

THE VALE OF GLAMORGAN COUNCIL

CABINET: 23<sup>RD</sup> MAY, 2016

REFERENCE FROM AUDIT COMMITTEE: 25<sup>TH</sup> APRIL, 2016

“ FINANCIAL RESILIENCE ASSESSMENT (MD) –

The purpose of the report was to present Members with the Auditor General for Wales' Financial Resilience Assessment on the Vale of Glamorgan Council.

The report advised that in addition to the Auditor General for Wales' annual programme of audit and assessment work, he would also undertake a programme of Local Government Studies, normally consisting of three studies every year. As part of the programme of work, the Wales Audit Office had completed a Financial Resilience Assessment of the Vale of Glamorgan Council on behalf of the Auditor General for Wales.

The Financial Resilience Report was attached at Appendix A and summarised the key issues arising from the assessment work carried out during the period May to October 2015. The assessment's aim was to answer the following question:

Is the Vale of Glamorgan Council managing budget reductions effectively to ensure financial resilience?

This would take into consideration the following:

- Whether financial planning arrangements effectively support financial resilience
- If financial control effectively supports financial resilience
- Does financial governance effectively support financial resilience.

Overall, the report concluded that the Council's financial arrangements were effective but savings plans needed to be developed in more detail for future years. This conclusion was based on the findings in relation to financial planning, financial control and financial governance arrangements.

In addition, the report gave a risk rating to each of the following aspects:

Financial planning – Medium Risk – some shortcomings in systems, processes or information that may affect the ability to deliver the desired outcomes of the Council's financial plan

Financial control – Low Risk – arrangements were adequate (or better) with few shortcomings in systems, processes or information. Impact on the ability to deliver the Council’s financial plan may be minimal  
Financial governance – Low Risk – as above.

In addition, the Wales Audit Office had made three proposals for improvement, these being the following:

- Financial planning – develop more detailed savings plans to cover the period of the Medium Term Financial Plan
- Financial control – develop an income generation / charging policy
- Financial governance – develop key performance indicators to monitor the Medium Term Financial Plan.

In discussing the Reshaping Services programme, Members commented that they felt that they had seen very little information in the way of developments and updates. In reply, the Head of Finance stated that regular reports had been provided to Cabinet and Scrutiny Committees and it was planned for Corporate Performance and Resources Scrutiny Committee to receive at least a quarterly update on developments. Furthermore, the Committee was advised that Tranche 1 savings from Reshaping Services would materialise during the current financial year, with Tranche 2 savings scheduled to come into effect during 2017/18. Therefore, there were no savings to report on prior to this current financial year.

RESOLVED – T H A T the Wales Audit Office report in respect of the Council’s Financial Resilience Assessment be endorsed and referred to Cabinet for approval.

Reason for decision

To facilitate monitoring of the Audit function.”

Attached as Appendix – [Report to Audit Committee: 25<sup>th</sup> April, 2016](#)