

## BIRMINGHAM CITY COUNCIL

### CORPORATE AND FINANCE O&S COMMITTEE MEETING

Minutes of the meeting held on Friday, 6 September 2024 at 10.30 hours in  
Committee Rooms 3&4, Council House, Victoria Square, Birmingham

---

**Present:**

Councillor Sir Albert Bore (Chair)

Councillors Deirdre Alden, Fred Grindrod, Shabrana Hussain, Katherine Iroh, Lee Marsham, Jamie Tennant, Paul Tilsley, and Alex Yip

**Also Present:**

Cllr Karen McCarthy – Cabinet Member for Finance

Fiona Greenway - Director of Finance & Section 151 Officer

Reibina McGlinchey – Revenues Operations Manager

Steve Muldoon - Interim Business Partner Improvement Lead (online)

Mohammed Sajid - Interim Head of Financial Strategy

Fiona Bottrill, Group Overview and Scrutiny Manager

Amanda Simcox, Scrutiny Officer

---

#### **NOTICE OF RECORDING/WEBCAST**

- 24 The Chair advised that the meeting would 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.

#### **APOLOGIES**

- 25 Apologies for non-attendance were received on behalf of Cllrs Kerry Jenkins and Ewan Mackey, and Cllr Lee Marsham for lateness.

#### **DECLARATIONS OF INTERESTS**

- 26 Members were reminded they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at this meeting, and there were no declarations of interest.

## **SECTION 151 OFFICER UPDATE FOR SEPTEMBER 2024 INCLUDING QUARTER 1 2024/25 MONITORING**

- 27 Cllr Karen McCarthy – Cabinet Member for Finance, Fiona Greenway - Director of Finance & Section 151 Officer, Reibina McGlinchey – Revenues Operations Manager, Steve Muldoon - Interim Business Partnering Improvement Lead (online), and Mohammed Sajid - Interim Head of Financial Strategy were in attendance.

The Chair set the context and informed the meeting that this was a pre-decision scrutiny item with the aim to get a paper setting out the Committee’s comments and recommendations to the meeting of Cabinet on Tuesday 10 September.

The Cabinet Member for Finance introduced the report and highlighted that it was halfway through the financial year, and it was important that everyone understood the principles they were working to. Assurance was given that despite the Commissioners concerns regarding the pace of savings, work had continued during the summer and officers were now moving to the delivery plan examination stage. It was stressed that the requirement was for solid and reliable figures and officers to be absolute clear that achievable plans for this and next year were needed.

The Director of Finance & Section 151 Officer explained that there were key differences to the process from last year. These being an introduction of 10-12 medium term financial strategy principles to ensure there was a framework to operate within, and the action plan in Appendix 3 should be considered for all financial decisions.

In relation to the Medium Term Financial Plan (MTFP), Cabinet had been clear on its intention to present a balance budget for 2025/26 and 2026/27 which was endorsed by City Council and directed by the Commissioners. However, the budget presented here was not balanced and identified local and national pressures the Council was facing, and there was a need to maximise lobbying government with other local authorities in relation to the national financial pressures.

It was proposed that there was a full review of the Capital Board as it was felt the Board needed to be monitoring projects that had caused issues over the last few months. The Committee were reminded that the budget was not balanced for 2024/25 unless the Council has the Exceptional Financial Support (EFS) of £225.9m and the first set of receipts from assets would be used to plug the gap in the revenue budget.

The Chair commented that he found this report extremely concerning and questioned whether there was a role for scrutiny with some of the issues.

During the debate, the following points were addressed:

### **Mitigation of in-year Savings and Savings Brought Forward for 2024/25 (Appendix 2)**

It was questioned whether there was enough effort being put into mitigate in-year savings non-delivery. In response the Director of Finance & Section 151 Officer explained the report showed a marginal under commitment at this stage. Officers had compiled a list of more than what was potentially needed for 2025/26 which Corporate Leadership Team (CLT) would consider. These would need to go through a delivery plan review process to make sure they could be accelerated, and Officers should be able to report back as to what was and was not possible in October.

Therefore, the impacts for savings 168, 292, 327, and 328 in Appendix 2 could not be provided as the business cases would need to be brought forward and delivery plans refreshed. CLT were working through these, and this could be shared in a Scrutiny T&F arena.

Clarification on the budget gap due to current savings not materialising was requested and the Interim Business Partner Improvement Lead clarified that officers were monitoring the 2024/25 savings on monthly basis. There has been a lot of scrutiny of this, and officers know they need to try and find mitigations for non-deliverable savings and of the £9m - £10m currently forecasted as not deliverable in 2024/25, some was due to slippage rather than non-delivery, and were under review.

For the 2025-26, the Director of Finance & Section 151 Officer commented that the gap was £194.5m and there were proposals for £132.2m, £75.9m of which was submitted as part of the 2024/25 budget setting (paragraph 6.3 in report). It was acknowledged that there were national issues that the Council was working with Core Cities regarding pressures in Adult Social Care, Children's Services and Housing / Temporary Accommodation.

### **Medium Term Financial Strategy Principles & the Role of Scrutiny**

The Director of Finance & Section 151 Officer thought there was a role for Scrutiny Task and Finish Groups to consider how the principles have been applied for the 2025/26 and 2026/26 budget process.

### **Officers Circumventing the Current Process for Recruiting and Extending Members of Staff**

Concern was expressed in relation to paragraph 6.9 in the report and the Director of Finance & Section 151 Officer having been made aware of officers circumventing the current process for recruiting and extending members of staff. The Director of Finance & Section 151 Officer expressed concern that the controls put in place had not been complied with. A report was currently being finalised and she had recommended this be presented to the Audit Committee, as this was a governance and control matter. Disciplinary action may be required.

### **Public Health Grant (PHG)**

In response to paragraph 6.17 in the report and the updated five year plan for the PHG which was indicating a deficit against the grant. The Interim Business Partner Improvement Lead explained that this was a reflection of a national picture, and the NHS has agreed significant pay increases recently that would be passed onto local authorities through the contracts. It was understood that there will be lobbying and discussions at a national level. Officers' assumptions around grant increase were prudent and they were awaiting the settlement which normally happens in February, so

there was a risk. The deficit was likely to start to occur in 2026/27 or 2027/28 and there was time to review the spend, and for the council to keep a close eye on the assumptions and potentially re-negotiate some contracts to avoid a deficit.

### **Capital and Enterprise Zone**

The Interim Head of Financial Strategy commented that the controls they have brought in on capital centred on rationalisation and making best use of the limited resources, recognising that decisions for the capital budget has an impact on the revenue budget, and the capital programmes needed to be monitored closely to mitigate overspends.

The Enterprise Zone was different to the single allocation because ultimately, the council was the accountable body. If a project overspends, or generates insufficient resources to repay the borrowing, then this falls to the Council and extra controls were being put in.

Officers were expecting the single allocation to be a government grant, and the council will need to decide whether they wish to undertake the project associated with the grant. If the grant was accepted, then the council would be the accountable body and needed to control expenditure. The Chair reflected that other metropolitan authorities may have a more flexible approach to the devolution money via the West Midlands Mayor, due to them not being under Section 151 spend controls.

### **Fundamental Transformation**

The Cabinet Member highlighted that in relation to culture and traditions there should be no scope for thinking ‘they don’t mean us’ as every part of the organisation needed to play their part in delivering the savings and budget setting for 2025/26. Officers were expected to focus at pace through the summer and senior managers were expected to take that message back to their directorates. The work on spend control provided an opportunity to sense check this.

On transformation, CLT had been discussing what was needed for the rest of the year and would be rigorously monitoring spend and progress on all the programmes. If investment was needed to achieve transformation, then would expect to see the results, and each of the transformation programmes have to be genuine transformation which could include digital solutions, and a new way of delivering the service.

Members requested further detail on the outcomes that will be achieved through transformation programmes. The Chair suggested the Cabinet Member for Transformation, Governance and HR attend a future committee meeting to discuss the transformation agenda.

### **Overspends, Demand Led Pressures and Statutory Duties**

In response to the question regarding some area of overspends it was almost impossible to make the savings due to demand-led pressures and statutory duties. The Cabinet

Member indicated that the council needed to work with other local authorities to identify which were national issues and which were Birmingham specific. Where needed, they will lobby the government and work with colleagues in other local authorities.

### **Debt Write-Offs**

The Cabinet Member thought the spend control process was sufficient. However, the Cabinet Member would look at any other concerns raised. The Revenues Operations Manager expanded on the reasons for business rates and council tax right-offs and the majority were for companies that have gone into liquidation or people who have died and have no money in their estate. Assurance was given that officers made every effort to collect this.

### **Oracle Programme Costs (Appendix 4)**

The £20m was a marker in terms of forecasting for 2026/27 and it was expected that this would be closer to £10m due to efficiencies etc.

### **Oracle and Data Accuracy**

In response to the request for assurance to be provided for the data provided by Oracle being correct. The Director of Finance & Section 151 Officer provided assurance that the data cleanse was still ongoing, and transactions that come into the council were accurate. However, officers cannot provide complete assurance as to how it feeds into the system. Therefore, the data still needed to be cleansed and Oracle reporting was not fixed, but they have a team looking at the issues and data quality. To be able to provide a fuller response to technical issues with Oracle a request was made for this to be brought to the next briefing session.

The Director of Finance & Section 151 Officer highlighted this was a two-year programme and provided more information on the Oracle team.

### **Usable Reserves**

In response to the question regarding the accuracy of the figure of useable reserves that was provided in the report to Audit Committee in November 2023. The Interim Head of Financial Strategy clarified that officers would have had to look at these in more detail as useable does not necessarily mean available. Officers agreed to provide a breakdown of the reserve figures presented to Audit Committee in November 2023..

### **Inquiries**

The Cabinet Member commented that the Leader of the council called for a judge led inquiry which was superseded by the then Secretary of State deciding a local inquiry was more appropriate. The Cabinet Member reflected that the council does need to know what happened to ensure errors were not repeated. This will be left with the Leader to

progress, and the Cabinet Members was focused on moving forward and working with residents and other Local authorities etc.

### **Procurement**

In response to the query why only the top 20 suppliers were being looked at to provide savings, the Director of Finance & Section 151 Officer commented that this could be extended.

### **Timeframe to Balance the Budget as Quickly as Possible**

The Committee discussed the timeframe to balance the budget, and the Director of Finance & Section 151 Officer commented that this report sets out how the budget will be balanced within the current timeframe. The scale of the task to balance the budget within two years was noted by the Committee and the risk of reaching 'saturation point' where increased activity to deliver savings does not yield additional savings was acknowledged.

### **Fees & Charges**

In response to possible further increases to fees and charges, the Director of Finance & Section 151 Officer and Interim Business Partner Improvement Lead commented that officers were currently reviewing feasible increases and potential impacts, including health impacts. It was highlighted that not all fees and charges were solely for householders.

The Chair highlighted that the Lead Commissioner had offered to attend another committee meeting and arrangements will be made to ensure this happens. Also, a request was made for the Lead Commissioner for Finance to be invited to attend a future meeting.

The Chair commented that the discussion for this pre-decision scrutiny session had been useful, and it was agreed that the Chair would work with the Scrutiny Team and circulate the pertinent points for agreement by the Committee. These would then be shared with Cabinet Members and the Director of Finance & Section 151 Officer prior to the Cabinet meeting on Tuesday.

### **RESOLVED:-**

That:

- i) The Report and Appendices were noted.
- ii) Comments and recommendations from the Committee to be provided to the Cabinet Members and Director of Finance & Section 151 for consideration by Cabinet Meeting on 10 September 2024.
- iii) A briefing on the technical issues with Oracle to be brought to the next briefing session.

- iv) A breakdown of the reserve figures presented to Audit Committee in November 2023 to be provided to Corporate and Finance O&S Committee.
- v) The Cabinet Member for Transformation, Governance and HR to be invited to attend a future committee meeting to discuss the transformation agenda.
- vi) The Lead Commissioner to be invited to attend a future meeting.
- vii) The Lead Commissioner for Finance to be invited to attend a future meeting.

**REQUEST(S) FOR CALL IN/COUNCILLOR CALL FOR ACTION/PETITIONS (IF ANY)**

28 None.

**OTHER URGENT BUSINESS**

29 None.

**DATE AND TIME OF NEXT MEETING**

30 **RESOLVED:-**

- i) Noted the date of the next meeting was 27 September 2024 at 10.30 hours.

---

The meeting ended at 12.00 hrs

Chair's signature: