

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – PUBLIC MEETING

1300 hours on Thursday 10 September 2020 (On-line Meeting)

Present:

Councillor Sir Albert Bore (Chair)

Councillors: Muhammed Afzal, Meirion Jenkins, Paul Tilsley and Lisa Trickett.

Also Present:

Councillor Ian Ward, Leader

Councillor Tristan Chatfield, Cabinet Member, Finance and Resources

Craig Cooper, Programme Director, Commonwealth Games

Julie Griffin, Acting Assistant Director, Housing

Rob James, Acting Director, Neighbourhoods

Gary Messenger, Head of Service – Housing Options and PRS

Guy Olivant, Major Developments Lead

Sara Pitt, Assistant Director, Service Finance

Darren Share, Assistant Director, Street Scene

Carl Tomlinson, Finance Business Partner, Neighbourhoods

Jayne Bowles, Scrutiny Officer

Emma Williamson, Head of Scrutiny

1. NOTICE OF RECORDING/WEBCAST

The Chairman advised the meeting to note that this meeting will be webcast for live and subsequent broadcast via the Council's Internet site (www.civico.net/birmingham) 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 Councillor Brett O'Reilly.

3. DECLARATIONS OF INTERESTS

None.

4. ACTION NOTES – 23 JULY 2020 & 25 AUGUST 2020

(See documents 1 and 2)

The Chair updated Members on the following:

- 23 July 2020 notes – the In-Reach item which had originally been scheduled for this meeting had been deferred to October;
- 25 August 2020 notes – the call in report went to Cabinet on 8 September where it was decided to put the recommendations which had been agreed by Cabinet Members and Chief Officers to the Cabinet without alteration and Cabinet agreed therefore to proceed on those recommendations.

RESOLVED:-

The action notes of 23 July 2020 and 25 August 2020 were agreed.

5. NEIGHBOURHOODS DIRECTORATE

(See documents 3 and 4)

Rob James, Acting Director, Neighbourhoods, Julie Griffin, Acting AD, Housing, and Darren Share, AD, Street Scene attended for this item.

The Chair gave the background to the request for this item, explaining that the financial monitoring reports in 2019/20 continually referred to issues within the Neighbourhoods Directorate budget and Members felt that those were areas the Committee should focus on in order to satisfy themselves that going forward in 2020/21 these issues would not repeat themselves, especially as they had noted that in the budget set in February, an additional revenue budget was allocated to several areas of the directorate.

Rob James gave a brief overview and made the following points:

- There were a number of issues, particularly in the Street Scene portfolio and the Housing portfolio, which made up the vast majority of the overspend in the financial outturn for the directorate;
- Within Street Scene, £4.6m of the £10.9m overspend related to staffing due to the non-implementation of the revised management and structure;
- In addition, there were higher vehicle maintenance costs in the region of £2.9m and a shortfall in trade waste income;
- The overspend in Housing related mainly to demand on the Housing Options service and that reflected the cost of temporary accommodation;
- There was also a shortfall on income related to Bereavement Services and the Market service where a number of traders have left and there are vacant pitches;

- Work had been done throughout the year to ensure budgets were correct and CIPFA have been engaged to do a “deep dive” to ensure that the directorate has now got this right and to verify value for money services;
- A specific area which CIPFA have been asked to look at is the income targets that are set in the Trade Waste Service and Bereavement Services to ensure that we are getting market share and value for money;
- CIPFA have also been asked to look at the Housing Options Service in terms of value for money;
- There have been additional demands across all areas of the council due to Covid and that will be reflected but separated out in terms of the budget;
- Currently, the directorate is in a position of approximately £200,000 overspend that is outside of the Covid related expenditure;
- There are still some pressures, but they are being mitigated and the reports show the detail;
- The Chair indicated that this Committee would be interested in seeing the results of the CIPFA “deep dive” and suggested this be programmed for a future meeting.

Julie Griffin, Acting AD, Housing, and Darren Share, AD, Street Scene, took Members through their respective reports and in response to Members’ questions, the following were amongst the main points raised:

Housing:

- Concern was expressed that the new operating model for Housing Options, which had come up regularly in 2019/20 monitoring reports, was still likely to be a long time coming, with it now not being due to be implemented until April 2021;
- It was explained that consultation had been due to start in April but was delayed due to Covid and that this would now start in October;
- An independent review had been commissioned in March, this had been received in June and work had been undertaken to ensure that the recommendations in that review were captured in the new model;
- With regard to the £1.5m savings expectation, Members were told that one-off mitigations had been identified for this year, including a reduction in the unit cost of bed and breakfast accommodation, a reduction in private sector leasing spend, and an employee underspend in relation to vacancies;
- They are confident that they can deliver on those savings and it is anticipated that with the new operating model focussing on prevention future years savings will come through as a result in a reduction of use of bed and breakfast and temporary accommodation;
- There has been an additional £3.8m additional revenue allocated, and a level of contingency has been built in, but it is anticipated that when the no eviction ban is lifted there is a concern about the number of people who may be made homeless;

- They are awaiting the outcome of the CIPFA review to ensure that the base budget is viable;
- A full review of temporary accommodation and charges will be completed in the next couple of months, along with bed and breakfast and our own stock, to ensure fair charges;
- They are working hard with the private rented sector to ensure accommodation which is fit for purpose and also looking at bigger family homes;
- With regard to the decision to close homeless centres and move to the one location in Newtown, Members were told that during the pandemic there had been a move to more of an agile and responsive service through the contact centre, with assessments done over the telephone, and that was working well.

Street Scene:

- A point of clarification was made that the report talks about the outturn and does not include mitigations for this year;
- Trade Waste – they are looking at improving the customer base and it was acknowledged that some contracts had been lost during the period of industrial action although they are starting to pick up some new customers;
- Members welcomed the fact that the income target has been reduced for this year and said that a more realistic income target is appropriate and should have been done in previous years;
- It is a similar story in Street Cleansing where the income has been reduced due to large city centre events undertaking their own clearance;
- Concern was expressed, however, that the council still has an obligation if standards are not met, but Members were assured that we do review their waste management plans (if we haven't been invited to do the work) and where we have helped, we do re-charge the event organisers;
- Members stressed the need for ensuring businesses have valid trade waste contracts;
- With regard to the income reduction in Garage/Stores/Driver Training Centre, Members were told that the fleet is being reviewed;
- The majority of the loss of income has been down to individual areas buying their own vehicles and having their own rental or leasing arrangements and not coming through the garage any more;
- The income target for this area has therefore been reduced to a £1m target to recognise that;
- Some of the taxi assessments have also been lost and we are competing with the private sector in terms of driver training;
- In terms of mitigations, the view was expressed that a lot of posts would have to be cut to make expenditure meet income and whether realistically this should be outsourced;

- Members were told the team do work extremely hard and currently half of the posts are vacant and the new vehicles being brought in will take some of the pressure off;
- Going forward, there is a review looking at transport and that could give us alternative methods of delivery but we do have a responsibility to make sure vehicles are correctly maintained;
- The current position is that a pressure of £150,000 is being reported;
- In light of the fact that Members' concerns are heightened by the level of overspend in this area, the Chair said that he would drop a note to the Cabinet Member to say that in consideration of the Street Scene budget for 2020/21 the item of income shortfall was highlighted and some concern was expressed by Members about that continuing shortfall on this budget line, notwithstanding the reduced income target;
- One final point was made that with regard to the Street Scene restructure, conversations with the Trade Unions, which had started in February, had been put on hold due to Covid but those discussions were about to start again.

RESOLVED:-

- The results of the CIPFA "deep dive" to be programmed for a future meeting;
- The Chair to write to the Cabinet Member for Street Scene and Parks highlighting the concerns of the Committee with regard to the income shortfall on the Garage/Stores/Driver Training Centre budget line;
- The report was noted.

6. CWG ATHLETES VILLAGE

(See document 5)

Councillor Ian Ward, Leader of the Council, Craig Cooper, Programme Director, Commonwealth Games, and Guy Olivant, Major Developments Lead, attended for this item.

In presenting the report, and in response to Members' questions, the following were amongst the main points raised:

- The Chair acknowledged that in view of the delays as a result of Covid, it was inevitable that the Organising Committee would take the decision to look at other facilities. That decision is accepted and the committee now wished to concentrate on the financial implications.
- The Leader told Members it was regrettable that the news had been leaked before the planned press conference and unfortunately the media and members of the public had taken the view that the village would not go ahead. The village will go ahead and will deliver both the homes and the legacy, it is simply that the athletes and officials will be accommodated elsewhere.
- The cost will be picked up by the Organising Committee;

- The village can now be re-designed to deliver a different type of development, if appropriate, and Members felt that the opportunity to create an urban centre for Perry Barr must be seized;
- By the end of July, around £157m had been spent on the village and surrounding area, including land assembly and demolition works;
- There were some games specific works within the Lendlease contracts and exclusions have now been instructed to avoid abortive costs;
- The original funding agreement with MHCLG covers accommodation, transport, games and legacy. That funding is secured and the commitment to the area is still in place;
- The regeneration is being funded through a combination of grants and borrowing which will be repaid following receipt of income from the development;
- Officers in Inclusive Growth are looking at the best way forward in terms of the return on investment and are exploring BMHT taking more units;
- There has to be a balance in the mix of housing to make the development viable;
- In response to a question about premium prices having been paid, eg for the acquisition of the bus depot, Members were told that the depot would have provided a transport mall, however they can now look to develop that in a different way.

RESOLVED:-

The report was noted.

7. FINANCIAL MONITORING 2020/21 – MONTH 4

(See document 6)

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources, and Sara Pitt, AD, Service Finance, attended for this item.

Councillor Chatfield introduced the report, stating that the change in format had been maintained and addressed both the impact of Covid and the underlying position.

In the course of the discussion, and in response to Members' questions, the following were among the main points raised:

- The continuation of the new style reporting was welcomed, with the consistency making it easier to focus on issues;
- Members were concerned about the Birmingham Children's Trust overspend, noting that although this had decreased from Quarter 1/Month 3, there was obviously still a demand situation and so the budget in all probability will not meet need;
- The Chair confirmed that issues in relation to In-Reach would be addressed at the October meeting;
- With regard to the overspend in relation to Covid, as at Month 4 £84.3m had been received from Government, therefore for this year the gap has shrunk and some risks have not materialised;

- However, next year will be a big challenge especially in terms of a deficit in the collection fund;
- The report referred to the new ERP system “going through a re-set phase to establish and quantify financial and non-financial risks” and Members were told that a report would be going to Cabinet in late autumn to address some of these issues;
- It was agreed that this should come to Committee for consideration at the appropriate time, particularly given the work previously done on this when members of the working group were told the council had a fixed price contract;
- The Chair drew to Committee’s attention the deep dive reviews on debt being implemented by Finance and asked whether the short term rise in debt was because of increased risk due to Covid;
- It was confirmed that bad debt provision of £13m had been factored in for increased risk of non-collection due to Covid. They are seeing issues around Housing Benefit and Council Tax collection and the deep dive reviews are to ensure that they are tackling issues and preventing further debt;
- With reference to the paragraph on Policy Contingency and Use of Reserves and the statement that “given the significant financial pressures and the need to drive the new Chief Executive’s delivery plan there may be a need to re-prioritise the use of the policy contingency budget”, the Cabinet Member was asked what the Chief Executive’s delivery plan was going to entail;
- Members were told that the purpose of the delivery plan is to set the course for the next couple of years and this year there will be close integration between financial and business planning;

RESOLVED:-

- That the report on the new ERP system be presented to Committee at the appropriate time;
- The report was noted.

8. PLANNED PROCUREMENT ACTIVITY REPORT

(See document 7)

The Chair confirmed that this would now be a standing item on all agendas, as discussed at the last meeting.

RESOLVED:-

The report was noted.

9. WORK PROGRAMME

(See document 8)

The Chair advised Committee that the date of the November meeting had been changed and would now be held on Thursday 12th November at 10.00am.

RESOLVED:-

The report was noted.

10. DATE OF NEXT MEETING

Noted.

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

None.

12. OTHER URGENT BUSINESS

None

13. AUTHORITY TO CHAIRMAN AND OFFICERS

RESOLVED:

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

The meeting ended at 1502 hours.