

Birmingham City Council

Report to Cabinet (ADDENDUM)

9th November 2021



Subject: ADDENDUM TO FINANCIAL MONITORING REPORT
2021/22 QUARTER 2 (UP TO 30TH SEPTEMBER
2021)

Report of: Director of Council Management – Rebecca Hellard

Relevant Cabinet Member: Councillor Tristan Chatfield – Finance & Resources

Relevant O &S Chair(s): Councillor Mohammed Aikhlaq - Resources

Report author: Director of Council Management – Rebecca Hellard

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

1 Executive Summary

- 1.1 This addendum report sets out an emerging financial risk in relation to daily cost variations for the Travel Assist Service.

2 Recommendation

- 2.1 That Cabinet note the financial risk, with further information to follow in future financial reporting. A further report specific to Travel Assist will also be scheduled into the Forward Plan for Cabinet.

3 Key Issues

- 3.1 As per the Quarter 2 2021/22 Financial Monitoring Report there is ***a forecast overspend for Inclusion and SEND of £5.3m. The forecast overspend is on Travel Assist made up of £3.9m transport costs and £1.4m on guides. The basis for projection is 2021/22 actual expenditure to date extrapolated for the remainder of the year. Management information on activity and costs is required for this projection to be more accurately refined.***
- 3.2 Since this report was written a new issue has emerged whereby the Travel Assist Team have been recording daily variations throughout August and September, which over an academic year would cause a significant additional financial pressure. The reasons for these variations need to be investigated, but include re-routing to reduce journey times, salary and fuel inflation, driver shortages and increases in demand.
- 3.3 An officer operational project group is being established by the Director of Education & Skills bringing together all required expertise, including procurement, commissioning, data and finance. This group will work to secure the management information required to produce accurate financial projections; and take action to ensure value for money is being achieved across all contracts and journeys. They will take actions that are child focussed and will consider issues relating to carbon emissions. A further report specific to Travel Assist will also be written by the group and scheduled into the Forward Plan for Cabinet.

4 Engagement

- 4.1 The Leader, Deputy Leader, other Cabinet Members, Director of Education & Skills, Director of Finance and Legal Services have been engaged in the preparation of this report.

5 Risk Management

- 5.1 The monitoring of the Council's budget and the identification of actions to address issues arising, as set out in this report, are part of the Council's arrangements for the management of financial issues.
- 5.2 If no action is taken the continuation of the daily variations captured during August and September would cause a significant additional financial pressure over the period of the remainder of financial year 2021/22.

6 Compliance Issues:

- 6.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**
- 6.1.1 The budget is integrated with the Council Financial Plan, and resource allocation is directed towards policy priorities.
- 6.2 **Legal Implications**

6.2.1 Section 151 of the 1972 Local Government Act requires the Chief Finance Officer (as the responsible officer) to ensure the proper administration of the City Council's financial affairs. Budget control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Directorates and members of the Corporate Management Team by the City Council in discharging the statutory responsibility. This report meets the City Council's requirements on budgetary control for the specified area of the City Council's Directorate activities.

6.3 Financial Implications

6.3.1 As outlined in the body of the report.

6.4 Procurement Implications (if required)

6.4.1 N/A

6.5 Human Resources Implications (if required)

6.5.1 N/A

6.6 Public Sector Equality Duty

6.6.1 There are no additional Equality Duty or Equality Analysis issues beyond any already assessed in the year to date. Any specific assessments needed shall be made by Directorates in the management of their services.

7 Background Documents

7.1.1 City Council Financial Plan 2021-2025 approved at Council 23rd February 2021.