

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – PUBLIC MEETING

1400 hours on Thursday 12 March 2020, Committee Room 6

Present:

Councillor Sir Albert Bore (Chair)

Councillors: Muhammed Afzal, David Barrie, Meirion Jenkins, Yvonne Mosquito, Paul Tilsley and Lisa Trickett

Also Present:

Michael Furness, Head of City Finance – Corporate Finance (Revenue)

James Hamilton, Project Director, B2022 Capital Programme

Ian MacLeod, Director of Inclusive Growth

Guy Olivant, Major Developments Lead

Sara Pitt, Assistant Director, Service Finance

Mike Smith, Head of Commissioning and Procurement

Richard Tibbatts, Head of Contract Management

Jayne Bowles, Scrutiny Officer

Emma Williamson, Head of Scrutiny

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 Brett O'Reilly.

3. DECLARATIONS OF INTERESTS

None.

4. ACTION NOTES – 10 FEBRUARY 2020 AND 13 FEBRUARY 2020

(See documents 1 and 2)

RESOLVED:-

The action notes of 10 February 2020 and 13 February 2020 were agreed.

5. FINANCIAL MONITORING 2019/20 – MONTH 10

(See documents 3 and 4)

Sara Pitt, Assistant Director, Service Finance, and Michael Furness, Head of City Finance – Corporate Finance (Revenue) attended for this item.

The following were amongst the main points raised:

- The Chair referred to the overspend in the Neighbourhoods Directorate and expressed concern that in Month 2 the directorate would not be in the position as stated in the Financial Plan (see extract below):

“For 2020/21 the Council has taken the opportunity to review its budgets and rebase services where budgets have been identified as being insufficient. Significant levels of challenge have taken place throughout the year to consider whether savings plans are deliverable and base budget available is sufficient. It is expected services will begin the year with sufficient budget available and budgets are expected to be managed effectively and proactively where issues begin to develop.”

- A number of specific service-related issues were raised and the Chair suggested that the Neighbourhoods Directorate be invited to the next meeting to provide answers on key future years issues;
- Members were told that all pressures have been factored into the budget, although it is possible that other areas will emerge;
- The point was made that it would be helpful if there was a sentence at the beginning of the Key Future Years Issues section explaining that;
- With regard to non-delivery of savings, there had been an exercise carried out as part of the budget-setting process, whereby undeliverable savings had been taken out;
- The Chair told Members that he would be meeting with Sara Pitt to discuss the transparency of reports, which would provide this committee with the clarity needed to pass on service delivery issues to the other O&S committees;
- Members were concerned that underspends in certain areas, for example adult social care, were being used to subsidise areas which are overspending;
- It was stressed that, whilst this does have an effect on the reported bottom line, budgets are not moved around;
- In response to a question about any additional funding for Acivico, Members were told that the aim is to put the company on an even footing to make it tenable and money would be given to them if required, with an understanding of the issues, although this is not currently expected;
- This may be a topic to look at in a future meeting.

RESOLVED:-

- Neighbourhoods Directorate to be invited to the next committee meeting;
- The report was noted.

At this point, the Chair advised Committee that he was considering re-ordering the agenda to take item 7 “Funding of the Commonwealth Games” next so that any relevant issues raised under that item could be fed into item 6 “Procurement and Contract Management”. However, as the officers attending for item 7 were currently in a CWG Capital Board Meeting, the Chair suggested, and Committee agreed, to take items 8 and 9 first.

6. ICT CHANGES WORKING GROUP – REVIEW OF IT IMPLEMENTATIONS

(See document 5)

The Chair briefly introduced this item, the background to the establishment of the working group and the findings contained in Cllr Jenkins’s letter.

Cllr Jenkins declared an interest due to the nature of his work and then went on to highlight the main points:

- Officers have done all they can on the Oracle ERP implementation, however there is a need to keep an eye on costs and overrun;
- With regard to licences, there is no other viable option than Cloud and officers have taken sensible steps in agreeing a 5/7 year price deal.

It was agreed that the letter would be sent to the Cabinet Member and relevant officers and that an update on progress with implementation of the ERP system would be programmed for six months’ time.

RESOLVED:-

- Cllr Jenkins’s letter to be sent to the Cabinet Member and relevant officers;
- Update on progress with implementation of the ERP system to be programmed for six months’ time;
- The report was noted.

7. WORK PROGRAMME

(See document 6)

The Chair confirmed that there was currently nothing programmed for the April meeting, however, as suggested under agenda item 5, the Neighbourhoods Directorate would be invited to address issues raised in this and previous meetings.

RESOLVED:-

The work programme was noted.

8. FUNDING OF THE COMMONWEALTH GAMES

(See documents 7, 8 and 9)

Ian MacLeod, Director of Inclusive Growth, Guy Olivant, Major Developments Lead, and James Hamilton, Project Director, B2022 Capital Programme, attended for this item.

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

- With regard to partner contributions, the Chair noted that there was no change in the figures from the November report;
- Guy Olivant confirmed that the figure remains at £54m as in November, but pointed out that detailed legal agreements and operational detail had been further developed and the outstanding contributions were being sought;
- Members were concerned that if no further contributions were forthcoming, the council would have to fill the gap;
- Discussions are on-going with the Black Country LEP to make the case regarding benefits to the Black Country, however Members questioned what the incentive is as they will benefit from the Games whether they contribute or not;
- In response to a question about the contribution from the Community Infrastructure Levy (CIL) and whether all of the CIL budget would be used, Members were told that it is not all focussed on the Games. The CIL will continue to grow and there is also a review going on at present and the charge might be raised;
- The second report details significant revenue funding coming from the council;
- Members were told that this is only part of the story and there will be significant housing and commercial development on the back of the Games which will bring in receipts;
- In order to give a balanced picture, officers undertook to bring a further report to committee to provide an indication of the new homes bonus and council tax etc;
- Turning to the Cabinet report on the revised Perry Barr Regeneration Scheme, the Chair referred to the fact that the report was not subject to call-in and queried the process;
- In response, Members were told that the original Full Business Case allocated the budget and this Revised Full Business Case was needed because Plot 1 exceeds that budget;
- They were further advised that the decision could not have been taken earlier and the timescales were challenging, with some difficult decisions having to be made, due to the council stepping in at a late stage to host the CWG;
- It was suggested that the Government would not allow this to fail and approaches should be made to secure further funding;
- Members expressed concern that timing issues were resulting in reports being exempt from call-in, not just with the CWG but in other instances as well;
- The Chair confirmed that the focus of this committee is on resources and acknowledged that where necessary other O&S committees, for example Economy and Skills, were receiving reports;
- It was agreed that a further suite of reports would be presented to Committee in July to update on the funding position.

RESOLVED:-

- Update on funding position to be presented to Committee in July;

- The report was noted.

9. PROCUREMENT AND CONTRACT MANAGEMENT

(See documents 10 and 11)

Mike Smith, Head of Commissioning and Procurement, and Richard Tibbatts, Head of Contract Management, attended for this item.

Richard Tibbatts referred to the Procurement and Contract Management Overview paper which had been provided and made the following points:

- Procurement is never a linear process and it varies depending on the complexity of the project and any vehicle/policy changes;
- EU and procurement governance arrangements are not easy to navigate and there are push/pull dynamics due to the size of the organisation;
- The main challenges are officer understanding and stakeholder capacity (time commitment versus “business as usual”) and this can stretch timescales;
- A Procurement Maturity Assessment Review is currently being undertaken by PWC and there is a journey of continuous improvement.

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

- The Chair referred to the procurement process for the Waste Contract and advised Committee that the Chair of the Sustainability and Transport O&S Committee had written to the Cabinet Member regarding the use of delegated authority from 2018;
- In the light of the concerns raised in this case, it was agreed that Committee would ask Co-ordinating O&S Committee to look at a change to the Constitution to set a time limit for delegate authority (or to review after a certain time);
- Members were told that the time between delegated authority and procurement is dependent on the complexity of the market and reviewing policy too close to contract end dates is an issue;
- Reference was made to the recent call-in in respect of the Single Contractor Negotiations for the CAZ Mitigations Application and Case Management System and whether the correct process had been followed, with Members agreeing that the Constitution needs to be made clearer;
- Members expressed concern that too often the need for quick decisions to be made might be overriding good governance or transparency requirements and this has been highlighted again today with regard to the CWG Athletes Village Plot 1, where the report was exempt from call-in;
- In response to a question about contracts being rolled over (eg Travel Assist), Members were told that the procurement *process* is different to a procurement *project*. The process is the back end of a long stage and the timeline is set from day 1;
- The spotlight here is on Procurement, but the failings are sometimes in service areas;

- They endeavour not to rollover contracts at all, but ultimately, due to resources, it does sometimes happen when there is no alternative in place (as with Travel Assist);
- The Chair referred to the Planned Procurement Activities Report to Cabinet and pointed out that this does not come to this committee even though the reports state that there has been no response or comments from Resources O&S Committee;
- Committee agreed that this should be a standing item on the agenda so that Members can note the timing of these matters and flag delays.

RESOLVED:-

- Co-ordinating O&S Committee be asked to look at a change to the Constitution to set a time limit for delegated authority (or review after a certain time);
- Planned Procurement Activities Reports to be shared with Resources O&S Committee before they are presented to Cabinet.

10. DATE AND TIME OF NEXT MEETING

Noted.

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

None.

12. OTHER URGENT BUSINESS

Cllr Tilsley requested that, in view of the current situation with Coronavirus, arrangements be made for the microphones to be cleaned before and after future meetings.

13. 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.

The meeting ended at 1644 hours.