

BIRMINGHAM CITY COUNCIL

COORDINATING O&S COMMITTEE – PUBLIC MEETING

1200 hours on Friday 15th September 2023, Committee Rooms 3 and 4,

Council House, Victoria Square, B1 1BB

Action Notes

Present:

Councillor Albert Bore (Chair)

Councillors: Jack Deakin, Mohammed Idrees, Chaman Lal, Lee Marsham, Ewan Mackey, Morriam Jan, Alex Yip.

Also Present:

Janie Berry, Monitoring Officer

Fiona Greenway, Interim Director of Finance (Section 151 Officer)

Mohammed Sajid, Interim Head of Financial Strategy

Christian Scade, Head of Scrutiny and Committee Services

Ed Brown, Committee Officer

Richard Brooks, Director of Strategy, Equality & Partnerships (Online)

Wendy Griffiths, Assistant Director Customer Services and Business Support (Online)

Timothy Bell, Consultant - Corporate Finance (Online)

Gemma Malhi, Strategic Planning and PMO Manager (Online)

1. NOTICE OF RECORDING/WEBCAST

The Chair advised the meeting to note that this meeting will be webcast for live and 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

Apologies were received from Councillors Akhlaq Ahmed, Mick Brown, Kerry Jenkins and Darius Sandhu.

3. DECLARATIONS OF INTERESTS

None.

4. ACTION NOTES – 14 July 2023

The Action Notes of the meeting on the 14 July were agreed.

RESOLVED:

- That the action notes of the formal meeting held on 14 July 2023 be approved as a correct record and signed by the Chair.

5. CO-ORDINATING OVERVIEW AND SCRUTINY COMMITTEE ACTION TRACKER

RESOLVED:

- That Action Tracker be noted

6. FINANCIAL CHALLENGES – SCRUTINY CONTRIBUTION TO THE BUDGET SAVINGS AND RECOVERY PLAN

The Chair introduced the report and it was highlighted that there was a need to think about how scrutiny interests in the budget saving plan would be taken forward.

In the ensuing discussion, the following issues were raised:

- In the public session of meeting of the Audit Committee directly preceding the meeting, the external auditor had announced that on the same afternoon, a statutory recommendation (Section 24, Schedule 7 of the Local Audit and Accountability Act 2014) would be issued to be formally put before the Council. This would require the Council to discuss the report and respond to it publicly. This would need to be considered alongside any other considerations arising from the meeting.
- There would be more than one statutory recommendation and there would be ten-days consultation prior to a response from the Council.
- It would be necessary to consider the implications once it was known what the recommendations were.
- The external auditor had suggested that the 2021/22 accounts be brought to conclusion. Further to this he was aiming to complete work on issues in terms of equal pay provision by October 2023 and in terms of the investment property classification the financial statements for the 2021/22 accounts by September 2023. As such there were some early conclusions in terms of what the external auditor would arrive at.

- Moreover, it was indicated by the external auditor that in terms of the equal pay issue, they were looking for an early decision from the Council Business Management Committee (CBMC) in relation to the job evaluation study that the Council was seeking to take forwards. The Chief Executive of the Council had responded at the Audit Committee that CBMC were looking to meet soon so that these issues could be revisited. This had implications in terms of how scrutiny related to the budget savings and recovery plan regarding the job evaluation and equal pay.
- An important point had arisen at the meeting of the Audit Committee around the use of earmarked reserves. It was intimated that a reason behind the Section 114 notice was due to an indication from the external auditor that there was an unreasonable level of equal pay risk in the 2021/22 accounts and the current information on equal pay liability had meant that it was necessary to have a level of provision higher than previously assumed, which had meant that the Section 151 Officer had needed to bring in the Section 114 notice.
- Regarding the 2022/23 accounts, a different level of earmarked and un-earmarked reserves was possible due to decisions taken in the meantime on the use of reserves, for example, on dealing with Oracle issues. This was highly relevant information as the level of reserves and General Fund balances were important when considering the 2023/24 budget deficit position.
- The statutory recommendations would be forwarded to the Leader or the Chief Executive or the Interim Director of Finance (Section 151 Officer). It was noted that the Interim Director of Finance (Section 151 Officer) would ensure that this information was forwarded to members.

Further points made during discussion included:

- A report on the Medium-Term Financial Plan was provided that set the scene on the current year's budget. At the previous meeting of the Committee, savings within the budget had been requested, not just high-risk savings, but also medium and low-risk. The Committee were informed of this on an Overview and Scrutiny basis. This was important as this was part of the gap for 2023/24. The Chair suggested that the Committee follow the lead of the Economy and Skills OSC in making the issue of Budget Savings and the Recovery Plan a standing item on Overview and Scrutiny Committees. The Coordinating OSC had a responsibility on arrangements to request all OSCs to include the issue as a standard item. This would bring the spotlight on what was happening regarding delivering savings.

- It was necessary to update the view of what should be in the workplans of OSCs to ensure added value from scrutiny, including the consideration of the savings agenda.
- There could be set of scenarios such that that the schedule of scrutiny meetings may not be compatible with business that needed to be considered and as such extra meetings might need to be added. It was requested that scrutiny Chairs keep on top of their agendas and work programmes should this be the case.
- A manual had been produced that provided information and guidance on the Section 151 Spend Control Board. In response to questions it was clarified that the first set of decisions would be published on CMIS early in the week commencing 18 September and would then be published weekly moving forward.
- It was requested that a scrutiny member be allowed to observe the Spend Control Boards for transparency. In response to this it was clarified that whilst this was not the usual practice, it could be considered.
- It was further requested that any decision made that was relevant to the OSCs be sent to the relevant Chair. In response to this it was clarified that once the decisions were published, they would be broken down by directorate so that the relevant decisions would be easy to identify on a daily basis, additionally, the remit of the OSCs was set out in a detailed way in the documentation.
- At the preceding meeting of the Audit Committee, the Chief Executive had indicated that a paper would be produced defining statutory and essential services. This was important regarding the decisions of the Spend Control Board.
- The Chief Executive had also stated at the preceding meeting of the Audit Committee that she intended to look at reshaping the services of the Council around the citizens. OSCs would be keen to look at the services reshaping and may have a view and as such would want to be aware.
- Other reviews were mentioned by the Chief Executive at the preceding meeting of the Audit Committee that might interest OSCs, such as the Capital Assets Review which would look at what the assets were and what their value was. This was important information for the Section 151 officer to balance the budget. There would also be a review of companies owned or part-owned by the Council. There would also be an income review.

- It was necessary to find a way of balancing the budget and also contribute to the equal pay liability. This would be reflected in a report to an extraordinary meeting of the Council on 25 September.
- OSCs would need to take account of the above in their work programmes. Further to this, there was a need to think about the role of Coordinating OSC as it might be better to consider some issues through Coordinating OSC so as to allow the other OSCs to focus on their aspects, particularly Finance and Resources OSC.
- Questions were raised as to whether statutory services could be legally defined or challenged.
- It was suggested that any governance review should focus on outcomes. It was further suggested that it was important to recognise why there was a governance review.
- It was necessary to hold discussions with the Chairs of the Audit Committee and OSCs on how to modify work programmes and if such modifications were necessary to ensure that value was added.

RESOLVED:-

- That the Budget Savings become a standing item on Overview and Scrutiny Committees.
- That the presence of a scrutiny member as an observer on the Spend Control Boards be considered.
- That discussion be held with the Chairs of the Audit Committee and OSCs on how to modify work programmes and if such modifications were necessary to ensure that value was added.

7. SCRUTINY WORK PROGRAMME 2022/23

The Chair introduced the report.

In the ensuing discussion, the following issues were raised:

- With regard to Appendix 1 of the Work Programme, the Savings Exercise was on the Work Programme for Coordinating OSC for October, this would be an opportunity to discuss the issue and understand the situation in terms of being on track with the savings programme.

- With regard to Appendix 2, the Cost-of-Living Task and Finish Group would be meeting with many representatives in one long session on 22nd September with a follow-up session on 28th September to consider with officers whether the draft report contained any matter that needed to be brought out. It was hoped to report to the Committee in October. There had been a change in membership with Cllr Yip being the Conservative representative for 22nd September and Cllr R Alden being the Conservative representative for 28th September. Cllr Jan would be the Liberal Democrat representative on 22nd September, and Cllr Wagg would be the Liberal Democrat representative on 28th September if available. It was suggested that the Terms of Reference be amended to refer to 'member (or nominee)'.

RESOLVED:-

- That the committee notes, and agrees, the updated Terms of Reference and membership for the Cost of Living Task and Finish Group.
- The Homes for Ukraine report was likely to be postponed for at least a month as the availability of officers was such that it could not be completed in time. The central issues of the Homes for Ukraine Task and Finish Group were the fundamental corporate processes and how communities could be worked with and how services were procured, these were issues that were relevant to the wider financial recovery plan. There was a need to become more efficient and effective. The possibility was raised of the issues in the Homes for Ukraine Task and Finish Group being brought into the issue of financial recovery.
- Issues were raised about the priorities of members given the issues faced by the Council.
- The Committee were assured that the Cost-of-Living Task and Finish Group could proceed, partly because it could be delivered by the programme team rather than being a corporate response led by the most senior officers in the Council, as was the case with the Homes for Ukraine Task and Finish Group. There was also internal audit resource looking at the Cost-of-Living programme.

Regarding Appendix 3 and the Work Programmes of the individual OSCs, the relevant Chairs commented:

Finance and Resources OSC

- The main issues had been Oracle, Equal Pay and Budget Recovery. An extra OSC was being held this month as there had not been sufficient time for officers to answer questions and provide information.
- Regarding Budget Monitoring, it was hoped that the Committee could have involvement on what came around the Section 114 notice.
- The Chair of Finance and Resources OSC was happy and content with the commentary and work by the members cross-party.
- A question was raised within the Committee regarding liability. The Chair suggested that all Councillors knew of the risk and questions should have been asked within the relevant committees as well as in Cabinet. As such, there was culpability across the Council. He further suggested that there was a problem with governance arrangements. The Centre for Governance and Scrutiny (CfGS) was looking at governance issues. The Coordinating OSC had governance as part of its remit, and it may be that the Committee should be doing something to direct thought towards what the failures in governance might be and to ensure that the CfGS pick up some of these matters.
- It was suggested that issues with Oracle had been discussed for some time, and it was further suggested that risk should be in every portfolio. It was also suggested that decisions by members had led to the current situation.

In response to questions about governance and decisions, the Chair made reference to the report of the external auditor regarding equal pay, he quoted:

“Our work in this area will:

- Independently assess the Council’s revised estimate of its current Equal Pay (EP) liability and consider the effectiveness of its emerging proposals to mitigate any further financial pressures;
- Consider the process that has recently been followed to arrive at the option for Job Evaluation (JE) ... and comment on the governance that has underpinned this current process;
- Examine the historical background to the issue since 2017, including the key decisions made that have driven liability since that time;
- Reflect on the adequacy of industrial relations arrangements in place between political leadership, management and the Trade Unions in the context of addressing the Council’s longstanding EP challenges.”

He further quoted in terms of Oracle that until certain matters were resolved:

“The Council is at risk of not having adequate governance arrangements in place to ensure that it can effectively discharge its statutory responsibilities and maintain its financial sustainability.

We have therefore determined that we need to undertake a review of the Oracle implementation.”

The Chair suggested that in these comments there was a focus on governance arrangements and suggested that the work programme could be amended to take up some of the issues that the external auditor raised.

Homes OSC

- There would be a meeting on 21 September on a single item looking at the Social Housing Regulation Bill and the Housing Ombudsman’s special report and the issues highlighted and observations made.
- It would also look at Budget Savings and the Recovery Plan and there may be some scope to achieve these around temporary accommodation or better delivery.
- It would also be looked at how homelessness could be reduced.
- A Task and Finish Group looking at repairs had been set up and the Terms of Reference would be agreed at the next meeting.
- In October there would be a report on exempt accommodation.
- Budget savings would be considered at every meeting.
- In response to a question on what was thought to be a statutory service, the Chair of the Homes OSC responded that it was necessary to deliver a service for tenants. As such it was important to look at the Housing Ombudsman findings and the Social Housing Regulation Bill as it was the Council’s responsibility as a social landlord.

Sustainability and Transport OSC

- There had been a private briefing session ahead of the PFI contract going to Cabinet and the Sponsorship Board which allowed the Committee time to Scrutinise and feed back. The Chair of Sustainability and Transport OSC was satisfied that the feedback had been taken on board.

- The Chair of Sustainability and Transport OSC thanked the Committee for their work in August on the Task and Finish Group looking at active travel. It had concluded with an open round table.
- There would be a subsequent Task and Finish Group on parking enforcement and net zero once there was flexibility mindful of the Section 114 notice and service delivery.

Neighbourhoods OSC

- The Committee were looking at savings.
- Localisation was also being considered, the Leader would be attending and could relay his priorities.
- The recommendations for the Task and Finish Group on Cleaner, Greener Streets would be coming in.
- Fly tipping enforcements would be considered.
- Guidance was being awaited on what was and what was no statutory. It was known that a bin service was statutory, but not how often it needed to be.

The Chair clarified that a paper would be coming forward on what was statutory and what was not. Different Committees would be affected differently.

Economy and Skills OSC

- The Head of Scrutiny and Committee Services updated the Committee on the Economy and Skills OSC.
- Budget savings would be a standing item.
- The Committee would also be monitoring the recommendations from the employment and skills enquiry.
- The Committee would be receiving an update on the local skills improvement plan at their October meeting.

RESOLVED:-

- That the Terms of Reference of the Cost of Living Task and Finish Group be amended to refer to 'member (or nominee)'.

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

There were no requests for Call In for Co-ordinating OSC.

9. OTHER URGENT BUSINESS

Cllr Jan made reference to an exempt 2017 Cabinet report on waste management.

RESOLVED:

That in view of the nature of the business to be transacted, which includes exempt information of the category indicated, the public be now excluded from the meeting: -
(Paragraph 3)

It was established that the issues mentioned that arose from this report would be picked up in the consideration of Section 114 notice and by the External Auditor.

10. DATE AND TIME OF NEXT MEETING

It was noted that next meeting of the Co-ordinating Overview and Scrutiny Committee would be 13 October 2023.

The meeting ended at 13:28