

BIRMINGHAM CITY COUNCIL

ECONOMY AND SKILLS O&S COMMITTEE

1000 hours on 13th September 2023, Committee Room 2, Council House

Present:

Councillor Akhlaq Ahmed

Councillors Katherine Iroh, Jon Hunt, Jamie Tennant and Lisa Trickett

Also Present:

Paul Kitson, Strategic Director, Place, Prosperity, and Sustainability

Mohammed Sajid, Interim Head of Financial Strategy

Shariat Rokneddin, Policy and Governance Manager

Fiona Bottrill, Senior Overview and Scrutiny Manager

Baseema Begum, Scrutiny Officer

The meeting began at 10:01 hours

1. NOTICE OF RECORDING/WEBCAST

The Chair advised those present that the meeting would be webcast for live and subsequent broadcast and that Members of the press/public may record and take photographs except where there are confidential or exempt items.

2. APOLOGIES

Cllr Richard Parkin

3. DECLARATIONS OF INTEREST

None.

4. FINANCIAL CHALLENGES - SCRUTINY CONTRIBUTION TO THE BUDGET SAVINGS AND RECOVERY PLAN

(See Item No.4)

Mohammed Sajid, Interim Head of Financial Strategy and Paul Kitson, Strategic Director, Place, Prosperity, and Sustainability were present for this item.

The Chair outlined the purpose of the item following a Section 114 notice made by the Council last week. Mohammed Sajid, Interim Head of Financial Strategy then outlined the key points from a statement issued by the Section 151 officer in reference to the Section 114 notice and the implications for the Council.

A discussion with Members was then held and the following were amongst the points made: -

- The Council has a one-off liability of up to £800m. Members heard that this assumed that both the job evaluation process and all claims for liability would be received by the cut-off point of 1st April 2025. A further £87m was the ongoing budget gap and this needs ongoing resources. This does not include any additional monthly costs that the Council is incurring as part of the Equal Pay liability.
- Members were informed that as part of the Section 114 notice all new spend must be approved by the Section 151 officer. The criterion for this was explained: -
 - Spend authorised on the basis that it does not worsen the Council's financial position;
 - Spend approved on the basis that it generates a financial return; and
 - Spend approved if it stops the situation re-occurring.
- Concerns about the Council's priorities in respect of net zero carbon, the skills gap and the level of social inequality in the city was raised and the impact of huge cuts and savings having to be made and the impact of this on residents.
- Officers need to give attention to the 'developing of place' as part of the growth in local areas. As part of a bigger picture this creates value for the city and will yield a higher value for local assets in the future.
- With reference to savings outlined in Appendix 3 it was clarified that the savings highlighted in red and amber were forecasted and date back 18 months. These comprise in-year high risk savings and as part of the £87m shortfall. Work will be done to expediate immediate savings, and this includes the acceleration in sales of commercial property, looking at spend on external staff and consultants and deleting any empty posts with an emphasis on what can be stopped or paused.
- There was concern that the Place, Prosperity & Sustainability (PPS) directorate was yet to achieve savings identified as part of the Medium-Term Financial Plan for the current year. It was highlighted that Council buildings had been identified for sale such as Lancaster Circus however there has been a delay in fully vacating the building due to relocation of the Urban Traffic Centre. Although it has been sold there is still a cost involved to the Council in the maintenance of the building. The running costs of other Council buildings is also a saving being considered and a fuller strategy is being produced to consider the Council's ways of working. An additional point was

made in understanding the appetite for office space in the city centre as more people were working from home or utilising a hybrid model.

- Furthermore, Finance colleagues will be asking directorates for regular updates on savings plans and when the cashable savings will be realised. This will be monitored through the RAG system and reported to Cabinet quarterly. Where savings are highlighted as 'red' there will be conversations with the specific directorate about what can be done/changed/challenged to ensure that targets are met, or a mitigation is put in place to help achieve the saving.
- It was acknowledged that the city has a wide range of commercial assets that differ in size and scope. Within this there are those that are of high value and yield a return in the form of income for the Council.
- The Council's Property Strategy approved in 2019 set about identifying the Council's assets with a view to releasing the approximately 500 smaller commercial properties over the coming years. Release of properties to the open market is based on the right time for sale to achieve the right value.
- Members were assured that forecast valuations are undertaken for disposals of all commercial buildings and this is undertaken annually. There is some effect on receiving the best price if a sale is expedited. It was also clarified that a change of ownership does not affect the use. Any proprietor would be expected to seek planning permission to change the use of the building in response to concerns that it could potentially impact negatively on residents.
- There was concern that due consideration needs to be given to operational and community assets in order to get better value. This may mean retention of an asset for rental purposes over a period of time to achieve the best value from it. It was added that local assets with a history need to be considered carefully due to the impact on the local community.
- Members were informed that an Extraordinary Full Council meeting will need to take place to respond to the Section 114 notice. As part of the preparation for this an asset evaluation exercise will take place that will be identifying those properties that can be disposed of and which can be accelerated.
- In response to concern on the impact on planning, regeneration and transport projects it was highlighted that these areas are mostly externally funded so there is not the same level of dependence on the revenue general fund as other teams.
- Officers within PPS are largely skilled and professionally qualified, and these skills are sought after across the country as there is a limited resource with the private sector and other public sector organisations offering better pay making it a very competitive market. It was emphasised that the experience and breadth of work on offer in local authorities is unmatched and is very attractive to young people and graduates looking to get a wide range of experience however there are challenges in keeping young people employed at the Council however the flexibility and other benefits on offer at a local authority are attractive.
- Consultants are used to increase the capability and bring in a global perspective and Council staff benefit from working alongside them and

learning new skills. It was added that the spend on external expertise is monitored and in the current situation it is being looked at in more detail. Members raised concerns however that the use of external expertise in the current climate needs to be made very clear and there must be an emphasis of using local people first. Members also noted that while the regeneration programmes may be externally funded that there may be an implication on the delivery of programmes if the council reduces the staffing in the teams responsible.

RESOLVED: -

1. The report was noted.

5. MINUTES

(See Item No.5)

The action notes of the last meeting held on 12th July 2023 were approved. Cllr Hunt stated that he was a member of the 3Bs committee and not the Chair, this was noted.

6. ACTION TRACKER

(See Item No.6)

The action tracker was noted.

7. INCREASING THE OPPORTUNITIES FOR EMPLOYMENT AND SKILLS FOR YOUNG PEOPLE THROUGH THE COUNCIL'S SOCIAL VALUE PROCUREMENT

(See Item No. 7)

Shariat Rokneddin, Policy and Governance Manager was present for this item and outlined the responses to queries raised by Members at the last meeting in particular highlighting that the Council introduced social value into their procurement activities before the Act became law. It was noted that Birmingham in comparison to other local authorities places a weighting of 20% on social value that bidders must demonstrate when submitting a tender for a contract. Furthermore, work is taking place with colleagues in Planning to ensure that this is embedded as part of planning conditions.

Further discussion took place, and the following points made: -

- It was highlighted that there is not any comprehensive monitoring and evaluation of the social value being added through the various contracts that the Council has and there is no way of measuring success and any added benefits. However, it was stated that there are good examples of delivery that can be shared with the Committee on some major projects and schemes

that demonstrates success and examples of targets that have been set and monitored through a RAG rating.

- Members were told that currently employment and skills conditions are not accounted for under social value. However, there are some areas that are being looked into where social value can be incorporated in investments made in local areas.
- It was explained that the Social Value Act does not specify what is included within a contract in relation to employing local people within local developments. The Council, however, does specify that a percentage of people within a radius of 10 miles are given preference and this is specific to what is required. The Council also does seek to endorse that local people are given priority.
- Getting local people involved in developments in their area is crucial and this starts with working with schools and young people to highlight the opportunities available. Contractors should be encouraged to work with local schools to ensure that skills pathways are being established alongside the developments in those areas. It was added that all contracts should stipulate apprenticeship opportunities for young people, and this should be proportionate of gender and background. This is something that is being looked at as part of the delivery programme of the East Birmingham Inclusive Growth Strategy.

RESOLVED: -

1. The report was noted.
2. A half-yearly report survey of the top 40 contractors for 2021/22 to be circulated.
3. Peddimore Social Value Report 2022/23 (Year 4) to be circulated.
4. A link to the Alexander Stadium Social Value Report to be shared with Members.
5. An update on the implementation of the recommendations made by Audit on the Council's Social Value Procurement mechanism to be shared.

8. WORK PROGRAMME

(See Item No. 8)

Fiona Bottrill highlighted the agenda items for the next meeting however due to the current Section 114 notice it was noted that there may be some changes to the work programme at short notice.

Cllr Trickett raised the issue of the loss of European monies for skills funding and asked that further information from the West Midlands Combined Authority on the devolution deal that will cover funding for skills is provided.

The Committee was in support of monitoring the financial situation facing the Council and expressed support for this to be a standard item at all future meetings. It was discussed that this maybe something that all O&S Committee would be

interested in and therefore it will be referred to the Co-ordinating O&S Committee for a decision.

RESOLVED: -

1. Documents shared with Co-Ordinating O&S Committee on the devolution deal to be circulated to Members as soon as possible.
2. Members requested that an update on the delivery of existing savings for 2023/24 is included as a standing item for future meetings subject to confirmation from the Co-ordinating O&S Committee.
3. It was agreed that Members will continue with work programme as planned for the October meeting.

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

None.

10. OTHER URGENT BUSINESS

None.

11. AUTHORITY TO CHAIR AND OFFICERS

Agreed.

The meeting ended at 11:27 hours