

Agenda Item 25.

TITLE	Financial Statements 2017/18
FOR CONSIDERATION BY	Audit Committee on 25 July 2018
WARD	None Specific
DIRECTOR	Director of Corporate Services - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

The Council demonstrates the highest levels of financial management which means that the council tax payers money is used effectively and managed safely.

RECOMMENDATION

That the financial statements and letter of representation for 2017/18 be approved.

SUMMARY OF REPORT

The draft financial statements for 2017/18 were issued by the Chief Financial Officer on 31 May 2018 and have previously been circulated to the committee. With the external auditors' work continuing, further changes to the draft statements are likely to be forthcoming until the end of the audit.

Background

Changes to the Council's statement of accounts are ongoing as the external audit of the Council's statutory accounts continues. Changes to date will continue up until Ernst and Young complete their audit work. The Council previously had three months to prepare the financial accounts and then three months to be audited. This is the first year of condensed timescales, with just two months to prepare the accounts and two months to be audited.

Analysis of Issues

The 2017/18 financial year has been the latest in a series of tight funding settlements the Council has received. Following the Local Government Finance Settlement in January 2017, Wokingham Borough Council suffered a reduction in formula grant of 97.4% in 2017/18 compared to 2016/17, this was in addition to the 50.6% reduction in 2016/17.

The Council approved a revenue budget of £129.4m (£112.0m net expenditure plus £17.4m depreciation) at its meeting on 23 February 2017. The end of year position represents an adverse variance of £814k on the General Fund, however this is a favourable movement of £523k from the forecast position reported to Executive in January 2018. The Council continues to invest in its asset base in order to improve services to residents and to support the financial sustainability of the organisation. Capital expenditure in the year totalled £88.6m (2016/17 £76.8m) as set out in report to the Council's Executive on 31 May 2018.

The overall financial climate continues to be severe and is expected to remain so for a number of years. Wokingham, as the lowest funded English unitary authority, will face a particularly difficult challenge. The Council has pressures arising from reductions in revenue support grant which is currently forecast to be negative in 2019/20 (ie: the Council has to contribute funds back to Central Government), while at the same time meeting the cost of extra pressures on statutory services such as adult social care, waste collection and disposal, highways and overall population and demographic growth.

Changes identified between the draft and latest version of the accounts will be presented at the committee meeting, together with the letter of representations from the Director of Corporate Services and the Chair of Audit Committee.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

Ensures stakeholders are able to view and have confidence in the Council's financial statements.

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Nil	Yes	Revenue and capital

Next Financial Year (Year 2)	Nil	Yes	Revenue and capital
Following Financial Year (Year 3)	Nil	Yes	Revenue and capital

Other financial information relevant to the Recommendation/Decision
N/A

Cross-Council Implications
N/A

Reasons for considering the report in Part 2
N/A

List of Background Papers
N/A

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