

# BEST VALUE COMMISSIONERS

## Improvement and Recovery Board

30 September 2024, 10-12.30

Council House, Room 2

### Board Members

Max Caller, Commissioner & Chair  
Chris Tambini, Commissioner  
Myron Hrycyk, Commissioner  
John Biggs, Political Adviser  
Pam Parkes, Commissioner  
Jackie Belton, Commissioner  
Councillor John Cotton, Leader  
Councillor Karen McCarthy, Cabinet Member for Finance and Governance  
Councillor Roger Harmer, Leader, Liberal Democrat Group  
Councillor Diedre Alden, Conservative Group  
Councillor Ewan Mackey, Deputy Leader, Conservative Group  
Joanne Roney, Managing Director  
Graeme Betts, Strategic Director of ASC  
Marie Rosenthal, Monitoring Officer  
Fiona Greenway, Interim Director of Finance and S151 Officer  
Katy Fox, Director of People Services  
Rishi Shori, Acting Deputy Chief Exec & Director of Intervention Response  
Tom Smith DLUHC Chief of Staff

### Apologies

Cllr Robert Alden, Leader, Conservative Group  
John Hutton, Political Adviser  
Councillor Sharon Thompson, Deputy Leader  
Mohammed Sajid, Assistant Director, Finance

### 1 Welcome & Introductions

1.1 Max Caller welcomed everybody to the meeting and introductions were completed.

### Terms of Reference

2.1 Updated to include Joanne Roney as Managing Director.

### 2 Previous Minutes

2.1 The minutes of the previous meeting were approved by the board and confirmed as an accurate record of the last meeting.

### 3 Board Updates

3.1 **Finance Board** - Chris Tambini updated the board on Councils budget position and Finance Modernisation. Regarding the budget, for this year, the Council is on track with the plan, however he notes there are £40m in savings rated red or amber and gave a reminder that this year's budget is reliant upon exceptional financial support.

### The Commissioners:

Max Caller CBE, John Coughlan CBE, Chris Tambini, Pam Parkes FCIPD, Jackie Belton, Myron Hrycyk, Lord John Hutton, John Biggs.

Regarding next year's budget, there is a reported significant gap of £236m, with only £100m credible savings identified. This still leaves the Council with a net gap of £136m. Commissioners have significant concerns that the Councils approach will not get it out of this position. The Council is in a worse position than February and still in financial crisis. Commissioners continue to be consistent with their advice that further pace and grip is required, and the organization as a whole needs to understand the gravity of its position. The Council is facing a significant moment and has limited time to address the gap and whilst Commissioners understand the Council has a plan A and B, if plan A is not credible, and the organisation is distracted by this over the next summer period, it will be in an even worse position that it is in now.

- 3.2 Regarding finance modernisation, there is an awful lot to do and quickly. Commissioners have seen the plan, and more is required to make it deliverable and affordable. The programme needs to be more agile and one that leans heavily on Oracle. Strategically there are things that can be done now looking at the financial position, service pressures and process improvements. The plan needs to be set out clearer as to how the Council is going to achieve this.
- 3.3 Fiona Greenway reassured Commissioners that the focus is on plan A in the first instance which will be covered later in the meeting and agrees that the more that can be done now closing the £236 gap the better.
- 3.4 Max Caller addressed the board on spend controls. Whilst he does not doubt the commitment from Cabinet, he challenges the Council if the current controls are strict enough and advised the only spend that should be approved, is that related to the Improvement & Recovery Plan. Commissioners have seen spend requests that do not fit this criterion, and if spend is not within budget, officers should not waste valuable time working on these proposals. Furthermore, even if a spend is within budget, spend controls still have a choice whether to approve or not. The organization needs to understand its priorities. Ministers seek reassurance from Commissioners that the Council can balance its books, and currently they do not see enough officers declining proposals due to spend. Joanne Roney agreed that there needs to be a tougher narrative for the organisation around spend requests and reassures Commissioners that this is being discussed with the Corporate Leadership Team. Councillor John Cotton added that both process and culture need to be addressed as part of these discussions. Behaviours need to change in order to grasp the challenge. Graeme Betts assured Commissioners that the Council has been taking this approach and being ruthless, but there is a need to keep reinforcing this.
- 3.5 John Biggs stated that no one gets elected to make reductions, and so to do this, the Council needs to be imaginative. Currently the Council is in a position where all savings offered need to be taken, and that for any savings proposals that cannot be met, another must be proposed.
- 3.6 Councillor Roger Harmer stated that what he heard this morning was shocking. The Council needs to understand the message and be aggressive about it. Joanne Roney responded that part of the reason for the worsening gap is pressure in areas such as Children & Families, and Adult Social Care despite the hard efforts made, however, these are services which people rely upon. She added that the Council needs the space for its transformative work as well as savings. Graeme Betts is working closely with these services to understand how we get a tighter grip and how this translates to families and communities.
- 3.7 Chris Tambini closed the update with an agreement that in terms of spending narrative, all agree that things need to improve. Spend controls do not cover every spend and the process should be strengthened.
- 3.8 **Business Transformation Board** – Myron Hrycyk updated the board that during the intervention, he has begun to see the Council work together to drive change. There was previously a silo organization and for there to be a successful transformation, the Council needs to work as one. However, the work is not done, there is much more to do to be a sustainable Council. He advised that a full update on Oracle will be given later in the board by the senior reporting officer. However, from

the Business Transformation boards perspective, there is a recognition that we need to understand the full benefits Oracle can deliver. It is not just about investment and capacity now, but also the opportunities it will bring in the coming years. He urges the Council to think about employee and manager self-serve, etc to drive down efficiencies. He added that he is confident the Council now has an ERP system programme that is recognisable in the industry and is pleased with the current progress, but notes that there is much more to do. His message to Corporate Leadership Team is that the success of the programme is as much about the organisation's capability as the technology and focus needs to be on people, process and cross cutting activities, and he would like to see more agility and speed in this area.

- 3.9 Regarding procurement, there has not been evident improvement in order to make the proposed savings achievable. This will now be overseen by the board to help focus it.
- 3.10 The Target Operating Model was paused for a time, however with the arrival Joanne Roney, Myron Hrycyk urges the Council to push forward with this and get the high-level design done and move into with consolidation.
- 3.11 On digital transformation, the Foundry has been set up to drive fast change, urging the Council to change culture and innovate. Areas for the next wave of efficiencies will look out to 2026/27 and what technological process change can deliver with 5 key areas for focus:
1. Process automation
  2. Opportunities to deploy AI
  3. Oracle technology driven change e.g. self service
  4. Digital driven efficiencies e.g. sensors, digital channels, voice driven interaction, e-printing,
  5. Mobile solutions for front line services.
- 3.12 Councillor Roger Harmer noted that there is nothing in the IRP that provides updates on improvements within procurement. **Action: Myron Hrycyk to provide a brief at the next board.**
- 3.13 Myron Hrycyk closed his update stating he is starting to see confidence within the Council which needs to be nurtured as it is this confidence that will give people the power to drive change.
- 3.14 **Housing board** – Jackie Belton gave an update to the board. The 3 main areas the housing board covers are Temporary Accommodation, Homelessness and Bed and Breakfast. The current data suggests that stock conditions have got worse, with 70% below standard, though this is more likely due to the improvement in accuracy of data than a worsening of conditions. Similarly, there have been audits on health and safety which have indicated that the Council does not have assurance of the data in its system. There are plans to improve upon this and examples have been seen across the service in areas such as complaints.
- 3.15 There is also significant concern regarding housing decency. The plan needs to be reviewed in light of the new data and a challenge as to whether the Council has the capability to drive change. HRA activity is funded through the business plan and is being reviewed to ensure the Council has the capacity to replenish it's stock and drive improvement. There has been a lot of work with repairs and maintenance, however from a commissioner's perspective, there is not enough bidders and having only 2 contractors poses a risk. She added that the redesign in housing management is taking too long and more pace is required to help tenant satisfaction improve. Now the consultation has begun, Commissioners expect to see an increase in pace.
- 3.16 In terms of risks, there has been an increase in the cost of temporary accommodation and bed and breakfast which is significant, there is an exempt accommodation grant is coming to an end in March and according to data, there has been an increase in singles and immigration adding further pressure. Immigration is being reviewed as a City and the Council welcomes the work the team are doing to benchmark performance with against other core cities.

- 3.17 The supply of affordable housing has been dire for too long and there is not enough affordable housing coming through. There is a window of opportunity now to look at how the governments affordable housing grant is being spent and how much Birmingham will get.
- 3.18 The relationship with the Regulator of Social Housing is improving but they still need further reassurance and there are elements where corporate working is required.
- 3.19 Max Caller added that the supply of affordable housing is an issue and that uncertainty around future funding arrangements mean the commercial market is not delivering however there are available sites across Birmingham. Joanne Roney advised the Council is in discussion with the West Midlands Combined Authority and if capital receipts can be gained earlier there is an opportunity to purchase these and a proposal is being worked up.
- 3.20 Max Caller assured the board that there has been no fire sale of assets. The Council has accumulated non-performing assets which should not continue to be held by the Council and the same message has been given by the external auditors.

#### **4 Improvement and Recovery Board Savings Assurance**

- 4.1 Joanne Roney updated the board that Corporate Leadership Team are updating the Improvement & Recovery Plan and are clear what is needed in terms of timescales, decision points and pace. She assured the board that people will be held to account, priorities and deadlines will be met, and that this is core business. She added that there is a corporate responsibility for delivery of the Improvement & Recovery Plan and people are clear what they are responsible for which is not only leading the service, but also contributing to the organisation's transformation. This will feed over into the MTFP and by the year end, it will be clear on what has been delivered and what is planned to be delivered. This will evidence to the organisation and Birmingham's communities that the Council is making progress on savings and those issues that led the organisation into section 114 notice. The Council needs to do all of these things order to get out of financial crisis. Councillor John Cotton agrees and confirms that Cabinet are in alignment with this.

#### **5 Improvement and Recovery Programme Budget Update**

- 5.1 Fiona Greenway gave an update to the board on the MTFP setting the scene that for 24/25, the Council were asked to set a balanced budget for 25/26 and 26/27, which they could not do and so a deficit budget was set. Going into 25/26, the budget gap started ahead of the summer and plans were produced in order to address this. These included a reduction in head count which must be reduced. The Council has been set the challenge to balance 25/26 and have a good feel for what the number will be in 26/27, leading up to 28/29. If we don't address the problem now it will continue to carry forward into the years. She added that if people do not follow the rules on spend, Finance will remove the budget responsibility. The directorate management teams need to deliver and tighten up on the spend requests that are coming through controls.
- 5.2 Key pressure areas are Adult Social Care, Children and Families, and Temporary Accommodation and these are currently affecting all Councils, but given the Councils size our numbers are higher. There are also pressures such as Oracle and the Improvement & Recovery plan that are unique to the Council. We are digging deeper into these pressures and CLT will have the final delivery plan by 8 October in readiness for November Cabinet. The key thing with the budget and MTFP is we place no reliance on strategic reserves. Fiona added that the council are conducting challenge sessions with directorates.
- 5.3 Commissioners feel Children and Families and Birmingham Childrens Trust need to be part of the process, and whilst no one wants to put children at risk, there are different approaches and models than can be taken. The Council also needs to radically cut consultancy/agency costs and not accept the high rates put forward by agencies. Birmingham will benefit from having directly employed local people.

- 5.4 Chris Tambini urges the Council to crisis manage its budget and not get too sucked in by the angular budget process. Transformation will take time.

## **6 Oracle Update**

- 6.1 Fiona Greenway updated the board on Oracle and echoed Commissioners advice of the requirement for pace, agility and the need to bring the services together. Key risks and issues were covered such as the link to between people/organisation structures and financial structure is broken, lack of skills and capability, reporting and the Councils lack of ability to change. Finance modernisation will work to address these risks, and the Council must adopt standard processes which will in turn drive out efficiencies. Oracle Programme boards are in place managing delivery streams of live service, change projects and re-implementation, and the board is giving regular updates to group leaders.
- 6.2 The programme has been set of a budget of £131m and is currently forecasting £108m, keeping some money set aside for contingencies.
- 6.3 The roadmap to go live in April 2026 was presented to the board with User Acceptance Testing implementation set for August 2025 which is a significant milestone, and operational efficiencies will start to hit the organization.
- 6.4 Fiona Greenway reassured the board that the programme is being approached different to previously, everyone is coming together to learn and we have lessons learned. The key things that the board should be aware of are:
- Until re-implementation the Council will carry significant risk and inefficiency
  - Many of the issues in the previous implementation reflect longstanding issues in the way the council works.
  - Be prepared for more issues to emerge from the BCC implementation.
  - Re-implementation will not be risk free and will require organisational resilience – Council solution, not an IT solution
  - The solution will require strong resilient corporate leadership.
  - BCC Processes and Jobs will change across the organisation
  - Adopting “Self Service” will be a significant challenge.
  - The programme will be both dependent on and enable other BCC initiatives
  - Re-implementation must be a top organisational priority to be successful
  - The Councils position means we must deliver multiple concurrent projects using the same resource which we will need to manage.
- 6.5 Myron Hrycyk noted that the Council has a committed Senior Reporting Officer leading on Oracle (SRO) who is performing well and providing the board with the right level of detail. He notes she has set a good benchmark for what a highly performing SRO should look like. The programme will keep progressing at a good pace and with quality of decision making and Commissioners have confidence in this.
- 6.6 Chris Tambini advised the Council on the gravity of the business change that Oracle will bring and that it will need to embrace these changes.
- 6.7 Joanne Roney added that there is something in the project plan that gives clarity to the organization on transformation. Work needs to be started now, and workforce preparation be undertaken. Some parts of the Council will manage Oracle self-serve well, but other areas will need preparation. There are significant parts of the Council that are not digitally connected, and these will need to be given email addresses and access to a device in their place of work in order to connect.
- 6.8 Oracle will bring a big dividend to the Council as well as information.
- 6.9 Jackie Belton challenged the Council whether it has the right capability and resource to support business change savings, as to date, there isn't enough. She voiced concerns that the Council has good ideas for savings and opportunities, but some will require IT support and business engineering and the quality of support is not within the Council currently. Joanne Roney responded that this capability is being built into the Target Operating Model and that skills within the Council will be redeployed to support when issues arise. The Council will have resilience.

- 6.10 Max Caller asked members to reflect between the first implementation and how it is being managed now. This is an opportunity to get it right and the Council should be proud of what it is doing.

## **7 Equal Pay**

- 7.1 Pam Parkes updated the board regarding Equal Pay that the current position is the resolution of the outstanding litigation on settlement and the importance of other facets within the programme so that the Council does not go into litigation again. The Council is working at its best in terms of considering all the facets and bring a resolution.
- 7.2 Katy Fox presented the overall strategy to the board which consists of 5 key points:
- Pay and Grading
  - Litigation and Mitigation
  - Contract Implementation
  - Waste Transformation G3 and G4
  - Job Evaluation
- 7.3 Katy Fox reassured the board that the Council has good subject matter experts working on the programme and it has a good chance of success. All aspects of the programme are interconnected, and we have to deliver on all. The programme remains on track and the Council are in consultation with the Unions. Regarding Waste Transformation G3 and G4, there is a VR window, and expressions of interest have been submitted. Jackie Belton notes this is a good example of joint working in the Council. Roles within the Council have been reduced from 2500 to 1700 and we are now benchmarking roles and creating job families/clustering which will support the addendum and keep us on track with a lawful Job Evaluation scheme. For Pay and Grading to build confidence, trust and engagement, the Council is reshaping the pay and grading structure, to make it fair and equitable for all colleagues. A new contract of employment is being negotiated with unions which will see simplified contracts that reflect the Pay and Grading structure which should be finalised By January 2025. There are also consultations that are in train which could potentially see industrial action and industrial relations are being closely monitored. Critical paths are beginning to stack up decisions are being made to ensure we meet our requirements.
- 7.4 Pam Parkes addressed the board advising that it should look at the beginning of the programme to where it is now, this is how a council should be managing a crisis and the robust programme is down to joint working with People Services, Legal and Finance. The Council should feel assured the programme is in hand. An observation of the programme is that it is at the heart of the organisation and that the Council needs to manage its workforce planning, have good governance and understand its employment issues. The Council needs to continue to build better relationships with the trade unions and employee relations.

## **8 IRP Refresh**

- 8.1 Rishi Shori presented the IRP refresh framework to the board and how this aligns with the Birmingham City Plan and the Corporate Plan. The key calibration is that the IRP will become more time bound and targeted. The council will change how it prioritises what is in the IRP and it will be underpinned by the Target Operating Model and be more focused. The aim is to have the IRP refreshed by December board in readiness for February Cabinet and engagement with the organisation on the plan will be improved.
- 8.2 Max Caller advised the Council on the importance of mapping out the existing directions in these documents. Some of these things should be normal business for the Council. He would like to see how the Council maps it's decision points and steps back from each element of the directions. Commissioners need to see the Council running itself without the support from Commissioners so they can start to hand back some of the directions.

## **9 Stabilisation plan**

- 9.1 Marie Rosenthal updated the board that the Stabilisation Plan is complete. Cabinet have accepted the findings and agreed the plan. There were 50 activities alongside 30 recommendations, the majority of which are complete, and she now seeks the boards sign off. Board sign off is given, however, Commissioners would like the a deep dive into the plan at the next board. **Action: Full stabilization plan update to be given at the next board.**

## **10 AOB**

None.

## **11 Date of next meeting**

11.1 November 2024