

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – PUBLIC MEETING

1400 hours on Thursday 20 September 2018, Committee Room 6

Present:

Councillor Sir Albert Bore (Chair)

Councillors: Muhammad Afzal, Meirion Jenkins, Zaheer Khan, Ewan Mackey and Paul Tilsley

Also Present:

Peter Bishop, Assistant Director, ICT & Digital Services

Clive Heaphy, Corporate Director, Finance and Governance

Dawn Hewins, Director of HR

Jayne Power, Scrutiny Officer

Emma Williamson, Head of Scrutiny Services

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 Josh Jones.

3. DECLARATIONS OF INTERESTS

None.

4. ACTION NOTES – 4 SEPTEMBER 2018

(See document No 1)

The notes were agreed.

5. 2018-19 BUDGET UPDATE

(See document No 2)

Clive Heaphy, Corporate Director, Finance and Governance attended for this item.

The Chair began by thanking the Corporate Director for providing the Month 4 report.

He went on to say that his intention was to establish a baseline for the Committee for future meetings and to address the comments in the auditor's report.

In setting this baseline, the following points were raised:

- There are a number of changes (eg to grant payments, financing, etc) which could affect the budget position next year;
- It was clarified that the £88m of aggregate savings required for 2018/19 and 2019/20 includes the £30.5m use of reserves figure; it does not however include the £5.7m non-deliverable 2019/20 savings, which would (if nothing else changed) increase the figure to £94m.
- This figure could potentially increase still further due to the following factors:
 - One-off savings - it was pointed out that sometimes a one-off saving is to address a one-off pressure, but where pressures go forward into future years this will increase the savings required;
 - The £6.6m of savings identified as at risk - it is assumed these will be made, however if they are not, that again will push up the savings required;
- The £88m savings previously reported for 2019/20 could therefore potentially be beyond £100m;
- In appendix Ai), table 5, there is a discrepancy between the figure for one-off mitigations in the table (£8.1m) and the figure quoted in the narrative (£13.4m). It was confirmed that the figure in the table of £8.1m in the table is correct and the narrative is incorrect;
- A number of measures are being implemented, including the star chamber, to ensure savings are met, with the focus on achieving a balanced budget using the £30.5m of reserves (less if possible);
- Part of this will be making sure there are strong implementation plans in place which will be tracked through dashboards;
- Members expressed concern that there are no implementation plans yet for Adult Social Care, Children & Young People and Place and were told by the Corporate Director that there has been some progress since the report was produced and they are trying to ensure that these plans are in place by the beginning of 2019/20;
- With regard to Children & Young People, no mitigations have been identified but all options are being looked at, eg personal travel budgets, and it was pointed out that this is not just a problem in Birmingham, other local authorities are also facing increased demand;
- With regard to Place forecast overspend, it is stated that the projection assumes that the implementation of the Memorandum of Understanding (MoU) is cost neutral. When the report was written, the cost for the unimplemented MoU was £1.8m. Implementation will ensure losses do not continue growing;
- The Corporate Director said that he would come back to a future committee meeting with a revised baseline and go through all the changes.

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

- Priority based budgeting is currently being looked at and will form the budget consultation for 2019/20;
- In response to questions regarding Acivico, Members were told that the planned report to Cabinet would set out various options and the Chair stated that he hoped some of the issues raised by members of this committee would be reflected in that report;
- There are a number of different bodies where the council has different controlling interests and the Cabinet Committee Group Company Governance is looking at these to ensure that things are happening as they should;
- Concern was expressed with regard to the level of risk with the additional pressures from young people transitioning into adult care and the Corporate Director referred Members to the National Audit Office report reflecting the reduction in local government funding and the increase in demand for statutory services, meaning that as a council we have to look for savings in our discretionary services; we have to deliver our statutory services or we become unlawful.

RESOLVED:-

- Future reporting to Committee to be scheduled;
- The report was noted.

6. PROPOSED NEW IT SYSTEM FOR FINANCE AND HR

(See documents No 3 & 4)

Peter Bishop, Assistant Director, ICT & Digital Services, Clive Heaphy, Corporate Director, Finance and Governance and Dawn Hewins, Director of HR, attended for this item.

An introduction was provided, followed by a short presentation, during which Members were told about the many benefits of an Enterprise Resource Planning (ERP) system. These include flow of data, more focus on self-service, accurate reporting and consequent ease of taking corrective action.

Most local authorities now have ERP systems which offer more efficient operations and quicker transactions.

This is about HR, Finance and IT working together and is about culture change as well as the system itself – the Council has to adjust and simplify its processes.

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

- The importance of training and ease of use was stressed, in order that people will find the system easy to work with and the front-end has to be intuitive;
- In the past the council has used bespoke systems which are costly and difficult to upgrade. With the use of Cloud technology, the system will

constantly update in the background and our processes will fit with the system rather than the other way round;

- With regard to timescales, it is planned to have the core system in place for April 2020. A Programme Manager is being appointed and the next stage will then be procurement;
- A view was expressed that the choice of product is less important than the project management and that it will be important not to put external consultants in between the supplier and Programme Manager;
- A response to be provided to Cllr Zaheer Khan's question around cyber security and where memory data banks will be held.

It was agreed that regular reports should be brought back to this Committee throughout implementation.

RESOLVED:-

- Response to be provided to Cllr Khan's question about cyber security;
- Regular reports to Committee to be programmed;
- The report and presentation were noted.

7. RESOURCES O&S COMMITTEE WORK PROGRAMME 2018/19

(See document No 5)

The Chair referred to the Terms of Reference for the Committee's work on Long Term Financial Planning. Research work will now commence and scrutiny officers will liaise with the Corporate Director, Finance and Governance, to identify potential witnesses and best practice elsewhere with a view to arranging visits.

The planned report to Cabinet on Acivico is now due to go in November and therefore this item will be rescheduled for the Committee's November meeting.

At the last meeting, Members had discussed inviting senior officers to come to future committee meetings with their detailed implementation plans for delivering efficiency savings. However, following today's discussion and the setting of a baseline, the Chair suggested that instead the Committee should continue to monitor the monthly budget reports and where necessary focus in on specific issues and areas of concern.

The Work Programme was noted.

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

None.

9. OTHER URGENT BUSINESS

None.

10. AUTHORITY TO CHAIRMAN AND OFFICERS

Agreed.

The meeting ended at 1601 hours.