

AUDIT & GOVERNANCE COMMITTEE

31st October 2013

Report of the Executive Director Corporate Services

REVIEW OF THE COUNCIL'S ARRANGEMENTS FOR SECURING FINANCIAL RESILIENCE 2012/13 - MANAGEMENT RESPONSE & RISK ASSESSMENT

EXEMPT INFORMATION

None

PURPOSE

To inform Members of Management's responses and timeframes to address the recommendations contained within the *Review of the Council's Arrangements for Securing Financial Resilience* report presented by Grant Thornton to the meeting on 26th September 2013.

RECOMMENDATION

That Members endorse the management responses and timeframes to address the recommendations contained within the *Review of the Council's Arrangements for Securing Financial Resilience* report attached at Appendix 1.

EXECUTIVE SUMMARY

Appendix 1 details the management responses and timeframes to address the recommendations contained within the *Review of the Council's Arrangements for Securing Financial Resilience* report presented by Grant Thornton to the Audit & Governance Committee meeting on 26th September 2013.

All recommendations have been agreed by management to appropriate timescales.

The key areas of control covered by the report are reviews of:-

1. Key Indicators of Performance
2. Strategic Financial Planning

3. Financial Governance;
4. Financial Control.

RESOURCE IMPLICATIONS

None arising directly from this report.

LEGAL / RISK IMPLICATIONS

The External Auditors' work supporting their Value for Money (VfM) conclusion, as part of the statutory external audit, comprises a review to determine if the Council has proper arrangements in place for securing financial resilience.

REPORT AUTHOR

Stefan Garner, Director of Finance

LIST OF BACKGROUND PAPERS

Review of the Council's Arrangements for Securing Financial Resilience, Grant Thornton – Audit & Governance Committee, 26th September 2013

Review of the Council's Arrangements for Securing Financial Resilience

Management Response & Risk Assessment

Ref.	Area of review	Key points for consideration	Responsibility	Timescale	Risk	Management response
1	Key Indicators of Performance	<ul style="list-style-type: none"> In the continued uncertain economic climate, the Council should seek to maintain appropriate levels of reserves 	Executive Director Corporate Services	Ongoing	Medium / High	Agreed – a regular review of reserves and balances is undertaken including sensitivity analysis. This will be reported as part of the budget review process to inform the MTFS for 2014/15
		<ul style="list-style-type: none"> The Council should continue to review its collection rate for Council Tax, given the impact of the welfare reform changes. 	Executive Director Corporate Services	Ongoing	High	Agreed – existing recovery measures and management monitoring arrangements have been enhanced in 2013/14 given the potential impact of Welfare Benefit Reform (WBR) on council tax collection levels and business rates retention changes. The wider impact of WBR is also now reviewed regularly by CMT

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2	Strategic Financial Planning	<ul style="list-style-type: none"> The Council should address the underlying deficit within its Medium Term Financial Plan. 	Executive Director Corporate Services	Ongoing	Medium / High	Agreed - Members are aware of the challenges & issues faced – a members' workshop was held in July highlighting the key issues & outlining the 'Planning for a Sustainable Future' Strategy (subsequently approved by Cabinet on 22/8/13) – outlining the Council's proactive approach to addressing the medium term shortfall – which will inform the budget setting process. A further workshop is planned as part of the budget process – in December 2013
		<ul style="list-style-type: none"> The Council should explore areas where costs could be reduced through closer working arrangements with other authorities. 	Executive Director Corporate Services	Ongoing	Medium	Agreed – one of the 7 workstreams contained within the 'Planning for a Sustainable Future' strategy is the exploration of opportunities for Shared Services/Joint Working

Ref.	Area of review	Key points for consideration	Responsibility	Timescale	Risk	Management response
3	Financial Governance	<ul style="list-style-type: none"> The Council should ensure it maintains a programme of training for members and officers with budgetary responsibility to add strength to the continued challenge presented by the current financial climate. 	Executive Director Corporate Services	Ongoing	Medium	<p>Agreed – regular update briefings and training for Members on budgetary issues takes place. This will also include, in November 2013, a briefing by Grant Thornton to all Members on ‘Conflicts of Interest and the Role of Members & the Audit Committee in Good Governance’</p> <p>Budget managers have regular meetings with their accountants, who provide advice and guidance relating to budgetary matters. All budget managers receive training in the use and application of the financial system – with further training planned for 2013/14. Procurement training has recently been delivered emphasising the need to control expenditure, meet statutory requirements and deliver savings.</p>

Ref.	Area of review	Key points for consideration	Responsibility	Timescale	Risk	Management response
						<p>For late 2013, implementation of a budgetary management tool is planned for all budget managers which will, with the support of their accountant, facilitate a more proactive approach in the management and understanding of their budgets.</p> <p>In addition, the ongoing Performance Development Review process identifies any additional training requirements.</p>
4	Financial Control	<ul style="list-style-type: none"> The Council should continue to review savings plans outlined in Departments to consider their impact upon service provision and to maintain their alignment to the Council's overarching efficiency plans. 	Executive Director Corporate Services	Ongoing	Medium / High	Agreed – one of the 7 workstreams contained within the 'Planning for a Sustainable Future' strategy is to review service provision across all Directorates. It has been recognised that Corporate Management Team will receive and assess the results of these reviews to identify the impact on the whole organisation, Corporate Priorities and the MTFS.