



## Review of the Council's Arrangements for Securing Value for Money

### SUMMARY

- 1.1 External auditors are required to assess council arrangements for securing value for money on an annual basis. This year, the scope of the assessment has been widened to include financial resilience. Work has taken place over the last few months to inform Grant Thornton's review of Derby City Council.
- 1.2 Derby has been assessed as 'green' for all areas of financial resilience and value for money. The audit report, which is shown in **Appendix 2**, highlights some areas for consideration. Management responses have already been provided to show how the Council is actively managing risks in these areas.

### RECOMMENDATIONS

- 2.1 To note Grant Thornton's report on our arrangements for securing value for money, including management responses to show how we are addressing highlighted risks.

### REASONS FOR RECOMMENDATIONS

- 3.1 External Audit has a statutory duty to assess arrangements for securing economy, efficiency and effectiveness in every local authority. The Council also has a responsibility to ensure that we respond to audit recommendations in a robust and timely manner.

### SUPPORTING INFORMATION

- 4.1 External Audit has undertaken work over the last few months to inform their overall assessment on our arrangements to deliver value for money. .
- 4.2 This year, the scope of their work includes a review to determine if the Council has proper arrangements in place for securing financial resilience. This asks whether our financial systems and processes are robust in managing financial risks and opportunities, and to secure a stable financial position for the foreseeable future (defined as 12 months).

4.3 In relation to financial resilience and value for money, Grant Thornton have reviewed our arrangements covering...

- Key indicators of financial performance
- Approach to strategic financial planning
- Approach to financial governance
- Approach to financial control
- Prioritising resources
- Improving efficiency and productivity.

4.4 A traffic light system (green / amber / red) has been used to assess each of these categories. It is pleasing to note that Derby has been assessed as 'green' for all areas, which means there are adequate arrangements identified and key characteristics of good practice appear to be in place. The full report can be found in **Appendix 2**.

4.5 Grant Thornton have highlighted some key points for consideration, including:

- The need for close monitoring of liquidity (cash flow) given continued economic turmoil.
- Grant Thornton are very positive about the Council's approach to strategic planning, however the report emphasises the ongoing need for prioritisation of resources.
- Providing training and development opportunities for members of Audit and Accounts Committee in light of its prominent role in monitoring financial governance.
- Ensuring back office service delivery is not compromised given staff reductions, with independence and training for budget holders where relevant.

4.6 Management responses to all points for consideration have been provided in the 'Next Steps' section of the report.

## OTHER OPTIONS CONSIDERED

5.1 No other options have been considered.

**This report has been approved by the following officers:**

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| <b>Legal officer</b><br><b>Financial officer</b><br><b>Human Resources officer</b><br><b>Service Director(s)</b><br><b>Other(s)</b> |  |
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| <b>For more information contact:</b><br><b>Background papers:</b><br><b>List of appendices:</b> | Heather Greenan 01332 643462 <a href="mailto:heather.greenan@derby.gov.uk">heather.greenan@derby.gov.uk</a><br>None<br>Appendix 1 – Implications<br>Appendix 2 – Grant Thornton report on the Council's arrangements to secure value for money. |
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| <b>IMPLICATIONS</b> |
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**Financial and value for money**

- 1.1 Grant Thornton has provided a robust assessment of our arrangements for securing value for money, including financial resilience. Overall we have secured a 'green' rating indicating no cause for concern.

**Legal**

- 2.1 The Council is required to respond to any recommendations made by External Auditors.

**Personnel**

- 3.1 The External Audit assessment has reviewed arrangements for managing our workforce.

**Equalities Impact**

- 4.1 No issues noted.

**Health and Safety**

- 5.1 No issues noted.

**Environmental Sustainability**

- 6.1 No issues noted.

**Risk Management**

- 7.1 The assessment reviewed the Council's arrangements for managing risk.

**Corporate objectives and priorities for change**

- 8.1 The assessment reviewed the Council's arrangements for prioritising resources in line with Council Plan priorities.