

BIRMINGHAM CITY COUNCIL

RESOURCES O&S COMMITTEE – PUBLIC MEETING

1400 hours on Thursday 19 July 2018, Committee Room 6

Present:

Councillor Sir Albert Bore (Chair)

Councillors Muhammad Afzal, Zaheer Khan, Meirion Jenkins and Paul Tilsley

Also Present:

Cllr Brigid Jones, Deputy Leader

Cllr Brett O'Reilly, Cabinet Member for Finance and Resources

Anne Ainsworth, Assistant Director, Children and Young People

Clive Heaphy, Corporate Director, Finance and Governance

Nigel Kletz, Director, Commissioning and Procurement

Jonathan Tew, Assistant Chief Executive

Jayne Power, Scrutiny Officer

Emma Williamson, Head of Scrutiny Services

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.birminghamnewsroom.com) and that members of the press/public may record and take photographs.

2. APOLOGIES

Apologies were received from Councillors Josh Jones, Narinder Kaur Kooner and Ewan Mackey.

3. DECLARATIONS OF INTERESTS

None.

4. RESOURCES O&S ACTION NOTES, 21 JUNE 2018

(See document No 1)

The notes were agreed.

5. FINANCIAL OUTTURN REPORT 2017/18

(See document No 2)

Cllr Brett O'Reilly, Cabinet Member for Finance and Resources, and Clive Heaphy, Corporate Director, Finance and Governance, attended for this item.

The discussion began with Members expressing their concerns that financial monitoring reports would now be going to Cabinet on a quarterly basis and discussed the fact that Scrutiny needs to be able to look at budget monitoring more regularly than this.

Clive Heaphy, Corporate Director, Finance and Governance, explained the process and that the intention by moving to quarterly reporting is to improve both timeliness and transparency.

Clive Heaphy offered to bring something back to Committee on the two alternative timescales and whether it would be possible to produce reports which could be considered by Scrutiny on a monthly basis.

Members agreed that however the data is presented the Committee needs to be able to scrutinise it in public.

Moving on to the Financial Outturn Report 2017/18, the following were among the main points raised:

- Members expressed concern regarding the increase in the use of reserves which has been picked up by the Birmingham Independent Improvement Panel and the auditors and it was agreed that this is a matter for Audit Committee;
- With regard to overspends, Acivico and the Waste Service were areas of concern and it was suggested that the Committee should look at these in greater detail at the next meeting.

RESOLVED:-

- That the above areas of concern are included on the agenda for the September meeting.

6. BIRMINGHAM INDEPENDENT IMPROVEMENT PANEL STOCKTAKE REPORT

(See document No 3)

The Deputy Leader and Jonathan Tew, Assistant Chief Executive, attended for this item and the following were among the main points raised:

- With reference to the statement that the Leader is going to look at ways of improving how Scrutiny operates in the City Council, the Chair said this goes back to how this Committee uses budget monitoring information; Birmingham is facing the same difficulties as other councils but was addressing the need to modernise later than other local authorities;
- The Deputy Leader made the point that performance and budget are linked and that a number of budget overspends were driven by poor performance within the Council;
- The Council Business Plan focusses on high level principles and the big changes which can be made to improve performance, make savings and modernise at the same time and performance against other local authorities has been looked at;

- Monthly meetings with the Panel are being held to look at progress against the Corporate Governance Improvement Plan and performance against this will be reported to Cabinet monthly;
- The Chair said that the stocktake report addresses a number of matters which the Committee has already given some attention to and suggested that the Committee might want to look at the HR function at a future meeting;
- The Chair informed Members that he would be meeting with the Panel the following week and would report back to Committee on that meeting in September.

RESOLVED:-

- That HR be programmed in for a future meeting;
- That the Chair would report back to Committee in September on his meeting with the Birmingham Independent Improvement Panel.

7. TRAVEL ASSIST

(See document No 4)

The Chair told Committee that he had asked for this item to be added to the agenda following the report which went to Cabinet on 26 June.

Nigel Kletz, Director of Commissioning and Procurement, and Anne Ainsworth, Assistant Director, Children and Young People, attended for this item.

The following were among the main points raised:

- There were three elements to the Cabinet report: the extension to the existing contract, the agreement to put in place a new commissioning strategy for the end of 2019 and agreement to consultation for a new 0-25 policy;
- The Chair pointed out that the focus of this Committee is on budget and procurement matters;
- The 2017/18 outturn report acknowledged a £3.1m overspend and the report to Cabinet indicates an overall budget for 2018/19 of £18.4m. This is, therefore, a huge overspend;
- The Period 2 monitoring report expresses two concerns – a base budget pressure which is too low, reflecting the overspend in 2017/18, and failure to achieve savings;
- It is of concern that Travel Assist is experiencing an increase in demand, which means the pressure is likely to be exacerbated;
- Members expressed concern that there had been so many extensions to the contract and were told that there were a number of reasons for this. Some were for short periods, some longer, and there had been a series of unsuccessful service reviews and attempted procurements where the market did not respond;

- The most significant re-procurement attempt had been two years ago, but this had been unsuccessful due to the fact that a lot of capital investment is required;
- Members were told that there is now better governance and the programme board had met the previous day and was looking at what policy changes should be consulted on and what the commissioning approach should be;
- There will be a report back to Cabinet in the autumn;
- The Chair stated that he wished to put down a firm marker on behalf of the Committee that Scrutiny had flagged up a potential overspend in this service and at the moment no identification of savings that can be taken into account;
- He went on to say that a report to Cabinet in March 2017 asking for an extension until August 2018 asked for a commissioning plan to be developed and this had not been done and that during the period of contract extensions there had been poor performance and higher costs;
- Cllr O'Reilly confirmed that the star chamber had been re-introduced and this issue had been discussed there and also at the EMT awayday. He assured Members that he is fully aware of the situation and is looking to bring down the pressures on this budget and further stated that if he had not signed off a further extension to the contract this would have had a significant impact on the Council's ability to provide the service;
- With regard to the management of contracts and consequences for performance failures, Members were advised that how we manage contracts is included in procurement. There is a standard clause in all contracts relating to performance failures and that right is exercised when needed;
- Cllr Afzal asked in how many cases in the last 5 years contracts had been terminated or penalties imposed and the Chair requested that this information be provided to Committee.

RESOLVED:-

- That Committee be provided with the information requested with regard to termination of contracts and penalties imposed over the last 5 years.

8. RESOURCES O&S COMMITTEE WORK PROGRAMME, JULY 2018

(See document No 5)

It was agreed that the Committee would undertake a piece of work around the Financial Planning Process and a Terms of Reference would be drafted.

RESOLVED:-

- Terms of Reference to be drafted for the work around the Financial Planning Process;
- The work programme was noted.

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

None.

10. OTHER URGENT BUSINESS

None.

11. DATE OF THE NEXT MEETING

Noted.

12. AUTHORITY TO CHAIRMAN AND OFFICERS

Agreed.

The meeting ended at 1600 hours.