

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – INFORMAL MEETING

1400 hours on Thursday 9 September 2021 (On-line Meeting)

Action Notes

Present:

Councillor Mohammed Aikhlaq (Chair)

Councillors: David Barrie, Barbara Dring, Majid Mahmood, Shafique Shah and Paul Tilsley

Also Present:

Councillor Tristan Chatfield, Cabinet Member, Finance and Resources

James Couper, ERP Programme Director

Sara Pitt, Assistant Director, Finance

Mohammed Sajid, Interim Head of Financial Strategy

Jayne Bowles, Scrutiny Officer

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 Meirion Jenkins and Lisa Trickett.

3. DECLARATIONS OF INTERESTS

None.

4. ACTION NOTES – 22 JULY 2021

(See document 1)

The action notes of the meeting held on 22 July 2021 were noted and will be agreed at the next formal meeting.

5. FINANCIAL MONITORING 2021/22 – MONTH 4

(See document 2)

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources, Sara Pitt, Assistant Director, Finance, and Mohammed Sajid, Interim Head of Financial Strategy, attended for this item.

Cllr Chatfield introduced the report and highlighted the following key points:

- The position at Month 4 is not entirely dissimilar to the last report, with a slight deterioration of £5.6m on the forecast net overspend since Quarter 1 ;
- They are continuing to monitor the budget through the Star Chamber and action by the senior leadership team to ensure work is being done to mitigate budget pressures and to push on savings, the majority of which this year are workforce/establishment savings;
- Most directorates are near enough on budget, with the exception of Housing and Education and Skills due to issues in relation to homelessness, the Children's Trust and Travel Assist;
- Outside of those areas, the revenue position is steady and stable;
- The lack of compensation for loss of council tax and business rates income was noted.

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

- Travel Assist – there are costs associated with the changeover of provider, however there are other pressures within the service and there are always issues that emerge when the school term starts. It was noted there are substantial risks with regard to the service;
- Children's Trust overspend – there is a breakdown of the £4.8m overspend within the report and this will be explored in Star Chamber;
- Pay award – if negotiations result in an increase above the 1.75% offer this will have a further effect on the budget. There is a very strong argument for staff to receive a substantial pay increase and it was noted that Government has in the past on occasions covered the cost of pay awards or additional pressures on frontline services;
- Loss of Council Tax and Business Rates income – as part of Covid recovery, the understanding from Government was that all losses would be recoverable, however that subsequently changed and so the council is out of pocket for bad debts and appears, which won't be covered, and that is where the gap arises;
- The challenge is that the Government expects us to continue to absorb what remains of the Covid pressures going forward, as well as the pay award and demographic pressures around social care;

- The precept is limited to adult social care and there was a view that this should be opened up to children's social care as well given the growing pressure in this area as evidenced by the position with the Children's Trust and Travel Assist;
- When asked what was being done to put pressure on Government to help support these costs, Cllr Chatfield told Members that there had been some lobbying but the problem had not been recognised to the extent it should have been. He agreed to put this to the Leader and raise the issue at the Core Cities Finance Group;
- Cost from redeployment of staff – where staff have been redeployed to support the Covid effort, information has been gathered to understand time and effort and the estimated £38m is consistent with last year;
- The £5.4m shortfall in collection fund – in response to a question about whether we are more adversely impacted than others, Cllr Chatfield responded that he hadn't seen any comparative figures recently, however these would be obtained and circulated;
- Capital Expenditure overspend of £11.3m due mainly to increased works identified for the HRA Improvement Programme – this is a specific overspend due to housing repairs and improvement. The budget had to be revised for extra works this year, eg fire safety;
- There have been rises in general material costs which they are trying to manage through de-scoping and de-risking, but the effect is slowly coming through on projects;
- Travel Assist bid for £1.7m for transformation costs funded through the Flexible Use of Capital Receipts – this bid is internal to us as a result of the Government allowing the use of capital receipts and should be successful as long as the criteria is met. They should be able to provide an update before the next meeting;
- Housing General Fund – clarification was sought in relation to the business case for the use of additional hostel units and potential street purchases and Members were told that this is effectively the same kind of scheme as the Barry Jackson Tower and Oscott Gardens but on an individual property basis;
- They will look to buy properties across the city, not concentrating in one area, and won't buy all in one go. This is an alternative to putting people into expensive B&Bs;
- Officers are currently working on the details of implementing this following Cabinet approval of the report in July;
- Street Scene – more details were requested with regard to the borrowing costs for the new fleet and waste vehicles;
- Neighbourhoods Service Leisure and Community Centres – our directly managed centres are not yet back to normal in terms of activity and service users coming back;
- Pay award – There is a national pay negotiation process, with representatives from the West Midlands and greater WM region taking part in negotiations and lobbying Government to step in and provide some support is absolutely something to be done through the LGA;
- With regard to the direction of travel in relation to car parks, it was noted that whilst we are encouraging different modes of travel, car parking is also a useful form of income and it is difficult to balance that, however the land that

car parks sit on could be used for other things, for example given housing pressures;

- In terms of the installation of parking meters or pay and display in car parks at parks, eg as with Cannon Hill Park, this is a rolling scheme with two progressed more fully – Northfield and Sutton Park – and others progressing more slowly;
- Commonwealth Games – they are looking at another £300m to bring the Perry Barr Regeneration Scheme to completion and another £180m on the Commonwealth Games. They have been assured both are on track and so should spend to budget this year.

The report was noted and:

- Children's social care pressures – to be flagged with Core Cities Group with a view to lobbying Government to help support these costs;
- Travel Assist – bid for £1.7m for transformation costs funded through the flexible use of capital receipts – update to be provided before next meeting;
- £5.4m shortfall in collection fund – are we more adversely impacted than others – comparative figures to be circulated;
- Street Scene – procurement of new F&W vehicles – total amount of borrowing costs and over how many years to be provided;

6. ERP UPDATE

(See document 3)

James Couper, ERP Programme Director, attended for this item, and highlighted the following key points in the presentation:

- The programme generally remains on track for the April 2022 deadline;
- They are still continuing to report amber as a programme and there are still a number of challenges to bring it in on time, most notably a need to focus on the second data migration cycle;
- Targets have been set of over 95% accuracy of master data and 80% accuracy of transaction date and they are currently at 98% and 94% respectively so the targets are being met;
- The timeline is still challenging and they need to get there before 21st September to enable testing to start on 27th September;
- Integrations – more detail has been provided around numbers. These are split into inbound and outbound, those that come in and those that go out to other systems; they are almost complete on inbound and 30% complete on outbound, so currently on track for the testing cycle at the end of the month;
- Key user training has been running for 2 weeks, with a further 3.5 weeks to run. Feedback has been positive and this has enabled staff to help with the testing that needs to be done;
- Good progress has been made on outbound integrations, which was red last time and now amber;
- Inbound integrations are more healthy and on track;
- There are still a number of challenges, notably procure to pay, and that is being looked at with the supplier;

- There has been good progress with rationalising down codes used across the council, aligned across Finance and HR;
- There are a number of testing cycles due to commence shortly. Between now and the end of the year will be all about testing the solution and ensuring they are able to support process and functions across the council;
- In terms of milestones, the next data migration cycle has been flagged as amber. There is a need to look at planning for that to ensure it is still on track;
- Looking at the risk dashboard, there is a slight downward trend in the number of risks;
- In terms of the budget position, they are currently forecasting a £3.3m underspend and are continuing to manage the costs of individual suppliers

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

- Members asked how they are intending to tackle the risks and were told that those with the high ratings are reviewed every two weeks to ensure mitigations are built into overall plans;
- The risks below that are reviewed on a monthly basis;
- They have started to embed the concept of specific activity to manage down exposure of these risks and some will be driven out through the testing cycle;
- With regard to invoice scanning, there are two options: to continue to work with Oracle to get their product up to requirement or to go out to the market and procure another solution. The most sensible option is to work with Oracle as going out to the market would have cost and timescale implications;
- They are figuring out what the impact is going to be on schools; they are not obliged to work with schools to change software;
- The Change Advisory Board is internal to the programme and is a means for validating requests for change;
- In response to a question about why the outbound interface was not properly assessed at the outset, Members were told that integrations as part of this programme have had a torrid past;
- They have been through a number of iterations as to how the technology can support what we do as a council.

The report was noted.

7. WORK PROGRAMME

(See document 4)

The work programme was discussed and the following items were suggested for future meetings:

- ERP updates to be programmed every two months from now on, with any changes/issues in between to be flagged with the Chair;
- HR – People Services Transformation Programme and update on current position with interim posts;
- Long Term Debt Strategy;

- Commonwealth Games – finance update/impact on budget;
- Capital Programme – recent update provided to Co-ordinating O&S members to be circulated and possible future work programme item;
- It might also be useful to have a look at the Property Strategy at a future meeting.

The work programme was noted.

8. DATE OF NEXT MEETING

Noted.

9. OTHER URGENT BUSINESS

None.

The meeting ended at 1504 hours.