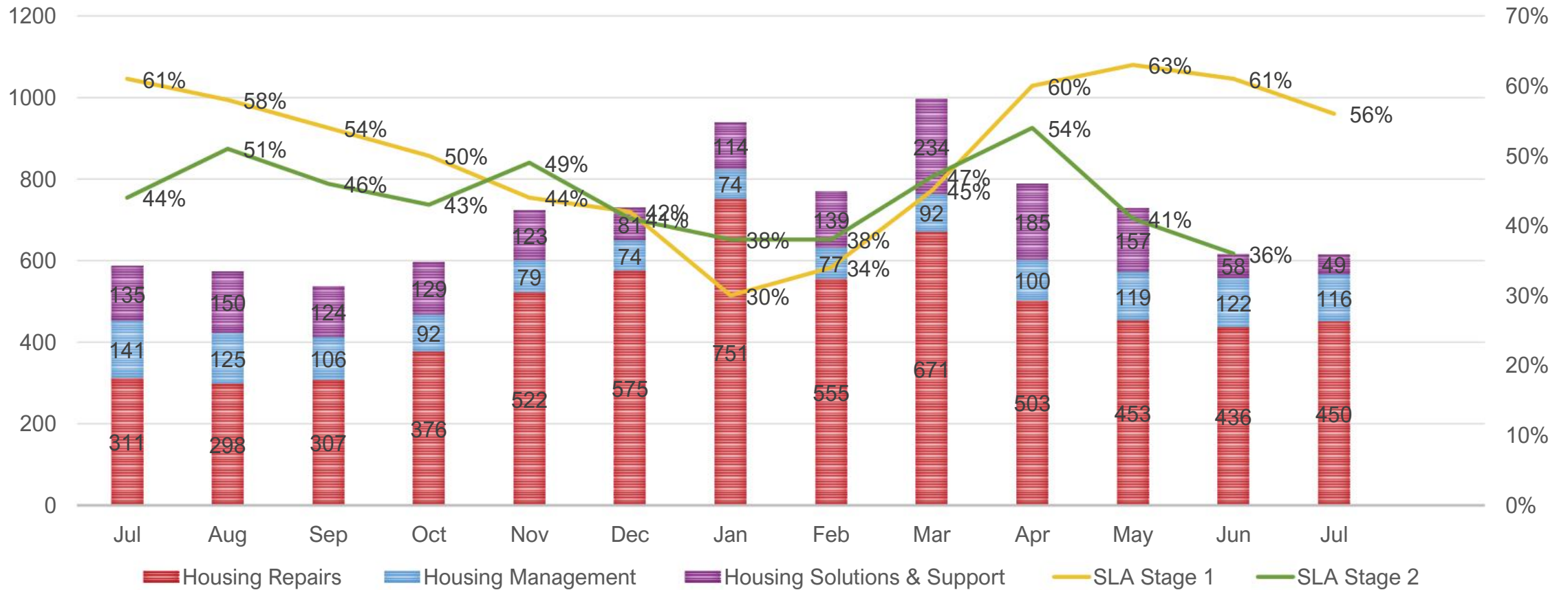
Next Steps:

To address limited accurate & up to date stock data we are:

- Confirming voids process ensuring all properties surveyed in void period – providing up to 3000 more surveys p.a.
- RAG rated entire stock to identify properties of greatest concern (rationale below)
- Additional AMBER & GREEN properties to be inspected as a comparison, enabling strategic cloning and a more rounded decency %
- Homes that have not had any planned improvements since 2016.
- Homes where there is a high level of repairs reported 20+ in last 2 years.
- Homes where there have been no repairs reported in last 5 years.
- Homes where void works have been undertaken in the last 5 years.
- Homes where we have live disrepair cases.
- Homes where damp & mould cases have been raised in the last 3 years.
- Identified where no SCS data held (no survey completed).
- Identified proposed clearance sites.
- Recruitment of in-house team to begin next month (10 surveyors)
- Additional budgets requested to support 6000 new surveys

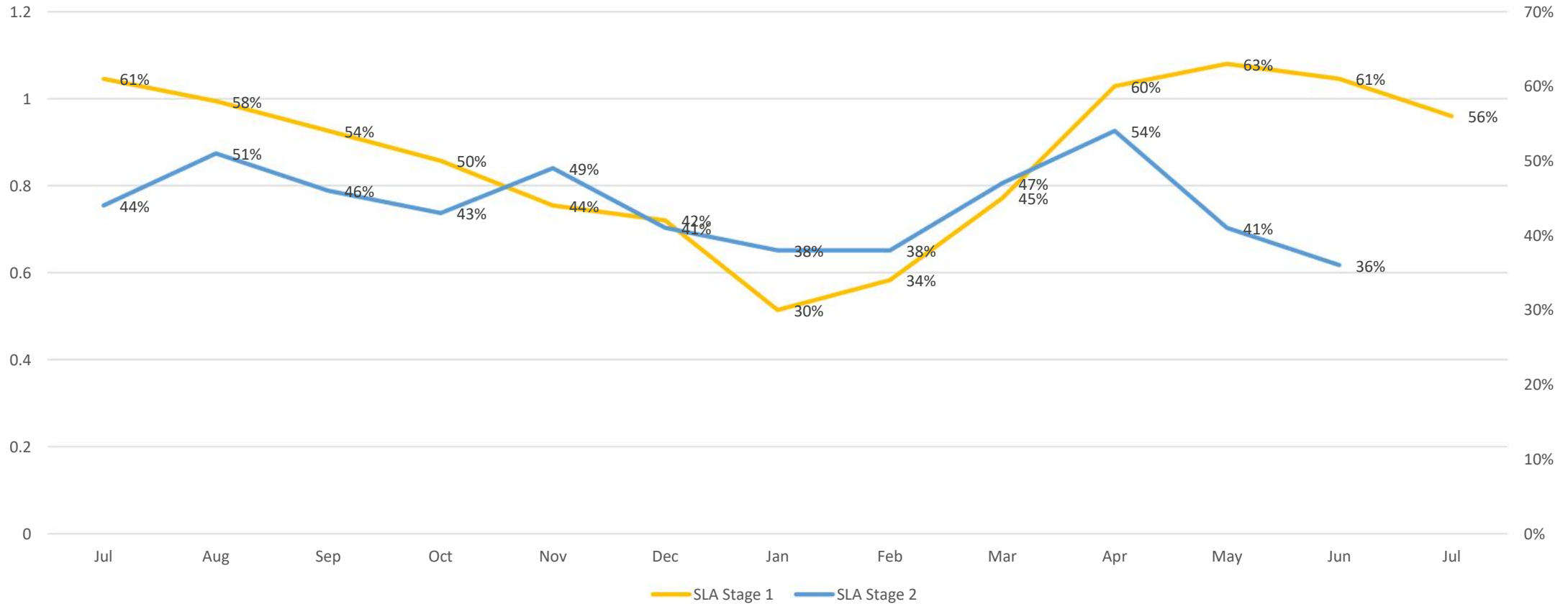
Complaints- Volume of Complaints Received YTD

Complaints received July 2022 - July 2023



Complaints- Performance against SLA

Performance against SLA at Stage 1 and Stage 2 July 2022 - July 2023



Complaints- Backlog & Summary

	Received this month				Backlog			
	Number Received	Completed within SLA	SLA %	Into Backlog	Total Backlog	Difference	Backlog Closed	Total Case Closed
Feb-23	768	258	34%	510	1598	-	317	575
Mar-23	996	448	46%	548	1641	43	330	778
Apr-23	788	474	60%	314	1864	223	430	904
May-23	727	457	63%	270	1684	-180	357	814
Jun-23	616	374	61%	242	1520	-164	356	730
Jul-23	614	346	56%	268	1321	-199	354	700
Total	4509	2357	53%	2152			2349	4501

Complaints- key update

- All remaining complaint team vacancies are at interview stage (x6 Business Support Coordinators) and (x2 Business Support Officers)
- Temporary Backlog team (x12) recruited, start date week commencing 21st August 2023
- Member enquiry team (x8) and Manager (x1) recruited, start date week commencing 18th September 2023
- Recruitment now progressing at pace- anticipating that we begin to see results throughout September/October 2023
- Backlog locked as of 30th June 2023, efforts are being made to reduce historic cases first whilst recruitment moves forward
- Root cause analysis being undertaken and disseminated to the service teams
- Altered the way we record complaints to respond to comments from the Regulator around data assurance and transparency (recording is only available from February 2023)
- For record keeping purposes, exempt accommodation has been removed from the records.

Tenant Engagement- Journey so far

TPAS Review

- Initial review undertaken in November 2021
- TPAS re-procured to support us to develop our 're-engineering engagement' approach
- 1 year Tenant Engagement strategy developed to capture key actions from the TPAS review

'Re-engineering Engagement'

- Ongoing procurement of TPAS finalised
- Developed IT solution for communicating with all tenants (Northgate comms module)
- Invited tenants to engage in 're-engineering engagement' events
- TPAS facilitated 7 workshops with tenants and staff on future engagement

Seeking feedback

- Pilot TSM survey delivered in July 2022
- Housemark procured to deliver independent TSM telephone surveys (600 per quarter) starting March 2023
- Root cause analysis sessions with service leads on a regular basis to learn from complaints
- Meet the Ombudsman event on the 7th August 2023

Tenant Engagement- Achievements

Throughout the 're-engineering engagement' workshops, tenants and staff identified several recommendations across each of the key themes. Examples of what we have achieved so far are set out below:

Listening & Acting

- Meet the Ombudsman event- 7th August 2023, embedding as part our future engagement structure
- Agreement to develop paid 'experts by experience' roles to support delivery
- Comms resource has been recruited- to ensure regular updates go out to tenants
- Programme manager recruited to drive forward progress and reduce delays

Accountability

- Embedding engagement across CPD- management essentials training as an example
- Reviewed constitution and TOR for current engagement structures
- Reporting progress in to Compliance Board, CHLB, local HLBs and O&S
- TSM delivery plans developed across teams- managed within HM Programme Board
- All frontline JDs include tenant engagement as part of their role



Culture & Respect

- TOM designed focused on locality working, a more visible culture with better access to services
- Increased number of quarterly visits to tenants; re-starting relationships and building trust
- Improving SLA times and quality of complaint responses- from 26% in Feb 2023 to 56% in July 2023
- EBEB- recognising diverse characteristics across our tenant base

Everyone

- Engagement with tenants in different forums- Poverty Truth Commission, Fair Housing Birmingham, Citizens UK etc
- Public Participation Team embedded as part of our corporate function- tenants invited to be part of this process
- Budgets in local teams to promote engagement at a local level with a clear decision making remit
- Focus groups to support the development of the Asset Management Strategy
- Temporary Accommodation- TSM surveys, the experience of all tenants across all teams

Tenant Engagement- TPAS 5 recommendations/next steps

Develop a Resident Influence & Assurance Board, as part of an improved governance arrangement to truly promote co-regulation across the Directorate

- Mobilise and embed new governance arrangement by March 2024

Develop a Community Influence & Engagement Strategy, setting out how resident views will be sought and how this influences service delivery across all areas

- Develop co-designed strategy and delivery plan by June 2024

Make services more accessible to residents, making sure there are regular and inclusive opportunities to feedback to residents about what is important to them

- Launch new TOM by June 2024
- Develop resident focused comms plan by December 2023
- Publish TSMs, complaints info and performance information promoting transparency and accountability by April 2024

Develop an ownership and accountability framework to ensure trust and respect continues to be built between the Directorate and residents and is deliberately maintained

- Develop a set of resident led service standards, setting out the level of service residents should receive by March 2024

Develop and embed Community Influence Boards to enable residents to genuinely drive initiatives and improvements in their local community

- Review the Tenant Participation Role (TPO) to ensure there is a focus on promoting and embedding Community Influencing Boards, and driving local community initiatives by March 2024

Tenant Engagement- Summary

- We are being supported by TPAS as leaders in the field, to get our engagement structures right
- The TPAS review has framed the objectives we are setting out to deliver over the 12 months and in to the future
- Our priority has been taking the time to make sure our residents have really framed what our engagement with them looks like going forward
- We have pockets of good practice across the Directorate that we want to build on moving forward
- Our aim now is to embed our engagement approach across the whole Council to make sure the values residents want to see are driven forward
- We will continue to report back on progress in these monthly meetings to provide assurance that things are moving in the right direction

Any Questions?



BE BOLD BE BIRMINGHAM



Voluntary Undertaking to the Regulator of Social Housing

August 2023

1. Introduction

- 1.1 This Voluntary Undertaking (VU) is offered by Birmingham City Council ('The Council') in response to the various health and safety and other regulatory compliance issues identified in the Regulatory Notice published by the Regulator of Social Housing ('RSH') on 24 May 2023, which are fully accepted.
- 1.2 This VU also includes elements of the Council's response to the Housing Ombudsman Paragraph 49 report, where referred to in the Regulatory Notice.
- 1.2 The VU sets out specific actions and outcomes the Council will achieve to address the concerns and the timescales by which these will be delivered. It also sets out the arrangements for oversight of delivery of the VU, how this will be reported upon to the RSH, and in due course independently validated when complete.
- 1.3 The VU has been underpinned by a more detailed Regulatory Compliance Action Plan, as well as a number of other supporting documents and plans. These plans and documents are not offered formally a part of the VU, as they are working documents, often updated as circumstances evolve; the plan below is a summary of the key points to which the Council commits for the purposes of this VU.
- 1.4 All action plans and supporting documentation will be made available on request to the RSH and updated from time to time.

2. Oversight and reporting

- 2.1 The City Housing Directorate hold an officer led Compliance Board on a monthly basis. Matters related to the VU will also be reported into the Council's Overview & Scrutiny Committee on a quarterly basis, made up of cross-party elected Members and Council officers. The Committee provides oversight, whilst the Compliance Board will focus on the delivery of the VU and associated action plans.

- 2.2 The Compliance Board will, in summary:
- (1) report at least quarterly to the Council Cabinet through the Oversight and Scrutiny Committee ('OSC');
 - (2) meet monthly or as required (online or in person) and consider reports on the delivery of this Voluntary Undertaking and the subsidiary action plans.
 - (3) Share these reports with the RSH and take account of any feedback from the RSH in progressing matters.
- 2.3 The Council will commission an independent validation of the agreed key stages of delivery of the VU upon their respective completion and will share this report with the RSH.

3. Actions and outcomes

- 3.1 The Council will complete the actions and achieve the outcomes in three main phases as set out below.

Phase 1 = by 30th November 2023 or before

Phase 2 = by 30th April 2024

Phase 3 = by 31st October 2024 or before.

- 3.1 The Council submits the following specific actions and outcomes to be delivered under the terms of this Voluntary Undertaking.

ACTION/OUTCOME	COMMENTS	TIMESCALE
<p>1. OVERALL RSH FINDING: <i>Following the Housing Ombudsman’s Special Report on Birmingham CC’s complaint handling, we investigated the council’s compliance with the consumer standards. Through our investigation we identified Birmingham CC had not completed fire, electrical and asbestos checks and inspections for every property that needed one and that a significant proportion of Birmingham CC properties do not meet the Decent Homes Standard (DHS). We also learned that Birmingham CC has failed to handle complaints effectively and failed to treat tenants with fairness and respect.</i></p> <p><i>The regulator considered the case as a potential breach of parts 1.1 and 1.2 of the Home Standard and has concluded that Birmingham CC did not have an effective system in place to allow it to meet its responsibilities both in relation to the quality of its homes, and in relation to statutory health and safety compliance across a range of areas.</i></p>		
<p>1.1 The Council has fully accepted the findings of both the Ombudsman and the RSH, and has developed this Voluntary Undertaking (VU) to ensure that it can move at pace to compliance.</p>	<p>Work on delivery of the VU and arrangements to ensure oversight of its delivery have already commenced.</p>	<p>Immediate</p>
<p>1.2 We will publish a summary version of this VU Plan for tenants and wider stakeholders of the Council.</p>	<p>This will be part of the Council’s overall communications plan.</p>	<p>Phase 1</p>

ACTION/OUTCOME	COMMENTS	TIMESCALE
<p>2. RISK OF SERIOUS DETRIMENT, RSH FINDING: ... taking into account the seriousness of the issues, the duration for which tenants were exposed to risk, and the number of tenants potentially affected, the regulator has concluded that Birmingham CC has breached the Home Standard and the Tenant Involvement and Empowerment Standard and that there is a risk of serious detriment to tenants during this period.</p>		
<p>2.1 During implementation of this VU and the associated action plans, we will implement special arrangements for staff and contractors to report matters of potential safety concern (including damp and mould) for immediate action to be taken if so required.</p>	<p>A hotline already exists, and we will also create an email address where concerns can be raised, anonymously if the informant so wishes.</p>	<p>Phase 1</p>
<p>2.2 We will produce quarterly reports for Overview & Scrutiny on compliance against all aspects of this VU as well as additional information on the compliance with the wider consumer standards</p>	<p>First such report already made</p>	<p>Phase 1</p>
<p>2.3 We will undertake a full data cleansing and validation exercise across all areas of landlord H&S</p>	<p>Already under way by Savills, with a projected completion date of 31st August 2023</p>	<p>Phase 2</p>
<p>3. FIRE SAFETY, RSH FINDING: In respect of fire safety, Birmingham CC has a statutory duty to regularly assess the risk of fire and to take precautions to prevent the risk of fire. The council reported that more than 1,000 Fire Risk Assessments (FRAs) are overdue. These are predominately for low-rise blocks.</p>		
<p>3.1 We will complete FRAs for all high-rise blocks</p>	<p>None outstanding</p>	<p>Complete</p>
<p>3.2 We will complete FRAs for all low-rise blocks</p>	<p>Circa 900 surveys outstanding, accelerated procurement process under way</p>	<p>Phase 3</p>

ACTION/OUTCOME	COMMENTS	TIMESCALE
3.3 We will review and update our processes for undertaking FRA remedial actions, for reporting of findings and maintenance of accurate data.		Phase 2
4. ELECTRICAL SAFETY, RSH FINDING: <i>For electrical safety, Birmingham CC is required to ensure that electrical installations are in working and safe condition both at the start of any tenancy and throughout that tenancy. At the time of our investigation the council reported around 500 communal and 15,000 domestic electrical inspections were overdue. In addition to this, more than 1,000 domestic electrical remedial actions were overdue.</i>		
4.1 We will complete a data cleansing and validation exercise to ensure that all remedial actions are correctly identified	Data cleanse programme well under way	Phase 3
4.2 We will accelerate our ongoing electrical safety programme in domestic and communal blocks such that no remedial actions are more than [3] months outstanding		Phase 3
5. ASBESTOS SAFETY, RSH FINDING: <i>For asbestos safety, the evidence provided to the regulator showed that Birmingham CC had almost 17,000 asbestos surveys overdue.</i>		
5.1 We will complete inspections of all relevant high-rise properties		Phase 1
5.2 We will complete inspection of all relevant properties		Phase 3

ACTION/OUTCOME	COMMENTS	TIMESCALE
<p>6. COMPLIANCE WITH DHS, RSH FINDING: <i>In relation to the quality of its homes, Birmingham CC reported that 39% of its properties did not comply with the DHS. The council does not hold recent or complete data for its properties so is unable to clearly identify the risks in its non-decent homes.</i></p>		
6.1 We will develop and publish a full 30-year investment plan to ensure compliance with the DHS		Phase 1
6.2 We will develop and publish an asset management strategy linked to the 30-year investment plan		Phase 2
6.3 We will invest an additional £40m in financial year 23/24 to our capital programme		Phase 2 for commitment of funds
6.4 We will accelerate the number of stock condition surveys to ensure 20% of the stock portfolio receives an actual survey on an annual basis for this year, and over the next 5 years to achieve 100% actual stock condition data		Phase 3
<p>7. REPAIRS</p>		
7.2 We will review and update our processes for appointment, supervision and liaison with contractors to ensure better customer satisfaction and performance		Phase 2
7.3 We will report on delivery and performance improvement resulting from the above.		Phase 3

ACTION/OUTCOME	COMMENTS	TIMESCALE
8. GAS SAFETY		
8.1 We will undertake a comprehensive data cleanse audit to ensure that that full compliance can be maintained	Savills commissioned and work under way. RSH has copy of Savills brief.	Phase 1
9. CARBON MONOXIDE DETECTORS		
9.1 We will install detectors in all properties as required by regulation		Phase 1
10. SMOKE DETECTORS		
10.1 We will ensure that all detectors have been tested in line with Oct '22 regulations		Phase 3
11. LIFTS		
11.1 We will review and update our processes for inspections of equipment, undertaking remedial actions, for reporting of findings and maintenance of accurate data.		Phase 2
12. LEGIONELLA		
12.1 We will review and update our processes for inspections, undertaking remedial actions, for reporting of findings and maintenance of accurate data.		Phase 2

ACTION/OUTCOME	COMMENTS	TIMESCALE
<p>13. COMPLAINTS HANDLING, RSH FINDING: <i>Regarding complaints handling, the Housing Ombudsman’s Special Report identified fundamental flaws in this service, including poor record keeping, poor communication and a failure to learn from complaints. Through our investigation we also identified that more than 1,000 complaints (around 60% of open complaints) were overdue.</i></p>		
<p>13.1 We will substantially reduce our backlog of overdue complaints such that we are able to meet our target response times with good assurance, and achieve (and then maintain) upper quartile performance as compared with other major landlords.</p>	<p>Recruitment of additional staff already is under way. We do not underestimate the scale and complexity of this undertaking, and note that full delivery may slip to Phase 3</p>	<p>Phase 2</p>
<p>13.2 We will review and update our processes for dealing with complaints, for reporting of findings and maintenance of accurate data.</p>		<p>Phase 2</p>
<p>13.3 We will amend and republish our Complaints Policy, to reflect our new Compensation Policy</p>		<p>Phase 2</p>
<p>13.4 We will create an internal Ombudsman-facing function with defined powers and terms of reference to intervene on behalf of tenants who have submitted complaints.</p>		<p>Phase 1</p>
<p>13.5 We will publish an annual report on complaints performance.</p>		<p>Phase 2</p>

ACTION/OUTCOME	COMMENTS	TIMESCALE
14. TENANT ENGAGEMENT, RSH FINDING: <i>In relation to Birmingham CC's engagement with tenants, external reviews carried out in 2021 and 2022 found there was a lack of proactive, frequent and effective communication with tenants. The reviews also found that tenants' needs were not understood, and they did not feel valued.</i>		
14.1 We will undertake a tenant consultation exercise to determine future engagement and communication strategy that best meets the needs of the diverse communities we serve.		Phase 2
14.2 We will then publish and implement our new Community Influencing & Engagement strategy, and evaluate its success		Phase 3
15. EQUALITY AND INCLUSION		
15.1 In line with our public sector equality duty, we will monitor and report on the effect of delivery of this VU and associated plans on the diverse communities we serve, and in particular on people with protected characteristics.		All phases
16. OVERSIGHT OF VU DELIVERY		
16.1 Delivery of this VU will be overseen by the Compliance Board, reporting quarterly to Overview & Scrutiny		All phases

ACTION/OUTCOME	COMMENTS	TIMESCALE
17. INDEPENDENT VALIDATION OF VU DELIVERY		
18.1 When we consider that a phase of activity from this VU is complete, we will commission independent validation of our work, and submit such reports to the RSH within three months of the end of the relevant phase.		All phases
18. REPORTING TO RSH		
We will report at least quarterly on delivery of this plan to the RSH, or more frequently if so required.		All phases

4. Signature

This Voluntary Undertaking to the Regulator of Social Housing signed for and on behalf of Birmingham City Council by:

.....
Name

.....
Position

.....
Date

.....
Signature

.....
Name

.....
Position

.....
Date

.....
Signature

(1)

ACTION PLAN: Regulatory Compliance Action Plan												Senior Responsible Officer: Guy Chaundy	
ID	Service Area	Workstream	Governance	BRAG	Tracking	Deadline	Action	Business Lead	SRO	Monthly Update (Commentary)	Status		
A1	Business Support	Housing Ombudsman Para 49	Compliance Board		On track	31/12/2023	Amend Complaints Policy to make reference to the new Compensation Policy	Joanne Podmore	Wendy Griffiths	30.08.2023- Complaints Policy re-draft is finalised and has been signed off, awaiting reference to the Compensation Policy before being re-drafted	Open		
A2	Strategic Enabling	Housing Ombudsman Para 49	Compliance Board		On track	31/12/2023	Embed Oracle systems to ensure compensation payments can be managed consistently by one team	Naomi Morris	Guy Chaundy	30.08.2023- Cost centre has now been set up, ensuring all relevant personnel have appropriate Oracle access to deliver	Open		
A3	Strategic Enabling	Housing Ombudsman Para 49	Compliance Board		Not on track	31/12/2023	Develop Compensation Policy to provide some governance around compensation payments for emotional distress	Naomi Morris	Guy Chaundy	30.08.2023- Comments from legal provided on draft Compensation Policy, amendments to be made before sign off process can begin	Open		
A4	Asset Management	Housing Ombudsman Para 49	Compliance Board		Complete	31/12/2023	Recruit additional resource to support the repairs complaints backlog	Asha X Patel	Wayne Davies	04.07.2023- resources are in post (2 x FTE)	Closed		
	Business Support	Housing Ombudsman Para 49	Compliance Board		Not on track	31/12/2023	Reduce the backlog of overdue complaints, across all areas but particularly repairs	Joanne Podmore	Wendy Griffiths	30.08.2023- Backlog for repairs cases is currently circa 700, reduction continuing to be made across the board but dependent on SLA performance before this can be considered fully stabilised 04.07.2023- resources in post as of the 12.06.2023	Open		
A5	Strategic Enabling	Housing Ombudsman Para 49	Compliance Board		Complete	31/12/2023	Recruit internal Ombudsman function and streamline activity to ensure lessons have been learned in relation to determinations	Naomi Morris	Guy Chaundy		Closed		
A6	Business Support	Complaints Recovery Plan	Compliance Board		Not on track	30/09/2023	Recruit to vacancies in the complaints team, increasing capacity to satisfactorily manage SLA timescales	Joanne Podmore	Wendy Griffiths	30.08.2023- Recruitment continues, fifth round of recruitment is underway with different advertising mechanisms now in place.	Open		
A7	Business Support	Housing Ombudsman Para 49	Compliance Board		On track	30/09/2023	Ensure there is a robust reporting process and live data stream to support leaders to understand the position around complaints at any given time	Joanne Podmore	Wendy Griffiths	30.08.2023- new Power BI dashboard in place, regularly reporting at DMT, Compliance Board, C1T Assurance Board and CMB. Dashboard is being built for the complaints backlog, removing the need for manual manipulation of data	Open		
A8	Business Support	Housing Ombudsman Para 49	Compliance Board		On track	30/09/2023	Develop and publish annual report on complaints performance for the City Council	Joanne Podmore	Wendy Griffiths	30.08.2023- Formal sign off process has been undertaken, report to be published by the 31/08	Open		
A9	Business Support	Housing Ombudsman Para 49	Compliance Board		Complete	17/04/2023	Identify senior lead officer responsible for complaints handling across the Council	Joanne Podmore	Wendy Griffiths	30.08.2023- Report due for sign off internally, to be published by the 31st August 2023.	Closed		
A10	Strategic Enabling	Housing Ombudsman Para 49	Compliance Board		Complete	17/04/2023	Complete a reviewed version of the self-assessment against the Housing Ombudsman Complaint Handling Code	Naomi Morris	Guy Chaundy	04.07.2023- completed and submitted as part of the initial Para 49 submission to the Housing Ombudsman	Closed		
A11	Asset Management	Housing Ombudsman Para 49	Compliance Board		On track	31/12/2023	Review the dashboards set up in Power BI to monitor service delivery in the repairs area to make sure these are reflective of what is required	Asha X Patel	Wayne Davies	30.08.2023- Dashboards now in place within Power BI to monitor service delivery, final tweaks being made by Senior Data Analyst to ensure best used.	Open		
A12	Asset Management	Housing Ombudsman Para 49	Compliance Board		Not on track	31/12/2023	Recruit to Business Information Officer position to improve record keeping in the repairs function	Asha X Patel	Wayne Davies	30.08.2023- Role has now been set up on Oracle, recruitment is imminent and is being posted internally initially	Open		
A13	Business Support	Complaints Recovery Plan	Compliance Board		Not on track	31/12/2023	Ensure both Stage 1 and Stage 2 complaints are managed within SLA timescales	Joanne Podmore	Wendy Griffiths	30.08.2023- Achieving circa 60% performance against SLA at Stage 1 and circa 40% at Stage 2 which is an improved position from March 2023 but doesn't reflect corporate or HO targets yet.	Open		
A14	Business Support	Complaints Recovery Plan	Compliance Board		Not on track	31/12/2023	Reduce the backlog of overdue complaints, ensuring that tenants receive responses in line with published timescales	Joanne Podmore	Wendy Griffiths	30.08.2023- Backlog has now been fixed, improvements made to ensure numbers are visible and any changes are clear- final work being undertaken to set up dashboard to monitor this.	Open		
A15	Strategic Enabling	TSM	Compliance Board		On track	01/04/2023	Undertake quarterly surveys via Housemark against all TSMs, developing operational action plans to inform service delivery	Naomi Morris	Guy Chaundy	30.08.2023- Q1 TSM survey delivered and presented at compliance board, informing operational delivery plan	Closed		
A15	Housing Management	TPAS	Compliance Board		Not on track	30/06/2024	Deliver against all aspects of the TPAS action plan, refreshing engagement structures and opportunities for engagement	John Jamieson	Stephen Gabriel	30.08.2023- Delays due to capacity in existing team, programme manager has now been recruited to drive progress in this area and TPAS have supported to deliver several 're-engineering engagement events' over the last 6 months	Open		

ACTION PLAN: Regulatory Compliance Action Plan											
Senior Responsible Officer: Guy Chaundy											
ID	Service Area	Workstream	Governance	BRAG	Trackline	Deadline	Action	Business Lead	SRG	Monthly Update (Comments)	Status
A1	Asset Management	Asbestos	Compliance Board		On track	30/06/2024	Deliver on asbestos programme to ensure all outstanding management surveys are completed	David Stevens/Brian Clifton	Wayne Davies	30.08.2023: BCI have procured additional resources to scale up the programme and are confident they can deliver within the timescale, exploring direct award to provide additional capacity on the low risk	Open
A2	Asset Management	Governance	Compliance Board		On track	30/06/2024	Embed new Compliance IT system to eradicate the need for manual intervention and reduce the opportunity for mistakes	David Stevens/Brian Clifton	Wayne Davies	30.08.2023: IT system is going through internal approvals process and implementation has been scheduled for January 2024	Open
A3	Asset Management	Fire Safety	Compliance Board		Not on track	30/06/2024	Ensure all remedial actions are recorded, categorised and audited and there are appropriate processes in place to deliver this	David Stevens/Brian Clifton	Wayne Davies	30.08.2023: IT system has been updated to allow for more effective recording of remedial actions, this will begin to show in the systems in October. November once they have all been loaded in	Open
A4	Asset Management	Fire Safety	Compliance Board		Not on track	30/06/2024	Deliver on safety programme in low rise blocks to ensure all outstanding FRAs have been completed	David Stevens/Brian Clifton	Wayne Davies	30.08.2023: Direct award for low rise FRAs has now been agreed and PO raised, contractor due to commence in early September 2023	Open
A5	Asset Management	Electrical Safety	Compliance Board		Not on track	30/06/2024	Undertake a full analysis of remedial actions for electrical that historic remedials have been actioned and those outstanding are included within the current programme	Carl Wallace/Ricky Jones	Wayne Davies	30.08.2023: Full list of circa 3000 remedial actions have been issued to contractors and sub-contractors are being procured to ensure these can either be signed off as complete or added to an existing programme	Open
A6	Asset Management	Electrical Safety	Compliance Board		Not on track	30/06/2024	Deliver on electrical safety programme, accelerating in both domestic and communal blocks	Sayed Kadir/Regan Taylor	Wayne Davies	30.08.2023: Both contractors are bringing in additional resource to accelerate the programme, aiming to have these resources in place for the end of September 2023.	Open
A7	Asset Management	Gas Safety	Compliance Board		On track	31/10/2023	Savills to undertake a full audit of gas safety cases to provide full data validation around the numbers	Sayed Kadir	Wayne Davies	30.08.2023: Report due from Savills on the 31/08	Open
A8	Asset Management	Carbon Monoxide Installation	Compliance Board		On track	30/09/2023	Deliver the carbon monoxide installation programme in all relevant properties	Sayed Kadir	Wayne Davies	30.08.2023: Programme on track, currently in excess of 80%. Any tenant refusal to be picked up in October 2023 once programme ends	Open
A8	Asset Management	Smoke detectors	Compliance Board		On track	30/06/2024	Deliver smoke detector testing in line with the October 2022 legislation	Carl Wallace/Ricky Jones	Wayne Davies	30.08.2023: Programme on track, currently at 95%. Any tenant refusals to be picked up in October 2023 once programme ends	Open
A9	Asset Management	Legionella	Compliance Board		On track	30/06/2024	Deliver the legionella programme, improving compliance in domestic properties	Sayed Kadir	Wayne Davies	30.08.2023: Legionella programme is accelerating, currently achieving 74.03%. Meeting with Acwico next week to drive programme further	Open
A10	Asset Management	Lifts	Compliance Board		Not on track	30/06/2024	Improve visibility of data and regularity of reporting in relation to lift safety checks	Carl Wallace/Ricky Jones	Wayne Davies	30.08.2023: monthly lift returns now being provided, 2 weekly contractor meetings set up. Confirming that the remaining outstanding blocks are demolition blocks	Open
A11	Asset Management	Data	Compliance Board		Complete	01/04/2023	Ensure the 'big 6' are regularly reported on at the Compliance Board and there is a Power BI dashboard to reflect this	Carl Wallace/Ricky Jones	Wayne Davies	04.07.2023: reported on at the Compliance Board at the last 3 monthly meetings and ongoing	Closed
A12	Asset Management	Data	Compliance Board		On track	31/10/2023	Savills to undertake a full data validation exercise across all of the 'big 6' to provide confidence in the data being presented	Sayed Kadir	Wayne Davies	30.08.2023: Gas safety has been selected as a pilot area with a report due on the 31/08, assurance in other areas to begin following this	Open
A13	Asset Management	Decent Homes Standards	Compliance Board		Not on track	31/10/2023	Accelerate stock condition programme from 1,000 to 7,000 through Acwico	Adele Livesy	Wayne Davies	30.08.2023: Additional 6,000 surveys have just been approved, developing a programme for Acwico	Open
A14	Asset Management	Decent Homes Standards	Compliance Board		On track	31/10/2023	Develop an overarching 30 year investment plan with a specific focus on Decent Homes Standards	Gwen Haq	Guy Chaundy/Wayne Davies	30.08.2023: Draft business plan to go through approvals process and consultation across the next 4 weeks before formal sign off in October 2023	Open
A15	Asset Management	Decent Homes Standards	Compliance Board		On track	31/10/2023	Develop an asset management strategy setting out our commitment to providing Decent Homes for our tenants	Gwen Haq	Guy Chaundy/Wayne Davies	30.08.2023: As above, AM5 strategy will go through approvals process with the draft business plan	Open
A16	Asset Management	Decent Homes Standards	Compliance Board		Not on track	30/06/2024	Accelerate actual stock condition surveys with the view to achieve 20% a year over the next 5 years	Adele Livesy	Wayne Davies	30.08.2023: Understating procurement activity as part of the business planning work to further accelerate actual stock condition surveys with a view to complete 20% per year over the next 5 years	Open
A17	Asset Management	Decent Homes Standards	Compliance Board		Complete	01/04/2023	Agree £40m additional investment for 2023/2024 capital programme	Asha X Patel	Wayne Davies	04.07.2023: programme agreed and now being implemented for the 2023/2024 period	Closed
A18	Asset Management	Decent Homes Standards	Compliance Board		Not on track	30/06/2024	Recruit to full complement of internal stock condition surveys for resilience in the future	Sayed Kadir	Wayne Davies	30.08.2023: rounds of recruitment have been unsuccessful thus far because of difficulties in the market. Continuation through HR etc. looking to recruit using broader advertising	Open
A19	Asset Management	Repairs	Compliance Board		On track	01/04/2024	Develop assurance process, around contractor activity ensuring quality of service	Gwen Haq	Wayne Davies	30.08.2023: Assurance process has been developed as part of the Housing Deliverables Para 49 recommendations, this will be rolled out across October-November 2023	Open
A20	Asset Management	Repairs	Cabinet		Not on track	01/04/2024	Recommissioning of the R&M contract to reflect aspects of customer satisfaction	Asha X Patel	Wayne Davies	30.08.2023: Contract re-procurement has been re-assessed, an extension is being agreed to cover a year period to re-start the procurement process	Open
A22	Asset Management	Contract Management	Compliance Board		On track	Ongoing	Ensure there are regular contract management meetings undertaken across the 'big 6' areas and these are formally recorded	Sayed Kadir	Wayne Davies	30.08.2023 meetings have now been set up across each of the contract areas to ensure acceleration.	Open
A24	Asset Management	Contract Management	Compliance Board		Not on track	30/06/2024	Develop mechanisms to review under performing contracts to accelerate delivery with contractors etc.	Sayed Kadir	Wayne Davies	30.08.2023: Savills findings will support this review, developing new SCRs to robustly manage external contractors	Open
A25											

Birmingham City Council

Homes Overview and Scrutiny Committee

21 September 2023



Subject: Homes Overview and Scrutiny Committee's Work Programme

Report of: Christian Scade, Head of Scrutiny and Committee Services

Report author: Amelia Wiltshire, Overview and Scrutiny Manager
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1 Purpose

- 1.1 This report sets out the proposed work programme for the Homes Overview and Scrutiny Committee for 2023-24, based on the Committee's meeting to date. Appendix 1 outlines the topics identified, aims and objectives and the preferred method of scrutiny to achieve these objectives.
- 1.2 The report also refers to other topics, which the Committee has identified, for future consideration, and this will be continuously updated during the year.

2 Recommendations

- 2.1 That the Committee:
 - Notes the information set out in Appendix 1 and identifies if any further topics need to be added to the menu of topics for the Committee to explore over the coming year.
 - Agrees, subject to further input from the Chair and Deputy Chair, the issues that the Committee will consider during October – November 2023, the proposed aims and objectives and the preferred method of scrutiny.
 - Identifies, subject to further input from the Chair and Deputy Chair, the issues that the Committee will consider in November 2023, the proposed aims and objectives and the preferred method of scrutiny.
 - Agrees the outline terms of reference for an inquiry on 'Improving standards of Council Homes'.
 - Notes, subject to further input from the Chair and Deputy Chair outside of the meeting, its proposed work programme will be submitted to Co-

ordinating O&S to enable work to be planned and co-ordinated throughout the year.

3 Background

3.1 The [statutory guidance for local government overview and scrutiny](#) sets out the role it can play in holding an authority's decision makers to account. This makes it fundamentally important to the successful functioning of local democracy.

3.2 Effective Overview and Scrutiny should:

- Provide constructive 'critical friend' challenge.
- Amplify the voices and concerns of the public.
- Be led by independent people who take responsibility for their role.
- Drive improvements in public services.

3.3 The role and functions of Overview and Scrutiny Committees are outlined in [The City Council's Constitution | Birmingham City Council](#) They will:

- Make reports and/or recommendations to the full Council, the Executive and/or other organisations in connection with the discharge of the functions specified in their terms of reference.
- Consider any matter covered in their terms of reference that may affect or be likely to have an effect on the citizens of Birmingham; relevant to the Council's strategic objectives; relevant to major issues faced by officers in managing a function of the Council; and likely to make contribution to moving the Council forward and achieving key performance targets.

3.4 Effective scrutiny needs to add value. A well planned and timely work programme enables Overview and Scrutiny Committees to be involved at the right time and in the right way, and ensure their involvement is meaningful and can influence the outcome.

3.5 Members often have a number of topics suggested to them and are therefore required to **prioritise** matters for consideration. The Scrutiny Framework sets out the following factors to be considered:

- Public interest: concerns of local people should influence the issues chosen.
- Ability to change: priority should be given to issues that the Committee can realistically influence.
- Performance: priority should be given to areas in which the Council and Partners are not performing well.
- Extent: priority should be given to issues that are relevant to all or a large part of the city.
- Replication: work programme must take account of what else is happening to avoid duplication.

Looking Ahead

3.6 Overview and Scrutiny Committees will identify a 'menu' of issues (including policy development, policy review, issues of accountability and statutory functions) at the start of the year. Each Committee should then regularly review their 'menu' and decide which issues need to be examined further, and how that work would be undertaken. Scrutiny activities should be thorough and undertaken in a timely manner.

Scrutiny Methods

3.7 There are a range of ways to undertake scrutiny. The approach for 2023-24 enables flexible scrutiny and outlines a shift from monthly formal meetings to a combination of approaches. The Committee will choose the most effective scrutiny method to achieve the desired aims and objectives for each topic.

3.8 Based on Statutory Guidance published in 2019, different scrutiny methods include (but are not limited to):

- A single item, or items, on a committee agenda – this method fits more closely with the “overview” aspect of the Scrutiny function and provides limited opportunity for effective scrutiny. It is most appropriate for specific issues where the committee wants to maintain a watching brief.
- A single item meeting, either as the committee or a more limited number of Members. It has the capacity to enhance the previous option by taking evidence from a number of witnesses.
- A task and finish day - provided that these are properly focused, they ensure Councillors can swiftly reach conclusions and make recommendations and are effective even for complex topics.
- A task and finish review – this is an enhancement of the previous option being held over four or six meetings spread over a limited number of months.

Homes Overview and Scrutiny Committee

The Committee's Terms of Reference is to fulfil its functions as they relate to any policies, services and activities concerning:

- Council Housing management services, repairs and maintenance programmes.
- Best use of housing stock across all housing providers.
- Neighbourhood management initiatives and the housing growth agenda (Birmingham Social Housing Partnership).
- Private rented sector, licensing and regulation.
- Tenancy engagement in the management and development of social housing and Housing Liaison Boards.

- Exempt accommodation.
- Housing Options for vulnerable adults, children, young people and offenders.
- Temporary accommodation provision.
- Homelessness and rough sleeping.
- Supply of homes to meet housing need.

3.9 The Committee is chaired by Cllr Mohammed Idrees, and its membership comprises Cllrs Ziaul Islam, Saqib Khan, Lauren Rainbow, Rinkal Shergill, Ron Storer, Penny Wagg and Ken Wood.

4 Work Programme 2023-24

4.1 Appendix 1 sets out the topics the Committee will consider over the next few months, and also outlines future items for consideration.

4.2 The Committee may decide to add further items to the work programme during the course of the year. When considering this, the Committee is advised to consider where it can best add value through scrutiny, and how it can prioritise topics for consideration based on the Scrutiny Framework referred to in 3.5.

4.3 The Council's latest [Forward Plan](#) may assist Members in identifying future topics. The following reports are of particular relevance to this Overview and Scrutiny Committee:

ID Number	Title	Proposed Date of Decision
010625/2023	Bromford Housing Development, Open Space Improvement, Procurement Strategy and revised FBC	17 Oct 23
010770/2023	Housing Revenue Account Business Plan	17 Oct 23
010840/2023	Asset Management Strategy	17 Oct 23
011496/2023	Procurement Routes for Affordable Housing Delivery	17 Oct 23
011746/2023	Local Authority Housing Fund – Round 2	17 Oct 23
011849/2023	Housing Repairs and Maintenance Contract Extension	16 Jan 24

4.4 Overview and Scrutiny Chairs are advised to maintain regular engagement with Cabinet Members to enable flexibility to be built into the Overview and Scrutiny work programme, so as to respond to the Council's policy priorities in a timely way.

4.5 The work programme, as set out in Appendix 1, also cross references the work of the Committee with the Council's Corporate Priorities 2022-26. During the period June – October 2023, the work of this Committee will contribute to 3 Corporate Priorities.

5 Any Finance Implications

5.1 There are no financial implications arising from the recommendations set out in this report.

6 Any Legal Implications

6.1 There are no legal implications arising from the recommendations set out in this report.

7 Any Equalities Implications

7.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2 The protected characteristics and groups outlined in the Equality Act are Age; Disability; Gender Reassignment; Marriage and Civil Partnership; Pregnancy and Maternity; Race; Religion and Belief; Sex, and Sexual Orientation.

7.3 The Committee should ensure that it addresses these duties by considering them during work programme development, the scoping of work, evidence gathering and making recommendations. This should include considering how policy issues impact on different groups within the community, particularly those that share a relevant protected characteristic; whether the impact on particular groups is fair and proportionate; whether there is equality of access to services and fair representation of all groups within Birmingham; and whether any positive opportunities to advance equality of opportunity and/or good relations between people are being realised.

7.4 The Committee should ensure that equalities comments, and any recommendations, are based on evidence. This should include demographic and service level data and evidence of residents/service-users views gathered through consultation.

8 Appendices

8.1 Appendix 1: Work Programme 2023-24 – September

8.2 Appendix 2: Improving Standards of Council Homes – Outline Terms of Reference

9 Background Papers

9.1 [Birmingham City Council Constitution](#)

9.2 Birmingham City Council Overview and Scrutiny Framework April 2021

Homes Overview and Scrutiny Committee Work Programme 2023/24

Month	Item/Topic	Aims and Objectives	Scrutiny Method	Cabinet Member/ Lead Officer	Other Witnesses	Additional Information and Outcome*
July	Voids – Improving Standards Corporate Priority: 11	To be confirmed by Task and Finish Group	Task and Finish Group meetings	Director, Housing Management – Stephen Gabriel		The Housing and Neighbourhoods O&S Committee in 2022-23 agreed to review Voids – Improving Standards. A Terms of Reference was approved in February 2023, and the Council’s City Housing service presented in March 2023. Committee members also took part in visits to City Housing void properties. The intention had been to continue into 2023-24. As there is now a dedicated Homes O&S Committee for 2023-24, the scope of these Terms of Reference will be reviewed at the first Task and Finish Group meeting.
September	Social Housing Regulation Bill Corporate Priority: 11	Provide information on what the Social Housing Regulation Bill means for the Council’s City Housing service Understand how City Housing will achieve compliance with the Social Housing Regulation Bill, and preparation for inspection from the Regulator for Social Housing in April 2024	Committee meeting - single item: 21 September 2023, 2pm. Venue: Room 6, Council House	Head of Service, Strategic Enabling – Naomi Morris		This Bill intends to deliver the reforms outlined in the Social Housing White Paper and address the concerns following the Grenfell Tower fire in 2017. It will introduce a stronger and more proactive regulatory regime to improve standards and accountability for landlords for the services they provide.

Month	Item/Topic	Aims and Objectives	Scrutiny Method	Cabinet Member/ Lead Officer	Other Witnesses	Additional Information and Outcome*
		Consider how Member insight can inform and drive improved services	Deadline for Papers: 12 September 2023			The agenda item will also outline progress toward inspections following the Regulatory Notice in May 2023.
September	Housing Ombudsman – Paragraph 49 Corporate Priority: 11	Outline the background to, and the key recommendations from, the Housing Ombudsman special report on Birmingham City Council Provide information on the progress made towards delivering on the recommendations from the Housing Ombudsman, Paragraph 49 report Consider how Member insight can inform and drive improved services	Committee meeting - single item: 21 September 2023, 2pm. Venue: Room 6, Council House Deadline for Papers: 12 September 2023	Head of Service, Strategic Enabling – Naomi Morris		In January, the Housing Ombudsman published a special report on Birmingham City Council. The report made recommendations relating to repair handling; complaint handling; record keeping and compensation policy.
September	Scrutiny Contribution to Budget Savings and Recovery Plan	For the Committee to consider a report on current and future Budget Savings and Recovery Plans and implications for Neighbourhoods Overview and Scrutiny Committee	Committee meeting - single item: 21 September 2023, 2pm. Venue: Room 6, Council House Deadline for Papers: 12 September 2023	Cllr Jayne Francis, Cabinet Member for Housing and Homelessness	Paul Langford, Strategic Director, City Housing	It was agreed at Co-ordinating Overview and Scrutiny Committee in July that all Scrutiny Committees would consider the implications of the Medium Term Financial Plan at the September Committee meetings.

Month	Item/Topic	Aims and Objectives	Scrutiny Method	Cabinet Member/ Lead Officer	Other Witnesses	Additional Information and Outcome*
October	Exempt Accommodation Corporate Priority: 9, 10 and 11	Provide update on progress of outstanding recommendations from Exempt Accommodation inquiry Consider the impact of the recommendations from the Inquiry	Committee meeting - single item: 19 October 2023, 2pm. Venue: Room 6, Council House Deadline for Papers: 10 October 2023	Cabinet Member for Housing and Homelessness, Cllr Jayne Francis Assistant Director, Housing Strategy and Enabling – Guy Chaundy		Exempt Accommodation Inquiry, 2021 Latest update to Co-ordinating O&S Committee (March 2023)

*Outcome: This will be populated once the item/topic has been completed. It will highlight the added value and impact.

Menu of Options for Future Consideration

The following items had been identified as potential topics for future consideration. This approach enables the Overview and Scrutiny Committee to remain flexible and respond in a timely manner to emerging issues.

This is a live work programme work programme. New items may be added, or items removed during the course of the year. Proposed aims and objectives as well as scrutiny methodology may also be subject to change.

Item/ Topic	Proposed Aims and Objectives	Proposed Scrutiny Method	Additional Information
Affordable Housing	This will be confirmed following further discussions by the O&S Committee	This will be confirmed following further discussions by the O&S Committee	This will be confirmed following further discussions by the O&S Committee. However, there is a proposal for a single agenda item discussion at Committee.
Customer Services – Housing Repairs	To be confirmed following July's Co-ordinating O&S Committee. Currently:	To be confirmed	Co-ordinating O&S Committee convened Task and Finish groups to identify, and monitor progress of,

Item/ Topic	Proposed Aims and Objectives	Proposed Scrutiny Method	Additional Information
	Monitor the progress and impact of the recommendations from the Customers Services O&S programme		<p>recommendations to improve customer services in 4 areas including Housing Repairs.</p> <p>A final Task and Finish group took place on 14 June 2023, and a report presented to Co-ordinating O&S in July. It was agreed that Homes O&S Committee takes forward this work for Housing Repairs in the future.</p>
Decent Homes	This will be confirmed following further discussions by the O&S Committee and in particular, the Task and Finish Group for Voids – Improving Standards.	This will be confirmed following further discussions by the O&S Committee	This will be confirmed following further discussions by the O&S Committee and in particular, the Task and Finish Group for Improving Standards of Council Homes.
Performance	This will be confirmed following further discussions by the O&S Committee	This will be confirmed following further discussions by the O&S Committee	This will be confirmed following further discussions by the O&S Committee.
Tenant Engagement	This will be confirmed following further discussions by the O&S Committee	This will be confirmed following further discussions by the O&S Committee	This will be confirmed following further discussions by the O&S Committee.

Scrutiny Method Options:

Committee meeting - single item

Committee meeting - single theme

Task and Finish Group (outline number of meetings)

On location

Other - (describe)

Corporate Priorities, Performance and Outcomes

Corporate Priorities 2022 – 26:

- | | |
|--|---|
| 1 Support inclusive economic growth | 11 Increase affordable, safe, green housing |
| 2 Tackle unemployment | 12 Tackle homelessness |
| 3 Attract inward investment and infrastructure | 13 Tackle health inequalities |
| 4 Maximise the benefits of the Commonwealth Games | 14 Encourage and enable physical activity and healthy living |
| 5 Tackle poverty and inequalities | 15 Champion mental health |
| 6 Empower citizens and enable citizen voice | 16 Improve outcomes for adults with disabilities and older people |
| 7 Promote and champion diversity, civic pride and culture | 17 Improve street cleanliness |
| 8 Support and enable all children and young people to thrive | 18 Improve air quality |
| 9 Make the city safer | 19 Continue on the Route to Zero |
| 10 Protect and safeguard vulnerable citizens | 20 Be a City of Nature |
| | 21 Delivering a Bold Best in Class Council |

Information on the Corporate Priorities, Performance and City Outcomes was reported to the Neighbourhoods Overview and Scrutiny Committee OSC in June 2023: [Document.ashx \(cmis.uk.com\)](https://cmis.uk.com/Document.ashx)



Work Outline / Terms of Reference

Improving Standards of Council Homes Inquiry

Reporting to Homes Overview and Scrutiny Committee

<p>Our key question:</p>	<p>How can the Council improve the quality of its housing for Council tenants?</p>
<p>1. How is O&S adding value through this work?</p>	<p>The Council's Overview and Scrutiny Framework, 2021, outlines suggested criteria to ensure inquiries add value. This inquiry meets the criteria listed below:</p> <p>A high degree of public interest, political importance or sensitivity.</p> <ul style="list-style-type: none"> • Issue identified by members as a key issue for public. • Public interest issue covered in local media. <p>Implications for the City Council's wider governance role</p> <ul style="list-style-type: none"> • New Government guidance or legislation. <p>Service delivery and efficient management processes, where there is:</p> <ul style="list-style-type: none"> • Concern about service performance. • A high level of service user dissatisfaction with the service. • A high priority afforded to the service by customers/users. • High level of budgetary commitment to the service/ policy area. • Issues raised by external audit reports. <p>In January 2023, the Council declared a 'housing emergency' in Birmingham. Shortly afterwards, the Housing Ombudsman published a special report into Birmingham which made recommendations into four key themes: repairs; record keeping; complaints handling, and compensation. All Members receive daily complaints from tenants highlighting significant concerns about the quality of their council housing. Local media such as the Birmingham Evening Mail are also regularly featuring stories which also draw attention to real life cases. During the January 2023 debate in Council, it was reported that 29% of the proportion of Council homes in Birmingham do not meet the Decent Homes standard (compared with 7.8% nationally).</p> <p>This year, the Social Housing Regulation Bill has been introduced, which places new responsibilities on landlords such as Birmingham City Council, and the City Housing service is already responding to the challenges highlighted by the Housing Ombudsman and presented by the new Bill. The intention of this Inquiry is not to duplicate this existing work, but to complement and enhance it. The inquiry presents an opportunity for Members to use their unique insight to consider these challenges in a different way, and as a result make recommendations which can make a tangible difference to the housing for tenants in this city.</p>
<p>2. What needs to be done?</p>	<p>The Inquiry will receive evidence from a range of stakeholders to consider the following key issues:</p> <ul style="list-style-type: none"> • Current condition of the Council's housing stock including the views of tenants.



	<ul style="list-style-type: none"> • Condition of properties becoming void and current standards for re-letting. • Concerns raised by the Housing Ombudsman and the Regulator for Social Housing, and how City Housing intends to/is responding to this. • What does an excellent Repairs and Maintenance service look like? How does the Council currently compare to this? • City Housing's Transformation programme and how this intends to improve standards. Measurable impact of this programme to date. Challenges to overcome in the future and barriers. • The strategic and national landscape – what are the changes introduced by the Social Housing Regulation Bill for all social housing providers? How does the Council intend to respond to this? • What are the standards adopted by other social housing providers within the region? How can the Council learn from this?
<p>3. What timescale do we propose to do this in?</p>	<p>The Homes O&S Committee intends to report and make recommendations to Council in April 2024.</p> <p>Scoping: Outline Terms of Reference: to be agreed at O&S Committee on 21 September 2023.</p> <p>Delivery Plan: to be completed by O&S Committee on 19 October 2023.</p> <p>Evidence Gathering: scheduled to commence by end October.</p> <p>Key Findings and Recommendations/ Report Preparation: to be confirmed once the evidence gathering has commenced. However, it is anticipated that this will take place late January/ early February.</p> <p>Council: The Homes O&S Committee intends to report and make recommendations to Council in April 2024.</p>
<p>4. What outcomes are we looking to achieve?</p>	<p>This inquiry will make recommendations which will contribute towards:</p> <ul style="list-style-type: none"> • Make Council homes safer for tenants (Outcome 1) • Improve tenant satisfaction with their Council Homes and the services they receive (Outcome 2) <p>Birmingham City Council's Corporate Plan 2022–2026 Priority 11: Increase affordable, safe, green housing. Priority 12: Tackle homelessness Priority 13: Tackle health inequalities</p>
<p>5. What is the best way to achieve these outcomes and what routes will we use?</p>	<p>A Task and Finish Group has been the recommended approach by the Committee to gather and review evidence for this inquiry. This Task and Finish group will comprise cross party membership.</p> <p>Stakeholders The following stakeholders will be requested to provide information to this inquiry:</p>



	<ul style="list-style-type: none"> • Birmingham City Council’s City Housing Directorate • Council’s Housing contractors • Local Government Association (LGA) • Social Housing Providers in Birmingham and West Midlands • Tenants • West Midlands Combined Authority (WMCA) <p>Other stakeholders may be identified during the further scoping to be completed during October.</p> <p>The inquiry also welcomes suggestions for additional stakeholders to seek evidence from all stakeholders listed above and Members of the Council. All suggestions should be highlighted to the lead officer listed below.</p> <p>Members All Members of the Council will also be invited to provide evidence. In addition to this, all members of the Council may request to attend evidence gathering sessions. If a Member is interested in this, they are invited to contact the lead officer for further information.</p> <p>Evidence Stakeholders will be invited to provide evidence in a variety of formats. This will be finalised as part of the scoping stage. In general terms:</p> <ul style="list-style-type: none"> • For organisations, this may be information in writing and/or a face-to-face presentation. Organisations will be advised of the relevant format for their evidence individually when invited to provide information to the inquiry. • For tenants, the inquiry group is currently determining the best approach. This will be informed by the current type and nature of the information collected by City Housing. <p>The inquiry group also intends to undertake site visits to empty (void) Council properties to support their inquiry.</p>
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Member / Officer Leads

Lead Member:	Chair: Cllr. Ken Wood
Members of the Task and Finish Group:	Councillors Saqib Khan; Mohammed Idrees; Lauren Rainbow; Penny Wagg
Lead Officer and support:	Lead Officer: Amelia Wiltshire Support Officer: Jayne Bowles An expert witness from City Housing will be identified to support this inquiry.

