

BIRMINGHAM CITY COUNCIL

CO-ORDINATING O&S COMMITTEE – PUBLIC MEETING

1000 hours on Friday, 21st January 2022, BMI Main Hall,

Action Notes

Present:

Councillor Carl Rice (Chair)

Councillors: Mohammed Aikhlaq, Deirdre Alden, Kate Booth, Debbie Clancy, Liz Clements, Roger Harmer, Narinder Kaur Kooner, Ewan Mackey, Saima Suleman

Also Present:

Councillor Tristan Chatfield, Cabinet Member for Finance and Resources

Rebecca Hellard, Director of Council Management

Sara Pitt, Director for Finance

Lisa Taylor, Interim Head of Financial Planning

Beverley Sullivan, Finance Manager

Christian Scade, Interim Head of Scrutiny and Committee Services

Daniel King, National Management Trainee

1. NOTICE OF RECORDING/WEBCAST

The Chair advised that this meeting would be webcast for live or subsequent broadcast via the Council's Internet site (www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw) and that members of the press/public may record and take photographs except where there were confidential or exempt items.

2. APOLOGIES

Apologies were submitted on behalf of Cllrs: Mariam Khan and Mick Brown.

3. DECLARATION OF INTERESTS

None declared.

4. ACTION NOTES

(See document No. 1).

RESOLVED:

The action notes of the formal meeting held on 10th December 2021 were agreed.

5. DRAFT FINANCIAL PLAN 2022-26

Cllr Tristan Chatfield, Cabinet Member for Finance and Resources set out the background to the Draft Financial Plan alongside Rebecca Hellard, Director of Council Management.

The Draft Financial Plan set out how the Council would deliver its statutory priorities and ensure value for money to improve citizens' outcomes. The Plan indicated that while there were significant uncertainties, including economic, challenging demand pressures and Covid recovery impacts, the Council was in a strong position with sufficient reserves to manage the identified risks. The S151 Officer assessment was that the budget estimates were robust and the level of reserves adequate, as required by the Local Government Act 2003.

The draft financial settlement contained additional funding, £5.4m above previously assumed, with most of this additional money relating to Social Care Grants. Birmingham's response to the settlement consultation was submitted on 13 January 2022. £7.8m was transferred to Covid Reserve to cover further costs of the pandemic recovery. This was the only money set aside for Covid in 2022/23. The balanced budget for 2022/23 assumed the delivery of £41m savings and included a Council Tax increase of 2.99% (1.99 General + 1% Adult Social Care Precept) and a collection rate of 96.85% was assumed for 2022/23, which was better than last year but lower than normal level of 97.1%. The budget was informed by average inflation assumptions of pay 2.5%, income growth 1% and expenditure 2%, which allowed for a balance budget this year but forecasted an eventual financial gap of £33m by 2025/26. However, further work was underway to develop transformative proposals which would close this medium-term gap.

The Committee was informed that the Council had significantly improved its delivery of savings in recent years, except for 2020/21 when its finances were hit by Covid. It was explained that the Council had delivered circa 80% of planned savings in the last four years. Some pressures and investments were temporary and therefore would reduce in future years, hence the reduction across the medium term.

It was explained that the Council had made an effort to reduce borrowing and manage long-term debt levels. It was noted that the Council's retained Business Rates, before funded reliefs, were expected to reduce to £352m in 2022/23, from £418m. This was a decrease of £66.1m compared to 2021/22. The overall total Business Rates retained by BCC was £19.8m more in 2022/23 than 2021/22. A collection rate of 97% was expected, which was 1% lower than expected but 1% higher than last year.

In response to questions, it was highlighted that the council had encouraged more public engagement with the budget. This had included development of an app for citizens to

try and set the council's budget themselves. It was noted that 2,103 people had visited the site, 1,190 had participated in the challenge, while 127 had submitted a completed budget.

- The Director of Council Management concluded by setting out key dates for setting the 2022/23 budget: 21 January – Coordinating OSC
- 24 January – Business Rates consultation meeting
- 8 February – Budget Cabinet
- 22 February – Full Council – to set 2022/23 Budget and Council Tax
- July 2022 – MTFP Update with plan for balancing medium-term position

In the ensuing debate the following points were raised by the Committee:

- It was noted that average inflation assumptions looked low in the current environment and higher inflation was likely to stay, and it was asked *“what impact would significantly higher than anticipated inflation have on the budget?”*
- It was suggested that inflation pressures were sector dependent, and the council had taken steps to protect against this.
- Concerns were raised that little over 100 people had completed the public engagement budget setting task. However, it was noted that the council had tried something different, and lessons would be learnt to ensure improvements for future years. It was also agreed that the principle gave people a wider view of the budget which was valuable, and that the app was a step in the right direction even though it was not yet a finished product.
- Members asked to see the demographic data for those who had started, but not completed, the online budget consultation.
- It was noted that the reason the additional homelessness grant went to nil after 2022/23, was that the figure the council would receive had not been announced, but it would likely be ringfenced and come with additional burdens, so the figure would not impact the overall budget anyway.
- It was highlighted that the proposal set out allowed for setting a balanced budget for 2022/23 with a financial gap of around £33m by 2025/26. The council wanted to use the transformation it has embarked on; with early intervention and prevention and utilising the large amount of land and property it owned, to make assets work for Birmingham citizens and to close the budget gap. As part of the rolling budget process, it was explained that further transformation proposals would be developed which would help to reduce the medium-term financial gap. In response to questions, it was explained that an update on the progress of this work would be considered by Cabinet during summer 2022. This would allow for planned and strategic proposals rather than a reactionary approach to closing the gap.
- It was noted that there had been a £25m shortfall in the Commonwealth Games budget due to decreased partner contributions. £25m had been moved into a

specific capital contingency fund and on the revenue side the council had explored the cost of borrowing.

- Additionally, the Committee highlighted that there was a risk around the situation of BnBs being used as temporary accommodation for homeless families. It was accepted that it was a terrible situation for families stuck in BnB accommodation and noted that there was a need to drive the problem down. It was noted that there was an ongoing project in Perry Barr addressing this. In relation to the Commonwealth Games, it was also noted this may cause a shortage of accommodation for the increased number of visitors to the city during the games.
- It was suggested that due to a lack of decision making in central government the council was not getting clarity over the future of business rates.
- In response to questions, officers highlighted that there was a statutory obligation to consult with ratepayers surrounding the annual budget. This meeting would be held on 24 January and would focus on the long-term strategy to level up Birmingham, outlining both financial challenges and identifying opportunities for economic growth to support the recovery from the Covid-19 pandemic. It was highlighted that the council had moved a long way in terms of budget process, as shown by improved statistics of meeting its proposals. It now had the star chamber process which held directors to account for delivering the desired savings, but all directorates needed to make sure what they were proposing could be delivered. The Corporate Programme Management Office received monthly reports on where each director was, and the Corporate Leadership Team met monthly to look at performance. Each director was fully responsible for delivery and accountable for their budget.
- It was noted that each year the council lost net 1% of its housing stock, that the amount of housing it could build to put back in was roughly the same as is lost to demolition, and that the council had lost around half of its housing stock due to right to buy. Declining housing stock, declining social housing, a growing population, had put a greater demand on the system. It was suggested that the long-term trend was so strong it was difficult to see what the council could do to radically change homeless policy.
- It was suggested that the council's first step was to rehouse the people from BnB accommodation and sort the significant backlog of housing applications. There was no prospect of an end to right to buy, or central government investment for the council to build more houses. There was a need to focus on the group of people who were excluded from social housing, because they don't meet criteria, or where the council does not have enough housing to meet their needs. Prevention also played a key part, understanding what drove people to homelessness, issues such as debt, family issues, high rent, domestic violence, and working to help solve these.

The Chair thanked Rebecca Hellard, Councillor Tristan Chatfield and other officers for preparing a balanced and robust budget and although the Committee did not make any

formal recommendations on the Draft Financial Plan, the following action/information was requested:

Action points:

- For future reports it was requested that all tables and graphs be labelled to show if they are cumulative or annual figures.
- Officers were asked to provide demographic data for people who had used the Budget App, including those who had visited the site, participated in the challenge and those who had completed the budget consultation exercise.
- Officers were asked to provide a breakdown of inflation, including a split by Directorate and the rates of inflation that had been assumed within the Financial Plan.
- Officers were asked to provide a breakdown of provision for demographic pressures.
- Officers were asked to clarify the revenue implications of the borrowing for the Commonwealth Games.

6. WORK PROGRAMMES

It was noted that the next meeting was on 18th February. It was explained that this would focus on customer services complaint handling. It was highlighted that Wendy Griffiths would be presenting a report with the Interim Chief Executive, Deborah Cadman and the Assistant Director for Street Scene, Darren Share, also in attendance.

The following points were also highlighted:

- An informal Chairs meeting would take place in late January / early February to review each of the Committee's work programmes.
- Cllr Rice, as Chair of Coordinating OSC, highlighted he would be meeting with the Leader of the Council to have another look at the structure of full council meetings to see if any immediate changes needed to be made and how input from Overview and Scrutiny might contribute to this, with a focus on looking at how to make meetings more interesting for local people.

7. DATE OF NEXT MEETING

It was noted that the next meeting would be held on the 18th February 2022 at 10am

8. REQUEST(S) FOR CALL IN/COUNCILLOR CALL FOR ACTION/PETITIONS RECEIVED

None

9. OTHER URGENT BUSINESS

None

10. AUTHORITY TO CHAIRMAN AND OFFICERS

RESOLVED:

That in an urgent situation between meetings the Chair, jointly with the relevant Chief Officer, be authorised to act on behalf of the Committee.

The meeting ended at 11:46 hours.