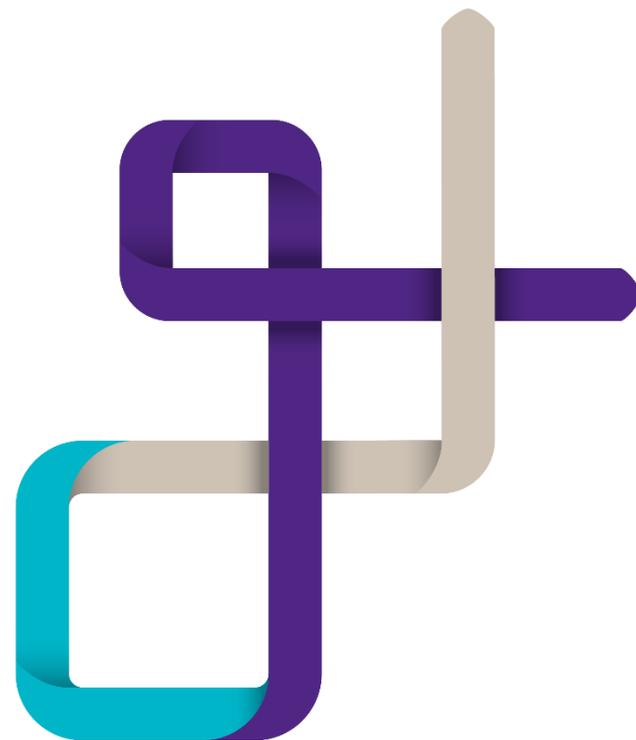


Value for Money Plan

Year ending 31 March 2019

Birmingham City Council
January 2019



Contents



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Value for Money arrangements

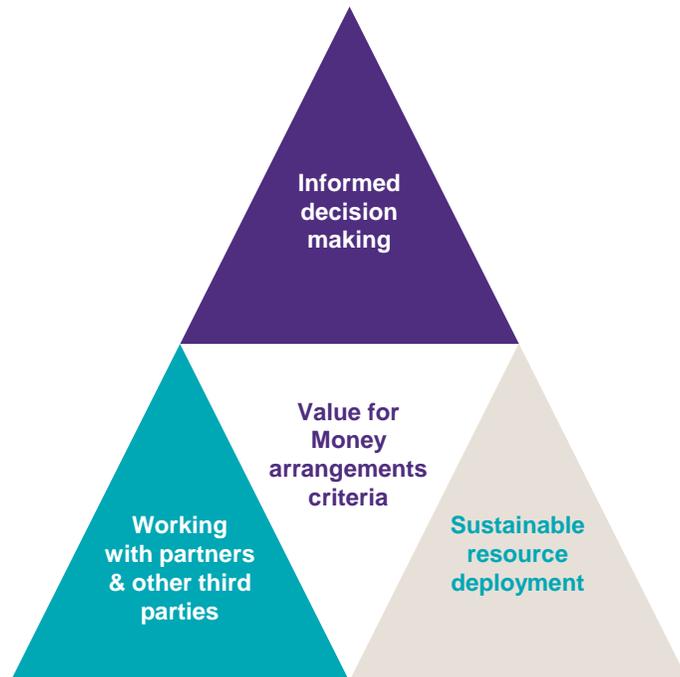
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money. In light of the significant financial risks that the Council is facing, and as it prepares its 2019/20 budget, we will be reviewing whether it is appropriate or not, to exercise any of the auditor's formal powers.



Financial Sustainability

The key risk is that the proposed 2018/19 savings schemes will not deliver the required recurrent savings, or will take longer to implement than planned. In addition, the Council's medium term financial plan for 2018/19 to 2021/22 needs to incorporate realistic and detailed savings plans and take account of key budget and service risks, whilst maintaining an adequate level of reserves to mitigate the impact of budget risks including equal pay, Paradise Circus and any industrial action.

We will review the Council's latest financial reports including savings plans trackers, to establish how the Council is identifying, managing and monitoring this risk. This will involve considering the adequacy of reserves and their prudent use and considering the transparency of financial reporting.



Risk Management and Governance Arrangements

The key risk is that the Council fails to implement adequate risk management and governance arrangements for itself and its subsidiary bodies.

We will review the Council's risk registers and its governance arrangements to establish how the Council is identifying, managing and monitoring this risk.

We will also review action taken to ensure that the serious governance issues identified in VWV's "lessons learned" governance report have been addressed.

Value for Money arrangements (continued)



Improvement Panel

The key risk is that the Panel will conclude that the Council is not making sufficient progress in implementing the changes needed.

We will consider the Panel's reports and discuss the progress made and key issues with the Improvement Panel Vice Chair, to establish how the Council is identifying, managing and monitoring this risk.



Commonwealth Games

The key risk is that the cost of hosting the Commonwealth Games will impact on the Council's future financial sustainability.

We will review the Council's latest governance arrangements for the delivery of the XXII Commonwealth Games in 2022 and the associated funding arrangements, to establish how the Council is identifying, managing and monitoring this risk.



Services for Vulnerable Children

The key risk is that the service does not show demonstrable improvement and continues to be subject to external intervention. Until such time as Ofsted has confirmed that adequate arrangements are in place this remains a significant risk to the Council's arrangements. Ofsted is currently undertaking an inspection of services for vulnerable children.

We will review Ofsted's findings which are due to be reported in January 2019, to establish how the Council is identifying, managing and monitoring this risk.



Amey Contract

The key risk is the ongoing contractual disputes with Amey in respect of the Highways PFI contract, which could have a significant impact on the Council's financial sustainability.

We will review the latest information relating to this contract, to establish how the Council is identifying, managing and monitoring this risk.



Management of Schools

The key risk is that the governance issues identified at schools will not be effectively addressed.

We will review the progress made by Internal Audit within their coverage of schools governance, to establish how the Council is identifying, managing and monitoring this risk.



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