



Executive Committee

No Direct Ward Relevance

10 June 2009

FINANCIAL MANAGEMENT ACTION PLAN

(Report of the Acting Joint Chief Executive)

1. Summary of Proposals

To review and make recommendations to improve the Financial Management Processes and arrangements within the Council following the 2009/10 – 2011/12 budget process.

2. Recommendations

The Committee is asked to **RECOMMEND** that

- 1) the action plan as detailed in Appendix 2 be approved;
- 2) the business planning timetable as detailed in Appendix 3 be approved;
- 3) the proposed format for revenue budget monitoring as detailed in Appendix 4 be approved; and
- 4) any consequential changes to the Constitution arising from the above decisions be made.

3. Financial, Legal, Policy, Risk and Sustainability Implications

Financial

- 3.1 There are no additional financial implications arising from the report as the recommendation to appoint an Interim Director of Finance to oversee the improvements to financial management is not supported by the Strategic Management Team. This is due to the current skill set of the management team and the fact that Serco will be producing the business case for further potential shared services / joint working between Redditch and Bromsgrove Councils which may include changing the management structure.
- 3.2 The report recommends changes to the current financial management processes that operate within the Council.

Legal

- 3.3 None

Policy

- 3.4 The report makes recommendations for improvement to the Council's financial procedures.

Risk

- 3.5 The current financial processes if not reviewed may result in a less than robust budget process leading to poor decision making by members which could ultimately impact on the borough and the services it provides. Additionally the current financial processes may have a negative impact on the Use of Resources judgement.

Sustainability / Environmental

- 3.6 The report seeks to make improvements to the financial processes within the Council in order to improve financial sustainability and to improve decision making processes.

Report

4. Background

- 4.1 When the six month review of the Acting Joint Chief Executive arrangements was undertaken one of the issues that had arisen was that the budget process at the Council had not been as robust as perhaps it should have been. The following is an extract of the report (on the six month review) that was considered by the Shared Services Board on 9 February 2009:
- 4.2 Whilst not intended as a criticism of the current finance team at Redditch or the previous Borough Director it has to be acknowledged that the budget process has not gone as smoothly as it should have done. It is acknowledged that the previous Borough Director had a significant amount of involvement in previous budget exercises and that due to the Joint Chief Executive arrangements this is no longer possible. A review of the budget process, forward planning and clear timetables for future years will address this matter."

5. Key Issues

- 5.1 Early in January when the magnitude of the budget savings became clear it was agreed with all Group Leaders that the Council should commission a financial health check to ensure that the budget proposals were robust. To this end Bill Roots, ex Chief Executive of Westminster City Council was commissioned to undertake the work. Bill is also often utilised by central government to undertake financial diagnostics of councils that are struggling. This review was not a full financial diagnostic.

- 5.2 The financial health check, whilst initially focussing on the validity of the budget proposals being put to members for consideration, quickly broadened out to become a wider review of the financial processes in operation at the Council. Bill's report is attached at Appendix 1 with an Action Plan at Appendix 2.
- 5.3 The majority of issues raised in the report with regard to the specific budget proposals were addressed as part of the budget setting process – indeed the Council acknowledged the comments at paragraph 16 of the report which suggested returning to a 3 year planning cycle in the spring of 2009. This report focuses on the other improvements suggested within the report.
- 5.4 The Strategic Management Team accept the report and acknowledge the need for improvements to be made to the financial processes within the Council however it should be noted that the majority of these improvements had already been identified by the Acting Joint Chief Executive.
- 5.5 The action plan has been amended to include a section for comments from the Management Team which includes a response to all recommendations however specific points are as follows:
- a) Appoint an Interim Finance Director – Not accepted as it is felt by the Senior Management Team that as the Acting Joint Chief Executive is a qualified accountant and with Serco due to report at end of July it would be a waste of tax payers money to appoint an Interim Director of Finance. Monthly meetings will be set up between Acting Joint Chief Executive, Acting Deputy Chief Executive and Head of Financial, Revenues and Benefits to oversee progress.
 - b) Propose future Business Planning Process and Annual Timetable to Cabinet – Agreed – there is a separate report on this agenda setting out new Performance Management Framework.
 - c) Reviewing the business and financial planning process – the proposed new planning timetable is attached at Appendix 3.
 - d) Propose content and style of future financial monitoring to cabinet and agree with members – agreed. An example of the recommended format for revenue monitoring is attached at Appendix 4. It is recommended that this is presented to Executive (whilst also being available for Scrutiny) on a monthly basis to further improve the accountability of the Executive Committee. It is recommended that as each monthly monitoring report will look at estimated outturn that there is no longer any need to produce a revised estimates report.

6. **Other Implications**

Asset Management	-	None identified
Community Safety	-	None identified
Human Resources	-	None identified
Social Exclusion	-	None identified

7. **Lessons Learnt**

It is felt that, whilst perhaps not as robust as could have been the case, the Council, both Members and Officers, learnt some very valuable lessons as a result of the process which have been incorporated in this report and in the proposals as to the way forward.

8. **Background Papers**

Budget papers 2009/10 – 2011/12

9. **Consultation**

This report has been prepared in consultation with relevant Borough Council Officers including the Acting Deputy Chief Executive and Head of Financial, Revenues and Benefits.

10. **Author of Report**

The author of this report is Kevin Dicks (Acting Joint Chief Executive), who can be contacted on extension ????
(kevin.dicks@redditchbc.gov.uk) for more information.

11. **Appendices**

Appendix 1 – Financial Health Check

Appendix 2 – Financial Health Check Action Plan

Appendix 3 – Business Planning Timetable

Appendix 4 – Budget Monitoring Format