

## BIRMINGHAM CITY COUNCIL

### RESOURCES O&S COMMITTEE – PUBLIC MEETING

**1400 hours on Thursday 25 November 2021, BMI Main Hall, Margaret Street,  
Birmingham**

#### **Action Notes**

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##### **Present:**

Councillor Majid Mahmood (in the Chair)

Councillors: David Barrie, Barbara Dring, Meirion Jenkins, Shafique Shah and Paul Tilsley

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

Councillor Tristan Chatfield, Cabinet Member, Finance and Resources

James Couper, ERP Programme Director

Richard Peirce, Finance Manager – Financial Strategy

Sara Pitt, Director of Finance (Deputy Section 151 Officer)

Mohammed Sajid, Interim Head of Financial Strategy

Beverley Sullivan, Finance Manager

Jayne Bowles, Scrutiny Officer

Christian Scade, Interim Head of Scrutiny and Committee Services

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***In the absence of the Chair and Deputy Chair, Councillor Majid Mahmood was elected to chair the meeting – proposed by Councillor Shafique Shah, seconded by Councillor Paul Tilsley and agreed by the Committee.***

#### **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 Mohammed Aikhlaq and Lisa Trickett and an apology for lateness from Councillor Barbara Dring.

### 3. DECLARATIONS OF INTERESTS

None.

### 4. ACTION NOTES

(See document 1)

#### **RESOLVED:-**

The action notes of the meeting held on 7 October 2021 were agreed.

### 5. FINANCIAL MONITORING 2021/22 – QUARTER 2/MONTH 6

(See document 2)

The Chair invited Councillor Tristan Chatfield, Cabinet Member for Finance and Resources, to introduce this item. In doing so, the following points were highlighted:

- An overspend of £10.2m is reported, an improvement of some £17m from the previous quarter;
- The direction of travel has improved although there is still some way to go, with significant budget pressures next year, including loss of income and Covid factors;
- Brief mention was made of the budget and spending review and although only the national headline figures are currently known, it is thought there will be an additional £36.9m annually from 2022/23 to 2024/25, offset by some additional expenditure of £2.3m;
- Negotiations continue between Trade Unions and the national negotiating body regarding the annual pay settlement.

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

- Overspend of £10.2m – a number of actions are being taken corporately to close that off and some will be obvious things, for example no non-essential spend, and they are continuing to work to drive down establishment costs, for example holding vacancies and making sure they keep control over interim and agency spend;
- It was pointed out that although £10.2m is a large sum, it is something like 0.3% of the overall budget;
- Allocation of £0.745m for 20 new CCTV cameras and upgrading of 30 existing cameras – it was queried whether there were any staffing implications. Members were told that there is a report to Cabinet in December with details of the proposal and there should not be any revenue implications, however this will be confirmed;
- Business rate deficit – concern was expressed with regard to the expected business rate deficit and the amount of sundry debt;
- It was acknowledged that there are challenges around collection of business rates and council tax and further information was requested regarding the amount currently outstanding and approaches taken by other core cities;

- With regard to the forecast £2.5m increase in the appeals provision to cover outstanding appeals, it was queried whether this is just Birmingham or whether other core cities are doing this;
- Members were told that other core cities work on a similar basis although there will be local differences;
- It was noted that the inflation rate for October was higher than anticipated and Members were assured that this is a matter of constant analysis. There are contingencies in place and there seems to be a view that there will be a peak of inflation that will diminish into next year;
- The policy contingency for Cityserve was welcomed;
- A detailed report on Invest to Save initiatives was requested for either the January or February meeting;
- The £1m internal mitigation in Grounds Maintenance was queried and further information requested as to where this was coming from and whether it would impact on the whole city or parts of the city;
- It was good news that funding had been identified from the Levelling Up Fund to progress the Dudley Road Scheme and that now funding had been agreed there would be a report back to Cabinet in February or March with revised costings and changed specification;
- Members were pleased that Shelforce had won an award at the Asian Chamber of Commerce but were concerned that the reduction in the HRA capital programme relating to fire doors had resulted in a loss of income of £0.9m and more information was requested;
- Under Capital Receipts and Disposals Programme, there was reference to a small number of high value cases and more information was requested on this so that Members know what those high value cases are;
- The £6m of Public Health Grant to be released to fund Covid related spending – this is a ring-fenced self-contained budget so there are no implications for the General Fund;
- Additional information was requested in relation to the Clean Air Zone – proposed spend, income projections and where the money will be spent;
- More detail was requested on the writing-off of £637,356 Commercial Rent Charges from 2003 to 2018;
- Reference was made to a letter that the Chair of Audit Committee had sent to the Chair of Resources O&S Committee regarding the financing of the Commonwealth Games and in particular the issues with partner contributions and a report was requested for the January meeting.

**RESOLVED:-**

- The following responses to be provided:
  - Allocation of £0.745m for 20 new CCTV cameras and upgrading of 30 existing cameras – confirmation as to whether there are any staffing implications;
  - Council Tax Collection – figures to be provided of how much is currently outstanding and possible report to a future meeting on other core cities' approaches to council tax collection;
  - Invest to Save Initiatives – detailed report to be brought to January or February meeting;

- £1m mitigations within Grounds Maintenance Service – more detail to be provided on where this is coming from;
  - Capital Receipts and Disposals Programme reference to a small number of high value cases – more information to be provided;
  - Shelfforce loss of income of £0.9m due to a reduction in the HRA capital programme relating to fire doors – more information to be provided;
  - Clean Air Zone – additional information to be provided on proposed spend, income projections and where the money will be spent;
  - Writing-off of £637,356 Commercial Rent Charges from 2003 to 2018 – more detail to be provided;
  - A report on the Financing of the Commonwealth Games, with a particular focus on partner funding, to be brought to the January meeting;
- The report was noted.

## 6. MEDIUM TERM FINANCIAL PLAN UPDATE

(See document 3)

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources, highlighted the following key points:

- Members have seen the financial position this year and the Medium Term Financial Plan is for the position going forward as far as 2025/26;
- It is a live document that includes impacts in-year to get an understanding of risks coming down the line and ensure decisions are being made in a timely way before matters become critical to budget;
- Appendix 1 is an evolving attempt to quantify budget risks and rate them to allow informed judgement about the reserves position.

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

- Work is being done to deal with the emerging financial gap and it was noted that this is not unique to Birmingham and there are pressures in the sector generally;
- It is critical for the organisation that delivery plans are implemented and there will be pressures to face in future years;
- With regard to adult care packages, it was acknowledged that the shortage of care workers across the city inevitably means pressures around wages which will have an impact on care packages and this will have to be managed in the context of the budget;
- With regard to the 25 year capital programme, Members were told this will pull out key themes to give a long-term vision. It will be ongoing for a number of years and should be reviewed every year;
- It was suggested that this be brought to committee when it is ready;
- It was noted that there is still a risk around the impact of Brexit and loss of grant income, which is not fully known at the moment;

- With regard to the risk of a cyber attack, the probability weighted medium term potential impact was queried as it seemed quite high;
- Members were told that a number of local authorities had been subject to substantial cyber attacks and that the risk is considerably higher than 1% though probably lower than 50%;
- It was noted that this was a difficult risk to quantify and that the council does need to be mindful of this and have provision in place;
- In response to a question around what public engagement is being done on the budget, Members were told this has slipped on the timetable because of financial challenges but they are looking to launch an app next week;
- This will give residents and interested parties a chance to participate in the budget process and once it is live details will be circulated to Members.

**RESOLVED:-**

- The report was noted.

## **7. ERP UPDATE**

(See document 4)

James Couper, ERP Programme Director, presented the update and highlighted the following key points:

- They are continuing to report amber and likely to stay there, however it is a stable amber rather than a declining amber;
- It has been a good couple of months in terms of reducing the risk profile;
- There are some particular stresses, for example connecting with other applications, and with the integration partner regarding service extensions and resources, but there is a clear plan now from them to deliver and they are into the testing process;
- They have been through three significant testing cycles, one of which is user acceptance testing and all current functional areas with the exception of Finance have exited from that testing cycle;
- They have just started the next round of data migration and have met targets for the second cycle, with high rates of getting data into the new system;
- They are going to extend a couple of the milestones – the second cycle of user acceptance testing and payroll comparison 2 – until 7<sup>th</sup> January to give more time for those two key cycles to complete;
- They need to hit a target of at least 85% on payroll;
- Other milestones remain on track;
- A number of open risks and issues have been managed out, however there are still some significant risks being managed, particularly around any further delays to data migration and there are a number of technical solutions that they have to get right;
- They are at a point in the programme where people are remembering things they forgot to ask for but it is difficult now to start to introduce change and there may be some features people are now saying they want which they won't be able to have until after April;
- The programme remains within budget and there is still some contingency fund and reserves left;

- Consideration is given to lessons learnt when moving from one phase to another;
- In terms of training, whilst this technology will support 43,000 employees the vast majority will only use a thin slice of it on a daily basis and they want to be really efficient in the way people are helped to do just the things they need to do, for example updating details, checking payslips, etc, and they are using self-guided learning to do that.

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

- One of the lessons learnt is that full organisational buy-in is needed and there are some cultural challenges, but they are trying to show people that if we don't do it this way it won't work;
- The logic of the £0.5m spend on the SAP netweaver licence, which had been raised in previous meetings when considering the Planned Procurement Activities Report, was questioned again;
- It was noted that the cost of the programme had doubled and that there is an estimated gross saving of £10.918m, which is less than the increase in costs;
- It was queried whether there is a net saving and Members were told that they know they have to make a £2m saving per annum and at the moment approximately £1.6m has been identified so they are close to the target set out in the business case;
- The next update is scheduled for January.

#### **RESOLVED:-**

- The report was noted.

#### **8. WORK PROGRAMME**

(See document 5)

The work programme was noted.

#### **9. DATE OF NEXT MEETING**

Noted.

#### **10. REQUEST(S) FOR CALL IN/COUNCILLOR CALL FOR ACTION/PETITIONS RECEIVED (IF ANY)**

None.

## **11. OTHER URGENT BUSINESS**

None.

## **12. AUTHORITY TO CHAIRMAN AND OFFICERS**

### **RESOLVED:**

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

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The meeting ended at 1525 hours.