

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – PUBLIC MEETING

1400 hours on Thursday 9 February 2023, Committee Room 6, Council House,
Victoria Square, B1 1BB

Action Notes

Present:

Councillor Akhlaq Ahmed (Chair)

Councillors: Meirion Jenkins, Rashad Mahmood, Hendrina Quinnen and Paul Tilsley

Also Present:

Cllr Yvonne Mosquito, Cabinet Member for Finance and Resources

Rebecca Hellard, Strategic Director of Council Management (On-line)

Alison Jarrett, Director of Group and Capital Finance

Richard Lloyd-Bithell, Assistant Director, Financial Strategy

Steve Sandercock, Assistant Director, Procurement (On-line)

Jayne Bowles, Scrutiny Officer

Christian Scade, Head of Scrutiny and Committee Services

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 meeting You Tube site (www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw) 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 Bushra Bi and Ken Wood.

3. DECLARATIONS OF INTERESTS

None.

4. ACTION NOTES AND ACTION TRACKER

(See documents 1 and 2)

RESOLVED:-

- That the action notes of the meeting held on 22 December 2022 were agreed.
- That the action tracker was noted.

At this point it was agreed that the agenda would be re-ordered, with the Planned Procurement Activities item being taken before the financial reports.

5. PLANNED PROCUREMENT ACTIVITIES

(See documents 3 and 4)

Councillor Yvonne Mosquito, Cabinet Member for Finance and Resources, was in attendance for this item.

Rebecca Hellard, Strategic Director of Council Management, and Steve Sandercock, Assistant Director, Procurement, were in attendance on-line.

The Chair referred to paragraph 3.2 in the Key Decision covering report regarding cashable savings. Members were told that in the current financial year, there is a corporate procurement saving as part of the overall Medium Term Financial Plan savings, so where a contract goes to market and there are any savings coming from that, that would be banked corporately. This was approved by City Council in February 2022.

RESOLVED:-

That the report was noted.

6. FINANCIAL MONITORING 2022/23 – QUARTER 3

(See document 5)

Councillor Yvonne Mosquito, Cabinet Member for Finance and Resources, Alison Jarrett, Director of Group and Capital Finance, and Richard Lloyd-Bithell, Assistant Director, Financial Strategy, were in attendance for this item.

Rebecca Hellard, Strategic Director of Council Management, was in attendance on-line.

Rebecca Hellard highlighted the following key points in the report:

- There has been positive movement in the overall net position with a forecast risk of overspend of £11m, an improvement from the £26.7m in Month 8.
- An additional aspect to robust financial management has been to pool centrally all earmarked service reserves to review them all so they are not sitting in service areas not being used.
- Table 1 is the high level summary of forecast position and, as reported previously, there is significant risk of overspend in the Children and Families Directorate, followed by City Operations and City Housing.

- Adult Social Care has a smaller risk of overspend, as does Council Management.
- There has been previous discussion regarding the spend controls which have been in place for the last two years and this year the rigour of those spend controls has been increased.
- The report also includes the position on delivery of savings, as well as mitigations of the forecast overspend.
- Table 4 is an overall high level analysis of those savings risks. That situation has improved and there still remains £4.149m out of the £42.865m of high risk savings which they are continuing to pursue.
- The capital position is also reported and where there has been slippage in that capital position.

The Chair invited Councillor Mosquito to present and in doing so the following key points were highlighted:

- The Council's strategic aim is to delivery within the budget, however given the cost of living crisis and the pressures within Children's Services, this year has been particularly tough.
- There is a risk that if these pressures are not sufficiently mitigated, we will overspend at the end of the year.
- There are two main improvements since Month 8 - £21.8m of service reserves have been identified that are no longer required.
- Good housekeeping has meant they are also forecasting £9.5m savings on the policy contingency budget.
- Work will continue to bring this down to a balanced budget by year end.
- The rigorous spending controls introduced in July 2022 are helping to bring the forecast overspend down. The spending controls focus on staffing, facilities management and procurement and measures are in place to ramp up the benefit of these spending controls.
- They are continuing to assume delivery of savings and a number of savings are currently rated as medium or high risk, with the value of high risk savings remaining unchanged since Month 8.
- The Council's leadership team is working to ensure that all these savings are achieved by the end of the year and any non-delivery will result in further risk of overspend.
- In terms of the capital budget, Cabinet will be asked to approve an increase of £5.1m, resulting in a revised capital budget of £728.6m. The forecast capital spend is £581.9m, a further variation of £86.7m from Month 8.
- Work has been undertaken with directorates and Project Managers to explore opportunities to re-profile and review capital budgets.
- Members were reminded that whilst the Council faces a very difficult year financially, it is in a robust financial position with strong planning processes in place and unearmarked reserves remain healthy and within recommended limits.

During the discussion, and in response to questions raised by Members, the main points included:

- The general fund reserve has not been used to cover any overspend. However, the financial resilience reserve was approved and set up in February 2022 to mitigate specific risks.
- It was noted that some of the problems the Council is faced with are statutory responsibilities, for example the Children's Trust, where there are extenuating circumstances making it difficult to get the budget in line with income.
- The rigorous spending controls include vacancy control, eg delaying vacancies, and questioning whether recruitment is absolutely needed. The aim is also to remove the use of agency workers and reduce the use of interims and consultancy.
- With regard to capital spend and servicing of debt, the capital programme is not purely funded by debt. There are central government grants, grants through the Combined Authority, big block capital grants, PFI credits, etc. There is not a direct link between the capital programme going up and the level of debt going up.
- The amount of borrowing has gone down, but because interest rates have risen, the figure has gone up, although it is expected to fall again next year.
- It was suggested that a list should be drawn up of assets that can be sold to reduce the outstanding debt.
- It was pointed out that there are a number of factors to be taken into account when considering the sale of assets to pay off debt. There are a number of assets that would not be sold as there may be developments where the value would rise. There is a robust methodology and the S151 officer signs off all sales of assets.
- It was agreed that a list of property assets and planned disposals would be provided to the Committee.

RESOLVED:

- That a list of property assets and planned disposals would be provided to Committee;
- That the report was noted.

7. DRAFT FINANCIAL PLAN 2023-2027

(See document 6)

Councillor Yvonne Mosquito, Cabinet Member for Finance and Resources, Alison Jarrett, Director of Group and Capital Finance, and Richard Lloyd-Bithell, Assistant Director, Financial Strategy, were in attendance for this item.

Councillor Mosquito introduced the report and made the following key points:

- Birmingham City Council, like many councils, is facing an increasingly challenging financial situation, with many factors adding to the pressure on the Council's finances.
- Despite the many challenges, through extensive hard work, the Council has achieved a sustainable medium term financial strategy.
- The proposals included in this report establish a balanced budget for the four year period 2023/24 to 2026/27 and having taken a considered view of all the

relevant factors this is the first time the City Council has achieved the setting of a four year balanced budget since 1974, in arguably the most extreme national and global circumstances.

- The Council has identified savings opportunities in the 2023/24 budget totalling £48.9m with a further £48.2m to be delivered over the period of the Medium Term Financial Plan. These savings proposals are backed up by business cases that set out clear delivery plans.
- This budget reflects the statutory requirement to deliver services in line with the Council's delivery plan.

Alison Jarrett then gave a presentation which covered:

- The approach to setting a balanced budget;
- High level financial risks – big issues;
- Savings and business case approach;
- Approach to the capital programme;
- Financial sustainability.

During the discussion, and in response to questions raised by Members, the main points included:

- As discussed under the previous item, Members confirmed the request for a list of property assets and planned disposals to be provided as soon as possible.
- It was pointed out that when Committee looks at that list, there is also a need to look at risk management and how risk might be mitigated.

The Chair asked Members whether there were any recommendations or comments to be made to Cabinet and it was agreed there were not.

RESOLVED:-

That the report was noted.

8. WORK PROGRAMME

(See document 7)

RESOLVED:-

That the work programme was noted.

9. DATE OF THE NEXT MEETING

Noted.

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

None.

11. OTHER URGENT BUSINESS

None.

12. 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.

13. EXCLUSION OF THE PUBLIC

N/A

PRIVATE AGENDA

14. PLANNED PROCUREMENT ACTIVITIES EXEMPT APPENDIX 3

N/A

The meeting ended at 1514 hours.