

**Cllr Randal Brew – Cabinet Member for Finance**  
**SPEECH TO COUNCIL - 2<sup>nd</sup> NOVEMBER 2010**

**\*\*\*Checked against delivery\*\*\***

Lord Mayor, it is with great pride that I present the first report by a Cabinet Member for Finance to this Council. As you are aware the portfolio was created in May this year, but I am reporting on finance and related matters for a full year. It would therefore be remiss of me not to record my thanks to Cllr Summerfield and Cllr Tilsley who, prior to my appointment, had responsibilities for various parts of this portfolio.

The portfolio, as you can see from the list of responsibilities on pages 5 and 6 of my report, is extremely wide-ranging and touches every part of the services delivered by this Council. It provides two of the three key components, finance and property, required by the service delivery portfolios, the third being staffing under the guidance of Cllr Rudge. In addition it also provides key services itself direct to the public.

**Control and monitoring of finance** is the most important part, as the portfolio title indicates. It involves in-depth management of, and reporting on, a revenue budget of £3,5bn in the current year, planning the revenue budget for next year (together with indicative revenue needs for future years), and a capital budget of over £1.5bn over the next three years, all against the exceptional financial pressures we face.

Key to this are quality systems and records and I am proud how the “finance community” in the Council has worked, and continues to work to achieve this. Details of the many duties they perform for us are detailed on pages 16 to 18. Recently we have been complemented by the Audit Commission, our external auditors, for the substantial improvements we made this year, following the unwelcome qualification of our statutory accounts last year. Usually it takes 3 years to move from a qualified status to an unqualified one – our staff have managed that in one year and I am very proud of them.

Auditing is fun, and our own **Internal Audit team**, working with our external auditors, continue to critically assess and challenge our records and systems in financial and non-financial areas. On pages 18 to 22 we highlight some of the key work and achievements, particularly in benefit fraud prevention. They have a new tool, a Data Warehouse, to help

them, and this is also used by other agencies. In the last year it has directly helped the police solve over 600 crimes. They are expanding their work in this area.

Our **Revenue and Benefits Service** continues to provide an excellent service and I would refer you to pages 28 to 30 of the report. The **Benefits Service** is critical to protecting those who are the most vulnerable in our society and I am delighted to tell you that we have helped, together with our colleagues in Regeneration, nearly 1,500 people in the past year through the transition to work, by additional payments for the first 12 weeks of work; 92% of those have remained in work for over 13 weeks, and 78% for over 26 weeks – real practical help in action. Also we have exceeded our benefit take up target by 6%, helping 3,178 citizens claim an average additional £56 per week, totalling £9.2m in additional Payments – again real practical help.

Our **Revenue Service** continues to work well, having reduced Council Tax arrears relating to previous years by £11m. We have also awarded an additional £2m of discretionary business rate relief to small businesses to help preserve jobs, about double what the Government directly fund us for.

The **Property** portfolio amounts to over 300 sites of operational property and over 3,000 tenancies in our investment portfolio. Working for the Future is a process by which we are radically re-assessing and re-designing our operational properties, to deliver an efficient 21<sup>st</sup> century service to our citizens. Birmingham Property Services are managing this process as we reduce our admin estate, in Phase 1 from over 50 properties to 8, releasing expensive leased properties, and building or refurbishing purpose built buildings to produce revenue savings of over £100m over 25 years. For example the work at Lancaster Circus enables more staff to be accommodated in extremely pleasant working conditions; as a bonus we are attracting national recognition and awards for this, Lifford House and other initiatives. Phase 2 is in the planning stage.

In addition there are a number of trading operations assigned to the portfolio.

**Urban Design** provides a professional in-house facility for construction and repair programmes detailed on pages 30 to 32 of the report. They recently became the lead body in creating a procurement framework for construction works on a West Midlands basis, which will support SMEs and the creation of local jobs and training. They were the

lead professionals on the refurbishment of Lancaster Circus and other major projects, completed or in progress. I was particularly proud when one of their staff, Leo McMulkin won a national award at the Council Worker of the Year Awards 2010

**Legal Services** continue to provide a quality professional service advising on the extremely diverse range of matters we have to deal with, from the very sensitive areas of vulnerable children, illegal money lending, to major construction and other commercial contracts. More details on pages 36 to 37. The legal teams have been realigned more closely with the directorates to provide a closer pro-active engagement with their clients. They are also undertaking an increasing amount of work for other local authorities and other agencies as part of their successful contribution to income generation.

**City Laboratories** is a small scientific team situated in the north of the City. Pages 33 to 35 list the many important roles in which they support the City from food safety testing, for us and other Authorities, to complex building investigation works – asbestos etc. Minced Beef!!

**Building Cleaning and property maintenance** provide an essential service, often unseen and taken for granted, pages 32 to 33 give details. It is them that keep us clean and tidy and safe. Of particular note are their excellent performance targets achievements.

**Shared Services** is a hidden jewel in our organisation. Details are on pages 22 to 24. Responsible for paying 50,000+ staff each month they also managed to transfer employee records from HRIS to SAP without disruption to the service. Because of their skills and reputation they work with a number of outside bodies providing services, the most high profile being the Wholesale Post Contract. Apart from providing a substantial (50%) discount for our own outgoing post, the contract they negotiated with Royal Mail enables them, via the contract, to extend this service to many public sector organisations (NHS, Fire Service, other local authorities), in total over 10m items of post per annum. Hopefully they will soon be able to trade with the private sector as well, earning more income for the Council.

The 2010-11 Budget includes £86.7m of efficiency savings. The delivery of these has been monitored closely and corrective action taken as required. This has been part of my

comprehensive reporting to Cabinet. In-year budget pressures have been identified and action taken to produce a balanced out-turn.

Finally this last week I have been portrayed as a highwayman – threatening and robbing our businesses. I have to tell you this is not the message I am receiving from many of our suppliers who are welcoming the opportunity to engage with us on pricing and business practice. 970 letters to our suppliers with whom we spend over £100,000 pa has already brought significant dividends with close to £1m in the bank already , and also importantly has demonstrated to our loyal staff that we are looking at ALL areas to reduce our cost base.

My thanks go to political colleagues, particularly Finance Scrutiny who are keeping an eye on me, and the Audit Committee who perform a vital role for members in monitoring controls and performance. Also to our extremely loyal and hard-working staff across the portfolio, who in these difficult times for the City Council ensure a smooth and efficient running of our services.

Lord Mayor I move that the report be received.