



## **SPECIAL COUNCIL – 31ST JULY 2018**

**SUBJECT: FINANCIAL STATEMENTS FOR 2017/18**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES**

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### **1. PURPOSE OF REPORT**

1.1 To present Council with the 2017/18 Financial Statements.

### **2. SUMMARY**

2.1 The report presents Council with the 2017/18 Financial Statements for formal approval.

### **3. LINKS TO STRATEGY**

3.1 The Financial Statements deal with resources available to the Authority that influence the delivery of policies and strategies.

3.2 Effective financial planning and robust budget management support the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015: -

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A more equal Wales.
- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

### **4. THE REPORT**

4.1 At its meeting on the 24<sup>th</sup> July 2018, the Audit Committee was presented with the External Auditor's ISA 260 Report on the audit of the 2017/18 Financial Statements. The ISA 260 report is attached as Appendix 1 and stated that it was the Auditor General's intention to issue an unqualified audit report on the 2017/18 Financial Statements.

4.2 Appendix 3 of the Auditor's Report provides details of misstatements identified during the audit process which have subsequently been corrected by management. It is important to stress that these adjustments have no impact on cash or General Fund balances.

4.3 The 2017/18 Financial Statements attached as Appendix 2 of this report incorporate all of the corrected misstatements identified in the Auditor's Report.

- 4.4 Appendix 4 of the Auditor's Report provides details of recommendations arising from the 2017/18 financial audit work along with the management responses.
- 4.5 Following consideration of the Auditor's Report and the 2017/18 Financial Statements the Audit Committee unanimously endorsed a recommendation to Council that the Financial Statements be approved.
- 4.6 At its meeting on the 27<sup>th</sup> June 2018, Cabinet was presented with a report on the Provisional Outturn for 2017/18. The report included details of movements on the General Fund balance from the 1<sup>st</sup> April 2017 to the 31<sup>st</sup> March 2018 along with agreed commitments for 2018/19. Members will recall that the forecast General Fund balance as reported to Council on 22<sup>nd</sup> February 2018 was £10m. The updated position is a projected balance £11.8m, an increase of £1.8m.
- 4.7 The Section 151 Officer normally recommends a minimum General Fund balance of £10m (circa 3% of the net revenue budget). Members will recall that anticipated savings of circa £34m will be required for the four-year period 2019/20 to 2022/23. This is clearly extremely challenging and it is inevitable that some very difficult decisions will need to be made. With this in mind Cabinet was asked at its meeting on the 27<sup>th</sup> June 2018 to support a recommendation to Council to transfer £1.8m from the General Fund into an Earmarked Reserve to provide funding for one-off costs associated with delivering savings to support the Medium-Term Financial Plan (MTFP). This proposal was supported by Cabinet and Council is therefore asked to approve the recommendation.

## **5. WELL-BEING OF FUTURE GENERATIONS**

- 5.1 Effective financial planning and robust budget management are key elements in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

## **6. EQUALITIES IMPLICATIONS**

- 6.1 There are no equalities implications arising from this report.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 As identified throughout the report.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 There are no direct personnel implications arising from this report.

## **9. CONSULTATIONS**

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

## **10. RECOMMENDATIONS**

- 10.1 Council is requested: -

10.1.1 to approve the final audited 2017/18 Financial Statements; and

10.1.2 agree the transfer of £1.8m from the General Fund into an Earmarked Reserve to provide

funding for one-off costs associated with delivering savings to support the MTFP.

## **11. REASONS FOR THE RECOMMENDATIONS**

- 11.1 To ensure that the 2017/18 Financial Statements are approved and submitted to the Wales Audit Office (WAO) in accordance with statutory requirements.
- 11.2 To establish an Earmarked Reserve to assist with one-off costs to support the delivery of the MTFP.

## **12. STATUTORY POWER**

- 12.1 Accounts and Audit (Wales) Regulations 2014.

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Consultees: Richard Edmunds, Corporate Director for Education and Corporate Services  
Nicole Scammell, Section 151 Officer  
Andrew Southcombe, Finance Manager (Corporate Finance)  
Lisa Lane, Corporate Solicitor and Acting Monitoring Officer

### Background Papers:

Working Papers for Financial Statements 2017/18

Report to Cabinet (27/06/18) – Provisional Outturn for 2017/18

Report to Audit Committee (24/07/18) – Financial Statements for 2017/18

### Appendices:

Appendix 1 Audit of Financial Statements Report

Appendix 2 2017/18 Financial Accounts