

REPORT TO: Business Efficiency Board
DATE: 18 September 2013
REPORTING OFFICER: Operational Director, Finance
PORTFOLIO: Resources
SUBJECT: Arrangements for Securing Financial Resilience
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 the report titled Review of Halton Borough Council's Arrangements for Securing Financial Resilience for the year ended 31st March 2013 (Appendix 1) is received.

3.0 BACKGROUND

3.1 The report on financial resilience considers whether the Council has robust financial systems and processes in place to manage its financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

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) Local Government spending will be cut by 33% which will be followed by a further 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

3.4 The overall conclusion from the External Auditor is that the Council has good arrangements in place for securing financial resilience. Arrangements meet or

exceed adequate standards and key characteristics of good practice appear to be in place.

- 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 five headings including the 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 meeting or exceeding adequate standards, potential risks and or weakness to arrangements with a high risk.
- 4.2 Key Indicators section of the report includes 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 The final 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.

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.