

REPORT TO: Business Efficiency Board
DATE: 24th September 2014
REPORTING OFFICER: Operational Director, Finance
PORTFOLIO: Resources
SUBJECT: Value for Money Conclusion
WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to seek approval for the report prepared by the Council's external auditor (Grant Thornton) to determine whether the Council has proper arrangements in place for securing financial resilience.

2.0 RECOMMENDED that;

- (i) **the report titled Report on Value for Money for Halton Borough Council for the year ended 31st March 2014 is received.**

3.0 BACKGROUND

3.1 The report on value for money considers whether the Council has robust financial systems and processes in place to manage its financial risks and opportunities, and for challenging how it secures economy, efficiency and effectiveness.

3.2 In light of the financial challenges which the Council face over the medium term it is vital that the Council has a strong financial base in place in order to be able to deal with the future funding cuts and also allow it to continue to grow. During the period of the 2010 CSR (2011/12-2014/15) central government funding to the Council has been cut by 34% which will be followed by an approximate 10% cut in year 2015/16. Financial austerity is expected to continue until at least 2017/18.

3.3 The External Auditor has reviewed the financial resilience of the Council by reviewing:

- Key indicators of financial performance
- The approach to strategic financial planning
- The approach to financial governance
- The approach to financial control
- The approach to prioritising resources
- The approach to improving efficiency and productivity

3.4 The overall conclusion from the External Auditor is they are satisfied in all significant respects the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31st March 2014

3.5 Grant Thornton will attend the meeting to present the report to the Business Efficiency Board.

4.0 KEY SECTIONS WITHIN THE REPORT

4.1 The report is broken down into eight headings including the Introduction and Executive Summary. The External Auditor has identified areas of focus within each of the headings which they have marked with a rating assessment. The ratings range from arrangements being in place, areas for development and inadequate arrangements.

4.2 Key Indicators of Financial Performance section of the report includes an appendix which shows analysis of financial performance data, some of the data is benchmarked against other local authorities who have similar characteristics in terms of social and economic factors. Key indicators consider the level of Council reserves, long term borrowing, level of assets and out-turn against budget.

4.3 Strategic Financial Planning reviews the process the Council adopts in setting annual financial plans, how this feeds through to the Council's Medium Term Financial Strategy and how the plan can then respond to changes in financial circumstances whilst managing the risk involved.

4.4 There is a section in the report covering financial governance. The report considers if there is a clear understanding of the financial environment in which the Council operates, there is clear engagement on financial matters with all stakeholders and monitoring and review processes are in place with members, officers and budget holders.

4.5 Part of the report reviews financial control; the External Auditor has assessed the Council's performance against the following indicators which include budget setting and monitoring, savings plans, financial systems, the capacity and capability of the Finance Department and internal control processes.

4.6 The section of the report titled Prioritising Resources considers how the Council sets its strategic direction in identifying how it prioritises resources and spending reductions. It reflects on the partnerships the Council have entered into to develop joint services and working arrangements and how it consults with residents and service users to gather their views.

4.7 The final section of the report looks at improving efficiency and productivity and considers how the Council has used benchmarking information to review

services and how this leads to an understanding of the Council's costs. It notes the Council has addressed areas of high spend through the efficiency programme and how it improves productivity.

5.0 POLICY IMPLICATIONS

5.1 None.

6.0 OTHER IMPLICATIONS

6.1 None.

7.0 RISK ANALYSIS

7.1 On-going cuts to funding which support the resources of the Council present a high risk over the next number of years. The report supports the processes the Council has in place to meet future challenges. It is therefore vital the Council maintains current arrangements for ensuring financial resilience.