



INFRASTRUCTURE, GOVERNMENT AND HEALTHCARE

Bolton Metropolitan Borough Council

Review of the Medium Term Financial Strategy – Action Plan update

15 March 2007

AUDIT

Management Action Plan

The recommendations from this review are to be addressed by Bolton MBC as shown in the table below.

Recommendation & Response	Priority	Responsibility & due Date	Position as at March 2007
<p>1. The MTFS should recognise issues that will significantly impact on the Council over the current three year period. It would also be prudent to provide balances within the MTFS to support significant costs, even where they have not yet been fully quantified.</p> <p>Response</p> <p>The point raised is accepted, but sensitivity surrounding some issues means that it is not always practical to disclose all costs within the current MTFS. Members are informally made aware of any such issues and, where appropriate, funds are set aside to contribute to meeting these liabilities.</p> <p>The particular issues arising in this review are being formally discussed with Members and incorporated into the MTFS process.</p>	* *	Not applicable.	Not applicable.
<p>2. The Council should ensure that the financial position of Service Areas is formally monitored and assurance gained that action is being taken to address in-year budget deficits.</p> <p>Response</p> <p>The Council should ensure that the financial position of Service Areas is formally monitored and assurance gained that action is being taken to address in-year budget deficits.</p> <p>It is therefore felt that adequate arrangements are already in place.</p>	* *	Not applicable.	Not applicable.

Management Action Plan *(continued)*

Recommendation & Response	Priority	Responsibility & due Date	Position as at March 2007
<p>3. The Council should consider whether it would be appropriate for year-end surpluses and deficits against individual Service Area budgets to be retained Corporately. This will provide additional accountability at Service Area level for financial performance, and will ensure that any surpluses realised can be redirected Corporately depending upon need and priorities.</p> <p>Response</p> <p>Agreed.</p> <p>The Council's approach, by which Service Areas retain budget surpluses and deficits, ensures that ownership is taken for financial performance, and also enables longer term financial decisions to be made.</p> <p>It is felt that this is the most appropriate way for the Council to operate to ensure the effective use of resources.</p>	*	Not applicable.	Not applicable.
<p>4. The Council should ensure that formal action plans are in place within Service Areas that hold deficit reserve balances. Progress against action plans should be monitored to provide assurance that any deficits are recovered as planned.</p> <p>Response</p> <p>Agreed.</p> <p>Formal action plans will be prepared by Service Areas to provide assurance that any deficit reserve balances are recovered within agreed timeframes.</p>	* *	Steve Arnfield July 2007	The Director of Corporate Resources has had discussions with the Policy Accountants responsible for those services with deficits of any significance and agreed an outline plan to clear the deficit. These plans will be formally reported to Executive Members as part of Outturn Reports and kept under review as part of the quarterly financial monitoring reports.

Management Action Plan *(continued)*

Recommendation & Response	Priority	Responsibility & due Date	Position as at March 2007
<p>5. The Council should explicitly consider the outcomes of Corporate investment in services to provide assurance that value for money is being achieved and that Corporate priorities are being met. This could be undertaken at Service Area level, with a high level overview provided corporately within current quarterly reporting arrangements.</p> <p>Response</p> <p>Agreed.</p> <p>Service Areas will explicitly consider achievements and outcomes in relation to areas of corporate investment. Corporately, this will be monitored by exception within current reporting arrangements.</p>	* *	Steve Arnfield October 2006	Services are to include a statement as part of the quarterly monitoring reports on the achievements of the Corporate Budget Approvals. Several services have included this within their Quarter 3 monitors and all services will include it in all future monitoring reports.
<p>6. The Council should ensure that appropriate risk management techniques are used to explicitly consider the financial consequences of known Corporate risks when determining required levels of reserves.</p> <p>Response</p> <p>Agreed.</p> <p>Financial consequences in relation to risks faced by the Council are formally assessed by the Director of Corporate Resources as part of his advice on Balances. However, an audit trail via appropriate supporting documentation will be produced to demonstrate the assessment of the minimum required level of General Fund balances.</p>	* *	Steve Arnfield February 2007	The Director of Corporate Resources undertook a review of the corporate risks in arriving at the minimum level of Balances. This was done in conjunction with the Council's Risk Manager and Chief Accountant and has been backed up by a working paper which uses risk management techniques to arrive at an appropriate figure. This supports the minimum level of Balances at £5.5M.