



## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Risk Review of 2017/18 Budget Report</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	16 January 2017
<b>Policy Document:</b>	No
<b>Directorate:</b>	Resources
<b>Accountable Cabinet Member:</b>	Cllr Brandon Eldred

### 1. Purpose

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1.1 To present the risk assessment of the budget proposals to Audit Committee for consideration.

### 2. Recommendations

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2.1 That the Audit Committee considers issues in relation to risk within the budget proposals for 2017/18 and comments appropriately.

### 3. Issues and Choices

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#### 3.1 Report Background

3.1.1 The Chief Finance Officer is required to make a statement on the Robustness of Estimates when the proposed budget is brought to Council for approval.

#### 3.2 Issues

3.2.1 For 2017/18 a balanced budget has been achieved through the Council's prudent financial management and continued commitment to delivering efficiency savings. Only one saving and one growth proposal are included in the budget proposals and these are detailed in Appendix 1.

3.2.2 The key financial challenge that the Council is facing is the forecast budget gap over the medium term, showing a requirement to make savings of £4.8m

in 2018/19, rising to £7.2m in 2020/21. This challenge will be met through the delivery of the Efficiency Plan approved by Cabinet in September 2016. The financial targets within the Efficiency Plan generate a high level of financial risk, due to their scale and diversity. The key risks and mitigations are set out in the table below:

<b>Risk</b>	<b>Mitigation</b>
The Council's financial position over the medium term is not sustainable	NBC are in a good financial position as at September 2016 with a balanced budget and reasonable levels of reserves
Conflict between Corporate Plan priorities and Efficiency Plan financial targets	The workstreams of the Corporate Plan and Efficiency Plan are aligned. Cabinet approval of Efficiency Plan, regular meetings with Leader/Cabinet Member Finance
Non delivery of financial targets set out in the Efficiency Plan	Appropriate governance arrangements are a key part of the Efficiency Plan to monitor progress and take action if targets are not being delivered.
High level of capital investment required to deliver plan	Effective treasury management to minimise interest and MRP
High level of earmarked reserves required to deliver plan	Consolidation of reserves and controls over future allocations

3.2.3 As part of the budget process the Council determines a prudent minimum level of General Fund balances to hold against general risks. This is informed by a risk assessment, which has been refreshed in the development of the draft budget and currently suggests that £5.5m remains a prudent level of general reserves. This may change as the budget is finalised and any change in the Council's exposure to risk is identified.

3.2.4 The Audit Committee on 5<sup>th</sup> December considered a Governance Action Plan part of which is designed to deliver improvements directly affecting financial governance, risk management and project management. All of these improvements will reduce the risks associated with the Council's revenue and capital budgets.

3.2.5 The new governance arrangements also include an officer Efficiency and Improvement Board which will ensure the delivery of the Efficiency Plan.

### **3.3 Choices (Options)**

3.3.1 The Audit Committee is asked to consider the risk issues in relation to the draft budget for 2017/18 and make comments or recommendations to the Chief Finance Officer.

3.3.2 The Audit Committee may consider that the risk issues in relation to the draft budget require comment and therefore make their comments to Cabinet for consideration alongside the final budget proposals

#### **4. Implications (including financial implications)**

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##### **4.1 Policy**

4.1.1 There are no specific policy issues arising from this report.

##### **4.2 Resources and Risk**

4.2.1 This report outlines measures taken to identify and mitigate risks in relation to the General Fund and Housing Revenue Account budget proposals.

##### **4.3 Legal**

4.3.1 There are no specific legal issues arising from this report.

##### **4.4 Equality**

4.4.1 Equality and Diversity are being considered as a part of the budget build process, and an equalities assessment will be completed for the relevant budget proposals before they are brought to Council for final decision later in February 2017.

##### **4.5 Consultees (Internal and External)**

4.5.1 Internally Heads of Service and Management Board have been consulted, and involved in the budget risk assessment process.

4.5.2 Externally, the public are being consulted as part of the budget consultation exercise and specific consultation exercises, aimed at affected groups, will have been and will be undertaken in respect of specific budget proposals.

##### **4.6 Other Implications**

4.6.1 There are no other specific issues arising from this report.

#### **5. Background Papers**

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##### 5.1 Appendices

Appendix 1 General Fund Savings and Growth List

Appendix 2 General Fund Capital Programme

Appendix 3 Housing Revenue Account Medium Term Planning Options  
Savings and Growth List

Appendix 4 Housing Revenue Account Capital Programme List

Appendix 5 NPH Total Fee Schedule

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