



AUDIT – 9TH SEPTEMBER 2015

SUBJECT: WAO REPORT – FINANCIAL POSITION ASSESSMENT, CAERPHILLY COUNTY BOROUGH COUNCIL

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To present the Audit Committee with a report produced by the Wales Audit Office (WAO) following a financial position assessment undertaken for Caerphilly CBC.

2. SUMMARY

- 2.1 During the period May to August 2014, the WAO examined Authorities' financial positions and how they are budgeting and delivering on required savings. This work considered whether Authorities have robust approaches in place to manage the budget reductions that they are facing to secure a stable financial position that will enable them to continue to operate for the foreseeable future. The focus of the work was on the 2014/15 financial planning period. In order to inform views on the planning for and successful delivery of budgets, the review also considered track records for the previous financial years 2011/12 to 2013/14.
- 2.2 The work focused on answering the following question: **Is the Council managing budget reductions effectively to ensure financial resilience?** The WAO report sets out conclusions on both track record and future prospects:-
- **Track record** – Whether the Council successfully identified, planned for, and delivered the savings required in the period 2011/12 to 2013/14; and, if there was a shortfall, how was this addressed?
 - **Future prospects** – Whether the Council has an effective corporate framework for financial planning, exercises effective financial management and control, has a robust framework for reviewing and challenging financial performance; and whether the Council has realistic plans to make the savings required for 2014/15 and is taking appropriate steps to deliver them.
- 2.3 The review analysed a range of data produced by Caerphilly CBC from published accounts, performance returns to the Welsh Government and the Local Government Data Unit. A review of Council reports was also undertaken and interviews were held with a small number of key staff.

3. LINKS TO STRATEGY

- 3.1 Strong financial management is a key component in supporting the Council to deliver its strategic plans and priorities.

4 THE REPORT

4.1 The WAO report is attached as Appendix 1 and provides full details of the review undertaken, the findings, conclusions and proposals for improvement. In summary, the headline conclusions arising from the review are the following:-

- The Council has good financial management arrangements in place and recognises that it needs to address some areas for improvement to help deliver its future savings plans.
- The Council has a good track record of operating within its budget and has developed a framework to monitor the delivery of its proposed savings in 2014/15.
- The Council's future plans and arrangements to deliver savings are adequate and improvements are currently being implemented.

4.2 These conclusions are a positive reflection of financial management within the Council but the WAO report does include two proposals for improvement:-

- The Council should ensure that its priorities and improvement objectives are explicitly taken into account when determining its savings plans.
- The Council should continue to develop a framework to formally monitor the delivery of savings and report to Members. This is becoming increasingly important as the Council faces more difficult savings requirements.

4.3 The proposals for improvement will be incorporated into ongoing budget monitoring arrangements and medium-term financial planning processes. Progress will be monitored through existing performance management reporting arrangements.

5. EQUALITIES IMPLICATIONS

5.1 This report is for information purposes so the Council's Equalities Impact Assessment (EqLA) process does not need to be applied.

6. FINANCIAL IMPLICATIONS

6.1 There are no direct financial implications arising from this report.

7. PERSONNEL IMPLICATIONS

7.1 There are no direct personnel implications arising from this report.

8. CONSULTATIONS

8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATIONS

9.1 Members of the Audit Committee are asked to note the content of the report.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that Members of the Audit Committee are aware of the review work undertaken by the WAO and the resulting findings, conclusions and proposals for improvement.

11. STATUTORY POWER

- 11.1 Local Government Acts 1972 and 2003.

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Consultees: Nicole Scammell, Acting Director of Corporate Services & Section 151 Officer
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Appendices:-

Appendix 1 – WAO Report – Financial Position Assessment May 2015