

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

26 January 2015

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 GRANT THORNTON PUBLICATION – RISING TO THE CHALLENGE – THE EVOLUTION OF LOCAL GOVERNMENT

Grant Thornton in December 2014 published its report entitled 'Rising to the challenge – The evolution of local government'.

1.1 Introduction

1.1.1 'Rising to the challenge – The evolution of local government' assesses whether local authorities have arrangements in place to ensure their sustainable financial future. The paper, based on a sample of 40% of local authorities in England, examined in detail key indicators of financial performance, strategic financial planning, and financial governance and control arrangements.

1.1.2 Overall the message is a positive one. The study found that most local authorities have continued to rise to the challenge posed by government reductions. The paper also noted however, as confirmed in the Autumn Statement, austerity will last through the next parliament, so the challenges facing local government will continue over the medium term.

1.1.3 The report suggests that local authorities must continue to evolve to ensure they have a sustainable future. For those that do not, a financial tipping point is likely to become apparent in 2016. Also, local authorities should consider how their:

- Medium to long term strategy redefines the role of the authority.
- Operational environment will adapt, working in partnership with other authorities and local organisations.
- Strategy looks beyond the traditional two to three year resource planning horizon.
- Organisational culture is aligned to where the authority needs to be in the medium term to long term.

- Senior leadership teams, both officers and Members, have the necessary skills and capacity to ensure delivery against the medium term challenges.
- Corporate governance arrangements ensure effective oversight and scrutiny of the organisation as it adapts to the challenges it faces.

1.1.4 The paper runs to some 36 pages so rather than reproduce in hard copy, the paper can be found at the following link:

http://www.grant-thornton.co.uk/Global/Publication_pdf/rising-to-the-challenge-the-evolution-of-local-government.pdf

1.2 Annual Audit Letter and Medium Term Financial Strategy

1.2.1 Two key messages drawn from the Annual Audit Letter for the year ended 31 March 2014 and relevant here are:

- 1) The Council continues to have a strong focus on effective financial management, with a robust medium term planning framework and well established processes for budget monitoring.
- 2) There is an effective framework to address financial pressures and to deliver planned savings.

1.2.2 The Council is keenly aware of the significant financial challenge that lies ahead as reductions in funding from central government continue, but we believe our Medium Term Financial Strategy is resilient and the financial pressures likely to confront us can be addressed in a measured and controlled way. Clearly, the absolute size of the 'funding gap' will influence the timescales we afford ourselves to address the problem.

1.3 Legal Implications

1.3.1 None.

1.4 Financial and Value for Money Considerations

1.4.1 As set out in the report published by Grant Thornton.

1.5 Risk Assessment

As set out in the report published by Grant Thornton.

Background papers:

Nil

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