

BIRMINGHAM CITY COUNCIL

CORPORATE AND FINANCE O&S COMMITTEE MEETING

Minutes of the meeting held on Friday, 26th July 2024 at 10.30 hours in
Committee Rooms 3 & 4, Council House, Victoria Square, Birmingham

Present:

Councillor Sir Albert Bore (Chair)

Councillors: Deirdre Alden, Shabrana Hussain, Katherine Iroh, Kerry Jenkins, Ewan Mackey, Lee Marsham, Jamie Tennant, Paul Tilsley and Alex Yip.

Also Present:

Fiona Greenway, Director of Finance (Section 151 Officer)

Steve Muldoon, Interim Business Partnering Improvement Lead (Deputy Section 151 Officer)

Mohammed Sajid, Assistant Director, Financial Strategy (Deputy Section 151 Officer)

Fiona Bottrill, Senior Overview and Scrutiny Manager

Baseema Begum, Scrutiny Officer

NOTICE OF RECORDING/WEBCAST

- 13 The Chair advised that the meeting would be webcast for live and subsequent broadcast via the Council's Public-I microsite and that members of the press/public may record and take photographs except where there were confidential or exempt items.

APOLOGIES

- 14 Apologies were received from Cllr. Fred Grindrod. The Chair explained that Cllr. Kath Scott in her capacity as Deputy Chair of Health & Adult Social Care O&S Committee was in attendance to take part in the discussions.

DECLARATIONS OF INTERESTS

- 15 Members were reminded they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at this meeting, and there were no declarations of interest.

MINUTES – CORPORATE AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE

16 RESOLVED: -

That:

The minutes of the meeting of the Corporate and Finance OSC held on 28th June 2024 be approved as a correct record and signed by the Chair.

EXEMPT INFORMATION – POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC

17 The Chair highlighted the resolution giving the Committee the authority to enter into an exempt session to discuss exempt information circulated to members as an exempt background document should it be required.

Cllr Yip queried the need for an exempt session and the Chair explained that this was based on advice received from legal services.

RESOLVED: -

It was agreed that:

Members of the press and public be excluded from the meeting for part of the discussion under agenda item 7 (Section 151 Officer Update on the Financial Position of the Council – July 2024 & General Fund Medium Term Financial Plan Update) under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in paragraphs 3 and 4 of Part 1 of Schedule 12A of the Act; and (ii) the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

CORPORATE AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE ACTION TRACKER

18 RESOLVED: -

That:

The Corporate and Finance OSC Action Tracker be noted.

The Chair stated that relevant issues on the action tracker and those raised by Members would be discussed under the work programme item and incorporated as appropriate.

Outstanding actions from the 2023/24 Co-Ordinating OSC would be incorporated into the action tracker for this committee and relevant items added to the work programme.

The Chair would be meeting with officers in relation to Oracle, Equal Pay and Job Evaluation next week and it was the intention that a briefing session for the Committee will be held in September.

SECTION 151 OFFICER UPDATE ON THE FINANCIAL POSITION OF THE COUNCIL – JULY 2024 & GENERAL FUND MEDIUM TERM FINANCIAL PLAN UPDATE

19 Fiona Greenway, Director of Finance (Section 151 Officer); Steve Muldoon, Interim Business Partnering Improvement Lead (Deputy Section 151 Officer); and Mohammed

Sajid, Assistant Director, Financial Strategy (Deputy Section 151 Officer) were present for this item.

The Chair outlined that he had previously asked in response to a budget scrutiny report in February 2024 that each O&S Committee receive a report on the delivery of savings. As this information was not available until mid-July that information had been incorporated into the report circulated to Members. The Chair explained that there was a delay in getting appendices to Members as these were not ready until the day before the Cabinet meeting, however the Committee had been given additional background information that was not needed for the report to Cabinet. It was added that any detailed service-related queries would need to be referred to the service area for response.

The Chair placed on record his thanks to the Director of Finance (Section 151 Officer) and her team for the additional effort made in ensuring all of the information was ready for the meeting.

Fiona Greenway, Director of Finance (Section 151 Officer) highlighted the following points from the report: -

- It gave the latest financial position of the Council as of July and was the third update presented to Cabinet in 2024/25.
- Included in it was an update on the forecast for pressures, an update on the forecast for savings over the four years and an initial forecast for 2026/27 and future years. An update on 2024/25 was also incorporated to help discussion for the remaining years.
- In the 2024/25 budget setting report approved in March, £76.3m of savings were identified to help with pressures in 2025/26 with a further £67m needed. An approximate £39m was found to mitigate this.
- However, at the beginning of July, a sum of £50.8m of additional pressures was identified. This incorporated an increase from the Children's Trust of £37.4m. There was also an adjustment made to accommodate the inflation in relation to the pay settlement and this was offset by lower-than-expected forecasts for inflation across Adult Social Care.
- A set of Medium-Term Financial Strategy Principles had been introduced and the Director of Finance (Section 151 Officer) drew Members attention to the risks to the Strategy as listed in Section 11 of the report.
- An update to the Section 25 statement had been made and was reported on in March.

Steve Muldoon, Interim Business Partnering Improvement Lead (Deputy Section 151 officer) added some further points in relation to Savings Delivery 2024/25 Progress Report (Appendix 2): -

- Data included in the report is as of 31st May. This information has been through various assurance processes and has been reported to senior management and relevant boards.
- The forecast for the year 1 savings target was £147.129m after mitigations against the target of £149.765m, leaving a potential gap of £1.839m that

needed further work. Directorates have been asked to mitigate where the savings targets in this gap.

- A RAG status has been given to each of the proposals by directorates in terms of progress against savings. The tables in the report set out the values for each of the savings (red/amber/green).
- Of the 166 savings 8 were reported as red (risk of non-delivery or off track). 4 of these have a target to deliver in 2024/25 and the remaining 4 have a target to be delivered next year. There are 37 projects that have been classified as red or amber. The rest are blue or green (delivered or on track to be delivered respectively).

The Chair reflected on the comments made and asked officers to consider a response on the following: -

- Where scrutiny could add value to the process moving forward particularly through the Committee work programmes and with reference to the budget setting process for 2025/26.
- All of the Scrutiny committees held Task & Finish group meetings to consider the impact of savings in July. Recommendations including principles have been drafted and these would be considered by Corporate & Finance OSC at their meeting on 27 September. It was crucial that all feedback was captured by this date to have meaningful input into the Medium-Term Financial Plan.
- There were some issues with cross-cutting savings across directorates. 5 have been highlighted with a RAG status of red (2) amber (2) and green (1).
- It would be helpful to understand how the RAG rating criteria were applied as there were some inconsistencies.
- Concerns were shared about the efficient use of community assets. It was imperative that the correct responsible officer was able to take these forwards in respect of saving 221.

A discussion was held, and the following were among the points made: -

- Overspends on regeneration projects, children's travel service, and CCTV in the city centre were specifically highlighted. There was concern that where services were already finding it hard to achieve set targets then finding additional savings should be clearly identified as not being able to deliver in full (red status). However, these were marked as delayed/at risk of delay (amber status) and Members highlighted that in some cases the savings being put forward were not realistically going to be achieved. The internal audit report on the CCTV relocation be shared with the Committee,
- Members were assured that areas where overspends had occurred would be reviewed.
- There was further concern about a lack of commentary on how the service planned to achieve identified savings. Members felt that additional savings

pressures gave a false narrative and that new cost pressures such as those identified in the Children's Trust of £30m was a false saving. Furthermore, it was felt that where one saving was being made, this resulted in a pressure saving elsewhere.

- A number of savings were planned not to deliver in 2024/25. These generate across the two-year profile. Where there was a forecasted risk such as the Children's and Young Peoples Travel Service other savings have been brought forward to mitigate. The Children's Trust saving was applied to their contract.
- As a whole all of the savings identified as key forecast variances would be considered alongside a series of mitigations. Those identified as delayed/at risk of delay (amber coded) will be closely monitored.
- Concerns were raised with reference to overspends in some service areas because the funding was inadequate for the demand such as adults social care. The impact was that another service area was seeing cuts to their budgets as a result. One area highlighted for closer scrutiny was the procurement of services by the Council. It was highlighted that contracts were being extended without the close monitoring needed to assess whether they still provided value for money and were delivering the service required.
- There were service areas where savings were exceedingly difficult to achieve due to the demand and request for support such as bed and breakfast accommodation for those presenting as homeless.
- It was acknowledged that timelines to achieve savings are taking longer in some cases however these are being closely monitored.
- There was concern about the value of service being provided to residents with the savings being delivered and that there was a need to manage expectations.
- There were proposals for scrutiny committees to consider the implications of the savings on residents and communities at future meetings. Work was also underway to ensure that scrutiny committees received information sooner.
- Members were keen to understand if learning identified as part of the 2025/26 budget work could be brought forward for the current municipal year to achieve savings and efficiencies. Additionally, it was felt that if not already done so, it should be shared with directorates.
- Officers confirmed that some service areas within City Operations had been identified where savings could be brought forward and these were being trialled. Directorates had also been asked to look at this more closely to see if savings could be started earlier as part of Quarter 1 monitoring.
- Members were also concerned on the number of temporary staff members being employed and the agency costs involved whilst at the same time the Council were making staff redundant. Assurance was given that costs were being reviewed and feedback would be given to the

Committee regarding agency / interim staff and number of staff / combined length of service for staff taking voluntary redundancy.

- It was clarified that issues relating to unaccompanied asylum-seeking children were cross-cutting in terms of service areas impacted and these would be picked up by the relevant scrutiny committee(s).
- Issues related to demand for school transport and the impact of delivery of savings and delivery of services was acknowledged. There was a key concern in relation to the impact on savings due to the cost of potential legal challenges.
- Cllr Jenkins confirmed that the Education, Children and Young People OSC had discussed school finances, and a report had been requested on the level of budgets for each school. Members asked how work undertaken previously by Scrutiny on schools' deficit had been responded to.
- A timetable in the report shows the required savings for 2025/26 and this was to help service areas keep in check with requirements especially those that provide cross-cutting services. There was a need for these service areas to work together. In cases where Procurement are involved then this may mean looking at existing contracts to see where efficiencies can be made.
- Officers confirmed that regular reports on savings and the financial position are made to Audit Committee, and this will continue. Cross cutting services are discussed at Corporate Leadership Team (CLT) regularly with senior accountable officers present.
- It was felt that members of CLT and senior officers needed to attend scrutiny committee to talk about the services in greater detail with respect to savings.
- Officers agreed to feedback to Cabinet the key point raised in relation to lobbying government on key budget pressure issues relating to vulnerable children and those with complex needs and unaccompanied asylum seekers.

The Chair concluded that during the discussion additional risk issues had been identified. These pertained to governance, procurement and delivery of cross cutting services and it would be helpful for officers reporting back to acknowledge these.

The Director of Finance (Section 151 Officer) confirmed that Quarter 1 Financial Monitoring for 2024/25 would be presented to the September Cabinet meeting. The 2023/24 provisional outturn is expected to be ready for October.

It was added that scrutiny committees could add value in the consideration of the medium-term financial plan principles on the impact on service delivery and on residents. Overall feedback from scrutiny committees could be shared with the Corporate & Finance OSC who could use this in consideration of the impacts in relation to the overarching budget and medium-term financial plan.

RESOLVED: -

- i. That the report be noted.
- ii. Consideration be given to the Education, Children and Young People OSC looking at the issues of full cost recovery for asylum seeking children.
- iii. Internal Audit Report on CCTV relocation to be shared with the Corporate and Finance OSC.
- iv. Information to be provided on number of Council contracts out of contract period.
- v. Information on number of staff taking voluntary redundancy, combined length of service and mitigation against loss of organisational memory.
- vi. Information on number of interim staff and consultants and costs to be reported to Task and Finish Group.
- vii. Information to be provided on breakdown £5.6m mitigations to identify ongoing and one-off mitigations.
- viii. Response to question regarding recruitment to vacant posts in library service to be provided.
- ix. Information to be provided on work with schools over last 4 years regarding £11.96m aggregate deficit following previous work of Overview and Scrutiny
- x. Schedule of undelivered 2024/25 savings to be carried forward to 2025/26 to be provided.

SCRUTINY WORK PROGRAMME AND DRAFT SCRUTINY DEVELOPMENT PLAN

- 20 The Chair outlined the work programme and stated that a special meeting of the Committee would need to take place on 6th September for discussion of the Quarter 1 Financial Monitoring report that was scheduled to be presented to Cabinet on 3rd September.

A briefing session on Oracle, Equal Pay and Job Evaluation for the Committee would also be scheduled for 6th September. The Chair added that the Commissioners were in support of Scrutiny taking a proactive approach in this work.

The Chair explained that he felt the Committee needed to undertake some work in relation to budget pressures in mid-September. Feedback from this could be included in a report to Cabinet in October.

RESOLVED: -

- i. That the report be noted.
- ii. A request from the West Midlands Combined Authority (WMCA) was received to share the work of their scrutiny committee as it falls within the remit of the Corporate and Finance OSC. The first report in Autumn would be a general update with a further report in the Spring on specific activity undertaken by the WMCA in Birmingham.
- iii. Comments on the draft Scrutiny Development Plan to be sent to the Senior Overview & Scrutiny Manager.
- iv. The Budget Task & Finish Group 2025/26 Terms of Reference were agreed.

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

21 None.

OTHER URGENT BUSINESS

22 None

DATE OF THE NEXT MEETING

23 **RESOLVED: -**

That the next scheduled meeting would take place on 27th September. An additional meeting for 6th September was also agreed.

The meeting ended at 12.28 hours.

Chair's signature:

