

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – PUBLIC MEETING

**1400 hours on Thursday 7 October 2021, BMI Main Hall, Margaret Street,
Birmingham**

Action Notes

Present:

Councillor Mohammed Aikhlaq (Chair)

Councillors: Meirion Jenkins, Majid Mahmood and Paul Tilsley

Also Present:

Councillor Tristan Chatfield, Cabinet Member, Finance and Resources

Alison Jarrett, Assistant Director, Development and Commercial

Tim Normanton, Assistant Director, HR (Acting)

Mohammed Sajid, Interim Head of Financial Strategy

Jayne Bowles, Scrutiny Officer

Daniel King, Graduate Management Trainee, Scrutiny Office

Emma Williamson, Head of Scrutiny

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) 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 David Barrie, Barbara Dring, Shafique Shah and Lisa Trickett.

3. DECLARATIONS OF INTERESTS

None.

4. ACTION NOTES

(See documents 1 and 2)

RESOLVED:-

The action notes of the meeting held on 22 July 2021 were agreed and the action notes of the informal meeting held on 9 September 2021 were noted.

5. FINANCIAL MONITORING 2021/22 – MONTH 5

(See document 3)

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

- The position has not changed a great deal since the last report, with a revenue overspend of £34.2m now being forecast, which is a £1.2m increase from Month 4;
- There is a non-Covid underspend of £7.2m and a net Covid overspend of £41.4m after applying grant funding;
- There is obviously a significant gap and work is being done to close off that gap, which is very much a live process;
- Dedicated teams and Star Chambers have been set up to bring forward initiatives to address the pressures, with detailed discussions between business partners, and in particular HR business partners, to deliver savings.

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

- **Savings** - £5m are considered unachievable, with a further £4.1m at risk, and it was questioned whether at some point we are going to have to acknowledge that those savings are not achievable;
- **Increase in corporate overspend of £0.4m due to the non-delivery of transport saving** – the Integrated Transport Unit has not delivered savings in-year yet but work is underway, however as we are nearly mid-way through the year it is unlikely these savings will be delivered in-year;
- **Borrowing costs for the 74 new fleet and waste vehicles** – the vehicles were purchased in two tranches and an interest rate was set at the time of borrowing and was 2.1% for the first tranche and 1.7% for the second, as interest rates had come down;
- **Capital Receipts** - these are still on track, however there is always a risk as anyone can pull out at any time;
- **Afghan Refugees** – the part we are playing in the resettlement of Afghan refugees was welcomed and it was queried what the length of time is for the schemes and whether we are working with charities and community organisations to pool resources;

- Cllr Chatfield confirmed the programme is very much dependent on working with the charity sector and in terms of the duration of the schemes, he will check and provide a response;
- There was a lot of detail on the funding source in the Cabinet report;
- **CIPFA Budget Sufficiency Review of the Education and Skills budget** – this work is in progress and it was requested that once completed a summary and conclusions be shared with this committee as had been done with the Neighbourhoods sufficiency review;
- **SEND bid for one-off transformation costs** – what is the position with the bid, has it been successful? Will that be sufficient for the work that needs to be undertaken or will there be more one-off costs?
- **Children's Trust overspend of £4.8m** – it was noted that this is a significant sum in cash terms, however Members were told that there had been a good session with the Chief Executive of the Trust the previous day to explore underlying causes and it was pointed out that there are pressures up and down the country;
- The demand pressures are about the cost of individual care packages not just numbers and there is a lot of work being done around early intervention, including increasing the number of children placed with wider families;
- It was queried whether the £1.1m shortfall in contributions from partners meant the Health Service. Cllr Chatfield said that he believed so but would check;
- **Increase in income from green and bulky waste collections** – in terms of increased income from green waste, this was questioned as the season is effectively over now;
- Members heard that this reflects the fact that more people booked a green waste collection this year than had been budgeted for and hopefully the trend will be the same next year;
- In terms of bulky waste, whilst the mobile HRCs were welcomed, it was queried whether these will have an impact on bulky waste income. This is hard to predict, however the mobile HRCs are part of the investment in clean streets;
- **Digital Advertising** – It was queried whether there is any dialogue with Ocean around opportunities connected to the Commonwealth Games and Members were told that contractors for the main games are procured by the Organising Committee, however the Council is in dialogue with Ocean regarding opportunities outside of those designated areas;
- **Pay Award discussions** – the pay award is negotiated nationally and the latest update is that the offer is being rejected and the unions are at different stage with ballots;
- **Risks that cannot be quantified** – it was queried whether an estimate of the worst case scenario for the next 4 years could be provided for a future meeting, however it was noted that these risks are difficult to quantify;
- Last year as part of the Medium Term Financial Plan (MTFP) risk register there was an exercise to try and quantify risks and it was suggested that might be worth circulating;
- The MTFP report to October Cabinet includes a high level strategic risk register and that could be brought to committee;
- They are trying to link the reserves policy to risks;

- **Sundry Debt** – It was confirmed that this is everything excluding council tax, business rates and housing rents and it was agreed a summary breakdown of sundry debt would be provided;
- **Neighbourhood Services** – a breakdown was requested of the £1m savings which are at risk due to delay in implementation of various programmes, street service re-design, and car park commercialisation.

RESOLVED:-

- The following information to be provided to Members:
 - **Afghan Refugees resettlement schemes** – duration of schemes;
 - **SEND bid for one-off transformation costs** – an update on the position with the bid;
 - **Children's Trust** - £1.1m shortfall in contributions from partners – confirmation whether this is the Health Service;
 - **Risks that cannot be quantified** – exercise undertaken last year as part of the MTFP to be shared with committee members;
 - **Sundry Debt** – summary breakdown;
 - **Neighbourhood Services** – breakdown of the £1m savings which are at risk.
- The following items were suggested for future meetings:
 - CIPFA Budget Sufficiency Review of Education & Skills budget – summary and conclusions;
 - MTFP report presented to October Cabinet.
- The report was noted.

6. HR UPDATE

(See documents 4 and 5)

Tim Normanton, Acting Assistant Director, HR, attended for this item, which was in two parts - the People Services Transformation Programme and Interims and Consultants.

People Services Transformation Programme

Tim highlighted the key points in the presentation and in the course of the discussion, and in response to Members' questions, the following were among the main points raised:

- It was agreed that this is an ambitious plan and the impact on staff, especially long-serving staff who might be reluctant to change, was raised;
- Members were told the aspiration is to be best in class and a significant proportion of the workforce have been here a long time and are interested in progression, and where people have done a good job for many years they want to be able to recognise and reward that;
- The current service is focussed on compliance and protecting staff, and they want to enhance that with increased productivity, a more engaged workforce and better outcomes;

- The new operating model in Finance and HR, and also Procurement, will offer a high level of support for directorates with a consistency of approach, and hopefully that can be implemented across the organisation;
- The structure has changed, with a new HR director within Council Management with experience, skills and expertise and Cllr Chatfield commented that he is looking forward to working with him;
- The consultation has been launched this week and they are working with the Trades Unions;
- They are also working with wider local government and as they prepared the business case they spoke to other core city HR functions and the West Midlands Employers Association, and did some benchmarking to come up with the operating model;
- There was a comment that we are reducing the gender pay gap and recruiting more people from some minority groups, however the largest minority is the Pakistani Kashmiri group who are severely under-represented in the Council, coupled with the Bangladeshi community, and a question was asked about what work is being done to recruit and ensure the workforce is more representative;
- In response, Members were told that they are doing blind recruitment and there is improved selection and recruitment training, diverse selection panels, and they are working with staff networks to identify groups of staff who feel they have not had a voice previously, to understand the challenges and put appropriate actions in place;
- They are confident there are good signs of progress in terms of the pay gap and better representing the community we serve and are on track to deliver in terms of representation;
- From application to shortlist they are losing some of the diversity and hopefully making the decision blind will increase the diversity of the shortlist;
- At all times they will recruit on merit.

Interims & Consultants

Tim highlighted the key points in the presentation and in the course of the discussion, and in response to Members' questions, the following were among the main points raised:

- It was queried whether there has been a piece of work started to look at recruiting permanent employees where an agency worker has been here longer than 12-18 months;
- Members were told that there are a number of areas where they are developing workforce plans to move away from a dependency on agency staff;
- It was noted that in the national IT market, the only way to fill some technical vacancies is with agency staff and they are looking at this in terms of recognition and reward across the organisation;
- There are some circumstances where we have to use contingent labour, for example on time-limited projects, eg ERP, and areas where there is seasonality, eg the contact centre, and also maybe to cover staff sickness. However, we should not be doing this to cover vacant positions, only maybe on a very short term basis;

- A question was asked in relation to instances where interims or consultants have joined the permanent staff and what introduction fees have been paid;
- Members were told that the Hays contract has no introduction fees but almost invariably there will be come interims or consultants who have joined the permanent staff and finder fees will be been paid;
- A request was made for information to be provided on what finder fees have been paid and in which specific areas;
- In response to a comment that we need to do more about being an exemplar employer and that there needs to be a long term strategy in terms of apprenticeships, training programmes, using universities, staff retention and not losing people to the private sector;
- A fundamental part of the talent strategy is graduate and apprentice recruitment and with a high percentage of the workforce being over 55 there is a need to attract a different workforce to deliver services.

RESOLVED:-

- Information to be provided on what finder fees have been paid and in which specific areas;
- The presentations were noted.

7. PLANNED PROCUREMENT ACTIVITIES REPORT

(See document 6)

Cllr Chatfield introduced the report and confirmed the purpose of it coming to Resources O&S Committee.

He also flagged the potential for a late item relating to work on the Southside public realm programme where a large contractor has gone insolvent and at short notice there is a need to find a replacement. A report will be attached for Cabinet.

During the discussion, Members raised the following matters:

- **Cash Collection Service** - the procurement for a duration of 4 years was queried, especially in view of the contactless payment increase to £100;
- **Professional Services to Support the Residential Property Acquisition Programme** – a view was expressed that it was difficult to believe we don't have this expertise within BCC, however it was noted that given the fluctuating nature of the market, this gives more flexibility than employing permanently;
- **SAP Netweaver Upgrade** – this was queried given that a new system is being implemented. Cllr Chatfield told Members he understood this was due to there being an overlap period and a degree of risk in the transition process so some licences need to run over but said he would take this away and provide a response;
- **Water Supply and Waste Water Services** – it was noted we had been out of contract since 2017 and how much had been wasted over that 4 years was queried. A question was also asked about whether it is possible to work with other authorities to get better rates;

- Cllr Chatfield undertook to provide a response to both of those questions but did point out that the net benefit of group procurement due to our scale is often limited.

RESOLVED:-

- Responses to be provided to the questions in relation to the following contracts:
 - SAP Netweaver Upgrade;
 - Water Supply and Waste Water Services;
- The report was noted.

8. WORK PROGRAMME

(See document 7)

The work programme was noted.

9. DATES OF MEETINGS 2021/22

The dates of meetings for the 2021/22 municipal year were 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.

The meeting ended at 1534 hours.