

## **BIRMINGHAM CITY COUNCIL**

### **RESOURCES O&S COMMITTEE – PUBLIC MEETING**

**1400 hours on Thursday 6 October 2022, Committee Room 6, Council House,  
Victoria Square, B1 1BB**

#### **Action Notes**

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##### **Present:**

Councillor Hendrina Quinnen (Chair)

Councillors: Rashad Mahmood, Paul Tilsley and Ken Wood

##### **Also Present:**

Councillor Yvonne Mosquito, Cabinet Member, Finance and Resources

Peter Bishop, Director, Digital and Customer Services

James Couper, ERP Programme Director (on-line)

Claire Lewis, Assistant Manager, Policy and Governance (on-line)

Richard Peirce, Finance Manager, Financial Strategy (on-line)

Mohammed Sajid, Interim Head of Financial Strategy (Capital and Treasury)

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

Lisa Taylor, Interim Assistant Director, Financial Performance and Insight (on-line)

Fiona Bottrill, Senior Overview and Scrutiny Manager

Jayne Bowles, Scrutiny Officer

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In the absence of the Chair and Deputy Chair, Councillor Mahmood nominated Councillor Quinnen to chair the meeting. This was seconded by Councillor Wood and agreed.

#### **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](http://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 Akhlaq Ahmed, Bushra Bi and Meirion Jenkins.

### 3. DECLARATIONS OF INTERESTS

None.

### 4. ACTION NOTES AND ACTION TRACKER

(See documents 1 and 2)

#### **RESOLVED:-**

The action notes of the meeting held on 8 September 2022 were agreed and the action tracker was noted.

### 5. FINANCIAL MONITORING 2022/23 – MONTH 5

(See document 3)

Councillor Yvonne Mosquito, Cabinet Member for Finance and Resources, and Mohammed Sajid, Interim Head of Financial Strategy (Capital and Treasury) were in attendance for this item. Lisa Taylor, Interim Assistant Director, Financial Performance and Insight, and Richard Peirce, Finance Manager, Financial Strategy, were in attendance on-line.

Lisa Taylor gave a presentation and the following key points were highlighted:

- Due to the current economic crisis, there has been a change in the approach to financial monitoring and monthly reports will be now be presented to Cabinet as well as to O&S;
- The Month 5 report will be presented to Cabinet next week, however in future Cabinet will be first and this committee will follow;
- The aim is still to deliver a balanced revenue budget at year end but there is a need to mitigate some risks as we are still in a difficult time with rising inflation and economic shock and the cost of living crisis has been declared as an emergency for the Council;
- We have strong reserves and balances which can be drawn upon if needed;
- We do have a level of borrowing for the capital programme but it is being reduced;
- There is a continued focus on value for money and transformation and there is a rolling budget process, with the Medium Term Financial Plan being reviewed regularly to identify risks and put mitigations in;
- An update on the Medium Term Financial Plan will be presented to Cabinet next week;
- When the budget was set in February, there was a gap and they are continuing to work on closing that;
- The Government has decided not to have a spending review and so that could put pressure on the Council;
- The report presented to committee is a high level report which includes risks and mitigating factors;

- There is a big capital programme and if there are risks to delivery due to changes, delays in materials, etc the funding will not be lost but can slip from one year to another;
- There is interest rate volatility and they are continuing to watch that;
- Where there is funding from grants they will only spend to that level;
- With regard to changes since Month 4, Cabinet is being asked to agree funding for the cost of living crisis from the resilience reserve;
- They are keeping a close eye on gas and electric;
- In terms of borrowing, there is little change from Month 4 but no other risks;
- There has been a fall in treasury investments, but they are still above the planned level of £40m;
- There has been a slight change in collection fund figures and they are forecasting a deficit for the year which will carry forward to next year;
- They are keeping a close eye on income collection as the cost of living impacts on citizens;
- As a Council, there are still a number of risks including:
  - Children and Families – SENAR, Home to School transport and placement costs;
  - Adult Social Care – demand, rising inflation costs and potentially shortfalls in client contributions;
  - City Operations – parking income has not returned to pre-Covid levels, likewise with leisure, and there are pressures around electricity and fuel;
- With regard to the pay award, 2.5% has been budgeted for and the offer on the table is £1,925 per employee which equates to around £14m pressure to be funded from the resilience fund;
- In terms of mitigation, spending control panels were already in place last year and there is now increased rigour with an extra layer of governance being added by way of an over-arching panel to make sure they are delivering;
- They are continuing to monitor reserves and are speeding up the transformation programme;
- They are also trying to learn from others through benchmarking to see where better, more cost effective services are being provided;

Councillor Yvonne Mosquito added that a lot of work is taking place to make sure a balanced budget is delivered and she has written to Cabinet Members to ask them to work closely with directorates to ensure budgets are being managed.

During the discussion and in response to Members' questions the following were among the main points raised:

- SENAR and Home to School Transport – in response to concerns raised about these services being under-funded, members were told that there has been a financial review and this will be built into the budget for next year to ensure the right budget is set;
- Pay Award – the offer currently on the table of close on £2,000 for all staff will be an enormous pressure for the Council. Once the pay award is agreed, the figures in the report will be finalised and any drawdown needed to fund it and to make sure the budget for future years covers off those costs;
- LOBO (Lender Option Borrower Option) loans – these are loans where at the start of the contract there is a fixed interest rate but the lender has the

option to increase the interest rate at which point the Council has the option to repay and move on. Our outstanding LOBOs are currently at £71.1m and there are talks taking place at the moment with one provider about a potential exit;

- Collection rates – there was a view that the rate of non-collection could be higher than the 1.35% budgeted for, taking into account the current issues around energy and mortgage costs and the Council will be working with residents to support them, hence the cost of living crisis fund;
- Savings – there is ongoing conversation with departments in relation to savings not yet distributed so they are fully aware of what is coming and work is underway to allocate out to departments very soon;
- Best in Class – what this actually means was queried and members were told that this is about trying to make sure we deliver efficient and effective services that provide value for money and benchmarking is used to compare with others. It was agreed the definition of Best in Class would be shared with members;
- Cost of living crisis – reference was made to a discussion at Co-ordinating O&S Committee on 23<sup>rd</sup> September following a presentation on the response to the cost of living crisis. One outcome of this discussion was a recommendation that Resources O&S Committee focus on the implications of the cost of living crisis for the Council. Members were therefore asked whether there was anything highlighted in this report that they would want to request further information on and this will be picked up under the work programme item.

**RESOLVED:-**

- The definition of ‘Best in Class’ to be shared with committee members;
- The report was noted.

## **6. UPDATE ON IMPLEMENTATION OF ORACLE**

(See document 4)

Peter Bishop, Director, Digital and Customer Services, was in attendance for this item and James Couper, ERP Programme Director, was in attendance online.

Peter Bishop submitted an apology on behalf of Becky Hellard who couldn't be at the meeting as she was currently focussing on the budget.

He then went on to highlight the following key points:

- This is about changing all processes for Finance, HR and Payroll, and unwinding a very complex system which has been heavily invested in over the last 15 years;
- There have been a lot of issues, some of which were planned for but others were not and whilst they are getting these under control there is still more to do.

James Couper went through the presentation and the following were among the main points highlighted:

- This is an update on what has been done since Oracle went live in April, focussing on some of the risks and issues that continue and items to address with timelines;
- Going live all in one go was a risk and the risks and how they were being managed have been previously highlighted in this committee;
- There has been a dip in some areas after go live, which is normal for a project of this scale and size;
- When approaching go live there is a need to stop doing certain things to move across to the new system which creates a backlog but this is being tracked;
- People are being consistently paid, however there are some issues with schools payments;
- They are working with schools, for example on self-service and submitting payment requests;
- With regard to budget management, there were some delays in putting through detailed capital and revenue budgets and they are now making sure these are coded correctly;
- Financial reporting is also being worked on as a priority;
- Current risks and issues include how allocation of income is processed and how debt is chased on the back of that. This is one part of the solution which is most tailored to Birmingham and the issues should have been resolved by the end of this month;
- A number of issues at the moment are in the space where the solution has been adapted for Birmingham because of the unique nature of business;
- The volume of change requests continues to be fairly high and they are being much more prescriptive around change requests;
- They know where the issues are in terms of the Oracle platform and now have a plan in place for how resources will be applied to fix these;
- They are looking at the end of October for substantive issues with accounts receivable to be resolved;
- Work continues with Procurement to look at how they work with suppliers.
- The work of the programme over and above existing support continues and more will be done on user adoption and comms;
- As a programme, they know they have particular issues left to fix, but they know what these are and have the resources to fix them.

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

- The value of the 7,000 invoices awaiting checking and payments to suppliers was queried and it was agreed this information would be provided to members;
- An issue was raised regarding late housing benefit payments and members were told that there had been some issues with details provided being out of date. There is a way of making one-time payments very quickly and if councillors are approached by residents or businesses in hardship then they should contact Peter Bishop or Becky Hellard to let them know.

**RESOLVED:-**

- The value of the 7,000 invoices to be shared with committee members;

- The report was noted.

## **7. PROGRESS REPORT ON IMPLEMENTATION: PROCUREMENT GOVERNANCE ARRANGEMENTS**

(See document 5)

Councillor Yvonne Mosquito, Cabinet Member for Finance and Resources, was in attendance for this item. Steve Sandercock, Assistant Director, Procurement, and Claire Lewis, Assistant Manager, Policy and Governance, were in attendance online.

The Chair invited the Cabinet Member to introduce this item and Cllr Mosquito told members that a lot of work had been done by the predecessor of the current Chair and officers had worked hard on this. She went on to say that procurement had long been an issue for the Council and when she came into post one of the first things she discussed with the Assistant Director was how local suppliers are included. This is a report around processes and progress made to date.

Steve Sandercock presented the report and the following were among the main points highlighted:

- As a point of reflection for members who were on the Task & Finish Group, it was around this time last year that the first session was held, with four sessions in total between October and March, culminating in a report with 22 recommendations in March this year;
- The outcome was that the 22 recommendations were fed into the updated procurement and contract governance rules adopted by full Council on 12<sup>th</sup> July with some further minor amendments in line with the recommendations of the report that made minor adjustments to the rules themselves and formalised new procedural aspects around waivers to rules;
- Although we strive for assurance that rules are followed in all cases, there will be occasions where that won't occur and under the old rules there was no guidance or procedure for how breaches should be reported;
- The work that has gone into the new rules is about transparency and there will be a quarterly report – the first one in November – which will include the number of waivers, breaches and negotiated procedures and that level of information which members will not have seen previously;
- The new rules have been promoted back into the business with key managers and a range of training has been developed which will be rolled out for managers;
- Member training around the new rules and roles within the procurement process is also being looked at;

Claire Lewis added that the training is being rolled out at the moment and will be completed by the end of November. They have gone out across directorates to ensure they have captured all key stakeholders for invitations to workshops and those invitations will be sent out shortly. This training will also be followed by an e-learning programme set up as mandatory learning for all new staff as well.

In response to Members' questions, the following were among the main points raised:

- As one of the members on the Task & Finish Group, Cllr Tilsley stated that whilst it was accepted that the recommendations are being implemented, it was important to ensure that this committee is advised of any breaches to the procurement rules. It was therefore requested that the quarterly reports on breaches be brought to this committee;
- It was confirmed that the data will be reported to Cabinet and can also be brought to O&S.

**RESOLVED:**

- The report was agreed subject to the quarterly report on breaches being brought to committee;
- The report was noted.

## **8. PLANNED PROCUREMENT ACTIVITIES REPORT**

(See document 6)

Steve Sandercock, Interim AD, Procurement was in attendance on-line for this item.

The following key points were highlighted:

- To give the context, part of the outcome from the new procurement governance process is that two reports are now presented to Cabinet – one for key decisions where spend is over £500,000 or impacts two or more wards and the other for non-key decisions below those levels but over £177,000;
- There are only two items on this month's report and no key decisions.

There were no questions from Members.

**RESOLVED:-**

The report was noted.

## **9. WORK PROGRAMME**

(See document 7)

The work programme was discussed as follows:

- The agenda for the November meeting will include tracking of the Council-owned assets inquiry undertaken by the Economy and Skills O&S Committee and members of that committee will be invited to attend;
- Members were asked if there was anything they wished to raise in relation to the cost of living recommendation from Co-ordinating O&S Committee and the following point was made:
  - At this stage members have no idea how the £5m crisis fund will be spent and it is hoped the Council will be supporting voluntary sector organisations to help hard to reach families;
  - Cllr Mosquito told members a strategy group was being set up which will include representatives from the voluntary sector;

- Scrutiny Officers will discuss with the Chair anything to bring back to committee once the report has gone to Cabinet.
- Another recommendation from Co-ordinating O&S Committee was that the Equality and Inclusion Dashboard should be considered by this committee once it has been published (in February 2023). Members agreed and this will be added to the work programme;
- Reference was made to the information which had been shared with members on cross-working between committees and as previously mentioned members of the Economy and Skills O&S Committee will be invited to the November Resources O&S meeting.

**RESOLVED:-**

The work programme was noted.

**10. DATE OF THE 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 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.

**14. EXCLUSION OF THE PUBLIC**

N/A

**PRIVATE AGENDA**

**15. PLANNED PROCUREMENT ACTIVITIES EXEMPT APPENDIX 3**

N/A



The meeting ended at 1523 hours.