

BIRMINGHAM CITY COUNCIL

**FINANCE AND RESOURCES O&S COMMITTEE – PUBLIC
MEETING**

**1400 hours on Thursday 16 November 2023, Committee Room 6, Council
House
Minutes**

Present:

Councillor Jack Deakin (Chair)

Councillors: Raqeeb Aziz, Meirion Jenkins, Hendrina Quinnen, Paul Tilsley and Ken Wood

Also Present:

Timothy Bell, Advisor, Finance (Online)

Fiona Bottrill, Senior Overview and Scrutiny Manager

Jayne Bowles, Scrutiny Officer

Craig Buckley, Oracle Programme Director

Richard Fitzjohn, Equal Pay Programme Lead

Fiona Greenway, Interim Director of Finance (S151 Officer)

Ekbal Hussain, Interim Business Cases Business Partner (Online)

Mohammed Sajid, Interim Head of Financial Strategy

Steve Sandercock, Assistant Director, Procurement

Peter Sebastian, Interim Head of Financial Planning (Online)

1. NOTICE OF RECORDING/WEBCAST

The Chair advised that this 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 were confidential or exempt items.

2. APOLOGIES

Apologies were received from Councillors Alex Aitken and Rashad Mahmood and an apology for lateness from Councillor Raqeeb Aziz.

3. DECLARATIONS OF INTERESTS

Members were reminded they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at this meeting.

Councillor Paul Tilsley referred to his standing declaration as a Non-Executive Director of Birmingham Airport.

Councillor Ken Wood referred to his standing declaration as a Non-Executive Director of Acivico.

Under item 9, Councillor Raqeeb Aziz declared a non-pecuniary interest as a member of Unite the Union. As no dispensation had been sought or granted Councillor Aziz did not participate in the discussion on this item and left the meeting at 14.58.

4. MINUTES

There were no matters arising from the minutes.

RESOLVED:

That the minutes of the public meeting held on 7 September 2023 and the public and private minutes of the meeting held on 29 September 2023 be confirmed as correct and signed by the Chair.

5. ACTION TRACKER

It was agreed that the Chair and scrutiny officers would review the action tracker with a view to removing any actions which are no longer relevant and that an updated version would be circulated to committee members.

Following discussion, it was also suggested that the work programme aims and objectives be reviewed to avoid duplication of work across this committee, Audit Committee, the Budget Scrutiny Task & Finish Group and the Finance Board.

RESOLVED:

- That the action tracker be reviewed, and an updated version circulated to committee members.
- That the action tracker be noted.

6. COMMISSIONER'S REVIEW AND COMMENTS ON THE AGENDA

The Committee noted that there were no comments from the Commissioner on the agenda.

7. PLANNED PROCUREMENT ACTIVITIES

The Chair informed the Committee that there was provision to go into private session if there were any comments on the exempt appendices.

The Assistant Director, Procurement, introduced the reports and drew the Committee's attention to the planned procurement activities included in the Key

Decision and Non-Key Decision reports considered at Cabinet in October and November.

It was noted that there had been a clear reduction in the number of decisions as a direct consequence of the spend controls.

Corporate Mobile Phone Services: In response to a question regarding any potential reduction in the number of devices, eg mobile phones, across the Council, the Committee was informed that officers in Digital and Customer Services were looking at this as part of the rationalisation programme. It was agreed a more detailed response would be provided to the Committee on how numbers of mobile phones and other devices would be controlled.

There were no comments on the exempt appendices.

RESOLVED:

- That a more detailed response be provided to Committee on how the numbers of mobile phones and other devices would be controlled.
- That the reports be noted.

8. SCRUTINY OF DELIVERY OF 2023/24 BUDGET SAVINGS AND UPDATE ON THE COUNCIL'S RESPONSE TO S114 NOTICE AND FINANCIAL RECOVERY PLAN

The Interim Director of Finance (\$151 Officer) and Interim Head of Financial Strategy introduced the report and provided the Committee with a brief overview, including the background to the scrutiny of the 2023/24 budget savings.

The individual Overview and Scrutiny (O&S) Committees had received Quarter 2 updates, with Service Directors in attendance as they had responsibility for the savings.

There was now a question as to how to take this forward and whether Quarter 3 updates would be provided to Committees or whether they should now be concentrating on 2024/25.

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

Scrutiny of the Budget and Savings: The Interim Head of Financial Strategy explained this was the first time a detailed breakdown of savings had been provided to O&S and individual committees had called in service directors who were responsible for delivering those savings, resulting in greater accountability. In the past, it had been finance officers presenting the information in a reporting environment.

The Interim Director of Finance added that she hoped Elected Members were starting to see a change. Over the past four or five years, Members had not had sight of the base budget when making decisions, having only seen variations. It was important to look at the base budget to make informed decisions. It was noted that there was potential for duplication across the work of the Finance and Resources OSC and Audit Committee.

Members were told that this year there would be a business case behind every line of a saving and every line of a pressure.

The Chair referred to the work that had been done by the Chair of Co-ordinating O&S Committee and the Interim Director of Finance to develop the process for scrutinising the budget and savings proposals.

The Interim Director of Finance referred to the slides that had been presented to Cabinet and would also be presented to the Budget Scrutiny Task & Finish Group and the Chair suggested that an opportunity could be identified in the future to go through those slides with the Committee.

Mutually Agreed Resignation Scheme (MARS): An update on the process and likely impact of the scheme was requested and the Interim Director of Finance referred to a statement made by the Chief Executive the previous week stating that the position was being reviewed in discussion with the Commissioners.

Managing Vacancies: The Committee was informed that there had been a full review, looking at overtime, staff structures, vacancies and turnover factors and this was being done as part of the review of 2024/25.

It was suggested that in the future where vacancy management is included as part of savings, there was a need to ensure there were mitigations in place where those savings cannot be achieved.

There were some areas where it was difficult to recruit, for example social work, and reference was made to “golden welcomes”. It was thought that the pay structure was looked at a couple of years ago and it was agreed that would be checked and a response provided to the Committee.

Fees and Charges: It was queried why there was difficulty in achieving the 5% target and the Committee was informed that would need to be picked up with the relevant director(s), noting that it was about activity levels and take-up and what assumptions were based on.

Personal Assistant Allocation: It was queried what the difficulty was in achieving this saving and that would also have to be picked up with the relevant director(s).

Savings Risk Ratings: It was confirmed that the criteria for the risk ratings was included in the report. At Quarter 2 a fourth risk rating had been added “Black – Undeliverable”.

The Chair proposed that the individual O&S committees review the Black rated savings within their remits and what the alternatives were for achieving savings.

Maximising Use of Grant Funding: The Interim Head of Financial Strategy informed the Committee that it was hoped the Council was claiming every grant it could. Sometimes grant money was spent on new activity whereas there could be an opportunity to fund what the Council was currently doing provided it was a legitimate use of the grant. There was a potential role for O&S in challenging departments on the level of grant funding and whether it was being allocated in the most efficient way.

The Interim Director of Finance added that the Council had a Grants Register which could be considered as part of the base budget review in the Budget Scrutiny Task & Finish Group.

RESOLVED:

That:

- Information on pay structure be provided to the Committee.
- The report be noted.

9. JOB EVALUATION AND PAY EQUITY SYSTEM

Councillor Raqeeb Aziz declared a non-pecuniary interest as a member of Unite the Union. As no dispensation had been sought or granted Councillor Aziz did not participate in the discussion on this item and left the meeting at 14.58.

The Equal Pay Programme Lead introduced the report and highlighted the key successes since the last meeting. The following further updates were also provided:

- About 2200 Job Description and Person Specifications had now been uploaded to RoleMapper.
- Close to 500 of the target audience of 535 managers had now been trained.
- Meetings had been held with Trade Union colleagues in relation to the Job Description Questionnaire.
- Seven of the nine applicants selected for secondment had been released, with the aim to get the other two released quickly.
- Further recruitment was being pursued, to identify other people who could potentially provide support.
- Meetings had been arranged with the Trade Unions who were to form part of the Operational Steering Group, which would be the decision-making body.
- Any final remaining questions regarding process would be signed off by that group.
- The importance of engagement with managers was noted, to ensure they understood what the expectation would be of them.

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

Analyst Recruitment: It was queried whether the Council had considered secondments from other large organisations who had experience of going through a job evaluation process. The Committee was informed that West Midlands Employers had supported other programmes of this type, the main one being Glasgow, who it was understood had been contacted. The Equal Pay Programme Lead said he would check if there were others and provide a response to the Committee.

Timescale: The Committee was assured that the objective was still to reach the deadline of April 2025 and there was a two month stop and check to determine whether the programme was on target or whether more radical action was needed. Options being explored included using business managers rather than fully qualified analysts to support the Job Description Questionnaires.

The possibility of industrial action was raised and the importance of engagement with the Trade Unions, managers and staff to deliver the programme was stressed.

It was queried whether the Trade Union involvement now would have any impact on the Council's legal position in terms of defending current and future Equal Pay claims. The Chair suggested that would be a question for the new City Solicitor and Monitoring Officer outside of the meeting.

The Committee noted the importance of having a plan in place for “business as usual” to deal with job evaluation in the future and the inevitable challenges when new posts were created.

The Chair proposed that the next update to Committee be scheduled for the New Year with the caveat that any significant changes in the shorter term be communicated to the Scrutiny Office.

RESOLVED:

That:

- A response be provided to the Committee on the question relating to secondments from other organisations who had been through the job evaluation process.
- The report be noted.

Councillor Raqeeb Aziz returned to the meeting at 15.22.

10. ORACLE STABILISATION UPDATE

The Oracle Programme Director presented the Committee with a progress update, including:

- Oracle Stabilisation and Key Strategic Risks
- Finance
- Customisations
- Optimisation Timescale

The Committee was informed there would be a report to Cabinet in December to provide an update on the remaining essential fixes to close down the safe and compliant phase, with a second report scheduled for January to confirm the end plan and costs for the optimisation phase.

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

Optimisation: The requirement was for the system to be good and fit for purpose to meet business need. The expectation was that it would take 18 months to get to that point.

The Committee noted that automatic upgrades on a quarterly basis were included as part of purchasing the software. Those upgrades would not necessarily be available to access in the short term due to the customisations, but the optimised solution would remove those customisations.

Financial Position: It was queried whether there was confidence that the £100m was sufficient to get the system to base functionality. The Committee was advised that the second Cabinet report would confirm that figure but there was currently no evidence to suggest it would be hugely different.

Spend was being carefully tracked with all expenditure going through a rigorous process and as of 29th September the contingency had not been used.

It was noted that the forecast at present was showing an underspend, however it was expected all that money would be spent in the future, if not in the current financial year.

Licence Costs: The licence contract with Oracle was confirmed as five years plus two optional years and the potential for increased licence costs after that was discussed. The Committee was informed that would be a conversation with Oracle as part of the migration to optimisation.

Bank Reconciliation System: The need to replace the bank reconciliation system was discussed. The Committee was told that the manual workarounds were costing over £0.5m a month and had an impact on being able to close the accounts.

The industry standard for that type of system was 12 months and the Interim Director of Finance was working closely with the Oracle Programme Director to bring that forward, ideally to March but it was acknowledged that would not be achievable.

Mobilisation of teams to address Right to Remain: Progress with regard to the ability of the system to assist with Right to Remain was queried and the Committee was informed technical changes were now complete to enable tracking and reporting within Oracle. As part of that a manual exercise had been set up with additional dedicated resources.

School Workforce Census: Reference was made to the risk of not being able to produce and upload the School Workforce Census report to DfE to meet the statutory deadline and the date of 25th December was queried. The Committee was informed that discussion was taking place with DfE to confirm the deadline – last year it had been extended to January - and the Chair requested that confirmation of the deadline be provided to the Committee.

In response to a specific question as to whether there was a cost consequence of not meeting the deadline, it was confirmed that there had been no cost consequence last year.

It was also confirmed that where there are gaps in the data provided there were no financial consequences to schools, with the caveat that where the DfE used the numbers to inform the setting of the Dedicated Schools Grant, that data was important. It was agreed that this would be clarified and a written response provided to the Committee.

Council Invoices and Payments: The Chair referred to a recommendation from the Health and Adult Social Care O&S Committee that assurance be sought regarding the systems in place to ensure that the Council is invoicing and receiving payments on time, whether it was being tracked and the impact on the Council's finances. It was agreed a written response would be provided to the Chair of the Health and Adult Social Care O&S Committee.

The Chair proposed the next update be brought to Committee in January, subject to confirmation as to how that would tie in with Cabinet reporting dates, as well as further discussion on work programme timings.

RESOLVED:

That:

- Confirmation of the deadline for the School Workforce Census be provided to the Committee.

- A written response on the position with regard to Council invoices and payments be provided to the Chair of the Health and Adult Social Care O&S Committee.
- The report be noted.

Councillors Meirion Jenkins and Hendrina Quinnen left the meeting at 16.00.

11. WORK PROGRAMME

The following items were suggested for the December and January meetings:

14 December meeting – Financial Outturn and Financial Monitoring Quarter 2 (timing to be confirmed) and Planned Procurement Activities.

18 January meeting – Scrutiny of 2024/25 Budget Proposals and Delivery of 2023/24 Savings Quarter 3 Update, Job Evaluation Update, Oracle Update and Planned Procurement Activities.

The Terms of Reference for the Budget Scrutiny Task & Finish Group were discussed and agreed.

RESOLVED:

- That the work programme be agreed.
- That the Terms of Reference for the Budget Scrutiny Task & Finish Group be agreed.

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

None.

13. OTHER URGENT BUSINESS

None.

14. DATE OF THE NEXT MEETING

The date of the next scheduled meeting on Thursday 14 December 2023 at 1400 hours was noted.

15. AUTHORITY TO CHAIR AND OFFICERS

RESOLVED:

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

16. EXCLUSION OF THE PUBLIC

The Committee did not go into private session to consider the exempt appendix on the Planned Procurement Activities report.

PRIVATE AGENDA

17. PLANNED PROCUREMENT ACTIVITIES REPORT EXEMPT APPENDIX 3

Members had raised no questions on the exempt appendix under item 7.

The meeting ended at 1623 hours.