

BIRMINGHAM CITY COUNCIL

Report to:	AUDIT COMMITTEE
Report from:	Interim Chief Finance Officer
Date of Decision:	30 June 2020
Subject:	Financial Monitoring 2020/21
1	Purpose
1.1	This report provides members with an update on the arrangements put in place to monitor the Council's budget and the Covid-19 financial impact.
2	Recommendations
	Members are asked to note:
2.1	The arrangements in place to monitor the financial impact of Covid-19 and the arrangements for monitoring the Council's budget in 2020/21

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3 Background

Monitoring the financial impact of Covid-19

- 3.1 The impact of Covid-19 has had a significant impact across local authorities. The Council has from early on been assessing the financial impact. The financial impact is based on a six-month crisis scenario with some ongoing costs (not factoring in a recovery or a new normal as yet) and is broken down into the following elements:
- Actual and expected expenditure
 - Forecast of actual and likely lost income (incl. economic impact)
 - Further areas of financial risk
 - Cashflow monitoring
- 3.2 Under the emergency planning rules in the Constitution (see below) Covid related financial decisions have been taken by Chief Officer's.

Part E3 Delegations to Chief Officers

3.3 Emergency Plan/Business Continuity

- (i) Chief Officers and Statutory Officers (or deputising officers) are empowered to authorise all necessary actions in relation to disasters and emergencies as designated under the Council's Emergency Plan when activated; or under Business Continuity Plans in the event of a business continuity disruption.
 - (i) In the event of the Emergency Plan being activated, and following action taken, the Chief Officer must notify the Chief Finance Officer in writing of the circumstances and estimated financial impact and report formally to the relevant Cabinet Member or, for non-executive matters, to the next available meeting of the relevant committee.
- 3.3 Finance is gathering intelligence through the emergency planning governance structures and via Directorates. We are producing reports from a single data source to various stakeholders:
- Leader & Cabinet Member for Finance & Resources – weekly (min)
 - Informal Cabinet - weekly
 - Extended Management Team - weekly
 - Corporate Leadership Team - weekly
 - Strategic Cell - weekly
 - Core Cities – monthly
 - West Midlands Authorities – weekly
 - MHCLG (government) - monthly
- 3.4 As 2020/21 progresses Covid financial monitoring will become integrated into normal budget monitoring while able to be separately identified for MHCLG and other reporting purposes.

Financial Monitoring 2020/21

- 3.5 Following feedback from stakeholders including Cabinet and Scrutiny the following improvements will be introduced in 2020/21
- Simplify reports to focus on key risks & issues and avoid unnecessary duplication
 - Shorten and make more focussed exception reporting between quarters
 - Put a greater focus on management actions to be taken to bring budgets back on track
 - Raise the level of finance reporting to focus more on insight, analysis, action and value for money.
- 3.6 The key changes proposed for 2020/21 are:

Monthly Reporting

- An exception based, streamlined report will be introduced for leadership and Resources Overview and Scrutiny committee for those months that do not result in a quarterly Cabinet report,
- Directorates/Services with the highest budget variance, highest risk, a key reputational issue (e.g. Commonwealth Games, waste governance, Children's services improvement) or highest volatility will be the focus for the report narrative, "the things that keep you up at night",
- Explanations will focus on the situation, how it has developed, key risks and what management actions are being put in place.
- Savings will be tracked on an exception basis for those months between quarterly reports, with a focus on material savings variations.

Quarterly Reporting

- A more detailed monitoring process will be undertaken each quarter.
- The quarterly report will contain a shorter corporate overview, focussing on the major issues. Charts will be introduced alongside tables to aid understanding.
- The report will integrate Capital and Treasury Management alongside Revenue reporting.
- The report will focus on what the outturn is forecast to be.
- Over the course of the year it is planned to increase the focus on monitoring key balance sheet items relevant to the budget and the Council's arm's length companies.
- A more detailed analysis of savings will be undertaken.
- The monitoring reports submitted by Directorates will form detailed appendices.

- 3.7 An example of an improved report is attached based largely on a re-work of the 2019/20 month 10 report.