

AUDIT COMMITTEE: 17 November 2020

**FINANCIAL SUSTAINABILITY OF LOCAL GOVERNMENT AS A RESULT
OF THE COVID-19 PANDEMIC**

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5.2

Reason for this Report

1. The Audit Committee's Terms of Reference requires that Members:
 - To report to Council on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
 - To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
2. This report will outline to Audit Committee members the management response

Background

3. In October 2020, the Auditor General of Wales issued a report on its findings on Financial Sustainability of Local Government as a result of the Covid 19 pandemic (Appendix A). This national review built on financial sustainability of each local council during 2019-20, and these reports showed that councils were in very different positions in terms of their level of reserves and track record of spending within their agreed budgets. The individual report for Cardiff is set out in Appendix B.
4. The report is the beginning of Audit Wales work on financial sustainability of local councils during 2020-21, building on the work completed in 2019-20. The report sets a high-level baseline position, including the reserves position, of local councils before the pandemic. It also sets out the initial financial implications of the pandemic for local councils and the scale of the anticipated challenge going forward, as well as some reflections on the preparedness of local government in Wales for such an unprecedented event.

Issues

5. The findings in both the Cardiff and the national report are set out in Appendix C. The findings are broadly agreed and the Management response sets out the positions for Cardiff Council

Legal Implications

6. There are no direct legal implications arising from this report.

Financial Implications

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

RECOMMENDATIONS

8. That the Committee notes and provide comment on the report and accompanying appendices

Christopher Lee
Corporate Director Resources

The following appendices are attached:

Appendix A Financial Sustainability of Local Government as a result of the Covid 19 pandemic

Appendix B Financial Sustainability Assessment – Cardiff Council

Appendix C Management response

Appendix D Financial snapshot

