

BEST VALUE COMMISSIONERS

Finance Board **Wednesday 25 September 2024**

Council House Room 125

Board Members

Chris Tambini, Commissioner & Chair
John Biggs, Political Advisor
John Coughlan, Commissioner
Tom Smith, DLUHC Chief of Staff
Mohammed Sajid, Head of Financial Strategy
Fiona Greenway, Director of Finance & S151 Officer
Chris Tate, Finance
Councillor Karen McCarthy
Councillor Paul Tilsley, Lib Dem Finance Lead
Councillor Meirion Jenkins, Conservatives

Apologies

Max Caller, Lead Commissioner
Councillor John Cotton, Leader
Joanne Roney, Managing Director

1 Welcome & Introductions

1.1 Chris Tambini welcomed everybody to the meeting.

2 Previous Minutes

2.1 Previous minutes from July 2024 were approved by the board.

3 2024/25 Financial Position

- 3.1 Fiona Greenway updated the board that for the period of 24/25 there was a budget gap of £375m, with £149m savings identified going towards closing this gap, a £225m gap remains and is reliant upon Exceptional Financial Support and therefore Capital Receipts. There has been an increase in future forecast demands on services, particularly in Adult Social Care, Childrens Social Care and Housing. A significant review of current budgets has been undertaken which, due to poor delivery, has resulted in the cancellation (i.e. the writing off) of the existing savings programme that was approved in the 2023/24 Budget. There are also Oracle, Job Evaluation/Pay Equity/Equal pay costs and inflation. Savings programme variations and mitigations were also discussed. The more that can be done now to close this gap the better for the Council.
- 3.2 John Coughlan queries what action is being taken to test those savings currently in amber status and Fiona Greenway reassured Commissioners that there is a process in place, Finance and the PMO are meeting amber categories with a staged approach, producing a highlight report and challenging what can be done in these areas. She added that there is a consistent message to directorates that for those savings that cannot be met, alternatives must be found. Councillor Karen McCarthy confirms this message is echoed amongst members and advised that reassurance on delivery should be realistic and focused.

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- 3.3 Fiona Greenway advised the board the next steps are 1. Deliver the existing savings programme for 2024/25; 2. Accelerate savings, as set out in the S151 Update to September Cabinet, to deliver a part year effect in 2024/25; 3. Maintain tight control on spend to achieve an in-year underspend and reduce reliance on EFS (£225). There are some areas of savings that are particularly challenging such as Children's Social Care and Finance will sit with the service area to understand the package of care. Councillor Karen McCarthy added she will support with this review. Commissioners challenged the Council regarding any legal challenges posing risks to savings and Fiona Greenway took an action to seek advice from legal. **Action: Finance to seek advice from Legal on any legal challenges that may pose a risk to the potential savings.**

4 Medium Term Financial Plan (2025/26 – 2028/29)

- 4.1 Fiona Greenway updated the board on the MTFP and advised that the figures are moving in the wrong way. This is partly due to temporary accommodation, Adult Social Care and Children's Social Care. Regarding Temporary Accommodation, some of the added pressure is due to asylum seekers and the council are building a case for government to address this. These pressures are the same that every other council is facing and, in the future, will become normal business which the Council should make plans for. She added the Council are also not seeing the savings on headcount reductions and Corporate Leadership Team have been challenged to review their structures again.
- 4.2 Councillor Paul Tilsley made reference to the Perry Barr athletes' village and that he had spoken to a former Chief Executive, Stephen Hughes who had managed similar schemes whereby units go into social housing rather than a loss to the Council. He urged the Council to consider whether a similar approach could be taken. **Action: Fiona Greenway to consider reviewing the approach in regard to housing and whether this is a viable option for Birmingham.**
- 4.3 Councillor Paul Tilsley voiced concerns he felt the 2-year MTFP savings are impossible and will cause irreparable damage to Birmingham's infrastructure and that conversations are underway in Westminster as to whether the government can relax some of the strictures the Council is working under, allowing a 3- or 4-year MTFP. Chris Tambini responded that it is the Council that has set the budget, not the Commissioners. He added that the issue with doing this over a longer period of time means you end up with more EFS that needs to be paid back with even more asset sales or interest if borrowing is incurred. In the long run it worsens the position for Birmingham. The longer the Council takes to close the gap and balance the budget, the harder and more expensive it is in the long run. The Council must get as close to the £230m gap as it can otherwise it could end up in an even more serious financial crisis. John Coughlan agrees the financial predicament is difficult, but that most of the proposals Commissioners are seeing are not that radical in comparison to other local authorities and that the Council only just catching up with where other authorities are at.
- 4.4 John Biggs addressed the board advising that it is not easy to make savings, and while Commissioners are here, the Leader has to maintain the authority in the long term. The Council needs to get creative with its ways of thinking, running services on less. He also added that none of this takes into account Equal Pay. Chris Tambini advised that the Equal Pay budget is not under discussion for this month and will be covered at the next Board meeting. **Action: Equal Pay item at the next Board meeting.**

5 Oracle Programme Costs

- 5.1 Fiona Greenway and Philip McPherson gave an update on the spend against Oracle, which is currently forecast up until 2025/26 at £108m, against the £131m allocated budget. Once Oracle is up and running, there will be a c20% efficiency within finance, as well as other areas, but the business change has to take place. There are approximately 3500 staff within the organisation that are not digitally

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connected and whilst there is an opportunity here, it requires a culture change. Technology can be fixed, but people need to be onboard. Oracle programme next steps were presented including the alignment of Council processes to Oracle, system integration testing and gold build go live in June 2025.

- 5.2 The whole Council will need to access self-service. There will also be data cleansing and some analysis has already been done on the legacy data and there will be a big clean up on jobs and positions.
- 5.3 Councillor Paul Tilsley highlighted that some parts of the Council are still using SAP to access data. Phil McPherson confirmed that whilst there is nothing live, some teams are still using SAP to track information down. **Action: The cost of ongoing SAP licenses is to be bought back to the next board.**
- 5.4 Chris Tambini asked the Council how concerned they are about whether the organisation can adopt this change in working. Phil McPherson responded that this is the number 2 risk but that the organisation cannot get this wrong again. There is a culture change programme to align the organisation to the programme. There will be floor walkers/champions within the organisation who can support users with the system and training will be targeted based on the role.

6 6. AOB

6.1 None