

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO AUDIT COMMITTEE

16 JULY 2020

### REPORT OF THE INTERIM CHIEF OFFICER - FINANCE, PERFORMANCE AND CHANGE

#### WALES AUDIT OFFICE – FINANCIAL SUSTAINABILITY ASSESSMENT

#### 1. Purpose of Report

- 1.1 The purpose of the report is to submit the Wales Audit Office (WAO) Financial Sustainability Assessment report, attached at Appendix A, for noting.

#### 2. Connections to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:
- Smarter use of resources – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help deliver the Council's well-being objectives.

#### 3. Background

- 3.1 Wales Audit Office have undertaken a project to seek to assess the sustainability of councils' short to medium-term financial position. This included a focus on the financial strategy of each council as well as reviewing some key financial indicators of each council's financial position in relation to:
- performance against budget;
  - delivery of savings plans;
  - use of reserves;
  - council tax; and
  - borrowing.
- 3.2 Wales Audit Office undertook this assessment because they identified financial sustainability as a risk to councils putting in place proper arrangements to secure value for money in the use of its resources. This was in part informed by recent experiences of some English councils, knowledge of the financial situation in Welsh Councils and the general trend of decreasing resources for local government, combined with rising demand for some services.

#### 4. Current situation / proposal

- 4.1 The report identifies that the Council has a strong financial position, but aspects of financial planning and its Medium Term Financial Strategy would benefit from strengthening. This conclusion was reached because:

- The Council's Medium Term Financial Strategy would benefit from strengthening in some important areas.
- In recent years the Council has underspent all its annual budgets and it also expects to underspend its 2019-20 budget.
- The Council has a good track record of achieving most of its planned savings.
- The Council has a high level of useable reserves.
- The Council has a good track record of collecting its council tax.
- The Council has a relatively low level of borrowing and interest costs and has not sought any new long-term loans since 2012.

4.2 WAO has identified a number of findings as set out within the attached report.

## **5. Effect upon policy framework & procedure rules**

5.1 The report does not have any impacts on policy framework and procedure rules.

## **6. Equality Impact Assessment**

6.1 There are no equality implications arising from this report.

## **7. Wellbeing of Future Generations (Wales) Act 2015 Implications**

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

## **8. Financial implications**

8.1 These are no financial implications relating to the report.

## **9. Recommendation**

9.1 It is recommended that Audit Committee:

- Note the WAO Financial Sustainability Assessment Report at Appendix A.

**Gill Lewis**  
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**July 2020**

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**Background documents:** None