

## THE VALE OF GLAMORGAN COUNCIL

Minutes of a Special Remote Meeting held on 30<sup>th</sup> January 2023.

The Committee agenda is available [here](#).

The Meeting recording is available [here](#).

Present: Councillor Susan Lloyd-Selby (Mayor); Councillors Anne Asbrey, Julie Aviet, Gareth Ball, Rhiannon Birch, Bronwen Brooks, Gillian Bruce, Lis Burnett, Samantha Campbell, George Carroll, Christine Cave, Charles Champion, Janice Charles, Millie Collins, Marianne Cowpe, Pamela Drake, Vincent Driscoll, Anthony Ernest, Robert Fisher, Christopher Franks, Wendy Gilligan, Emma Goodjohn, Ewan Goodjohn, Stephen Haines, Howard Hamilton, Sally Hanks, William Hennessy, Nic Hodges, Mark Hooper, Catherine Iannucci, Gwyn John, Dr. Ian Johnson, Belinda Loveluck-Edwards, Julie Lynch-Wilson, Kevin Mahoney, Naomi Marshallsea, Michael Morgan, Jayne Norman, Helen Payne, Elliot Penn, Sandra Perkes, Ian Perry, Joanna Protheroe, Ruba Sivagnanam, Carys Stallard, Neil Thomas, Rhys Thomas, Margaret Wilkinson, Edward Williams, Mark Wilson and Nicholas Wood.

### 665 APOLOGIES FOR ABSENCE –

These were received from Councillors I. Buckley, R. Godfrey and S.T. Wiliam.

### 666 DECLARATIONS OF INTEREST –

No declarations of interest were received.

### 667 AUDITED STATEMENT OF ACCOUNTS 2021/22 (S1510) –

The Leader, in presenting the report, advised that the audit of the 2021/22 Statement of Accounts was now complete with the latest 2021/22 Statement of Accounts incorporating all agreed amendments as attached at Appendix 1 to the report.

Having regard to the impact of the Covid 19 Pandemic the Audit deadline had been changed from 31<sup>st</sup> July 2022 to 30<sup>th</sup> November 2022 however, this had been further delayed due to the need to amend the Code and bring in statutory regulations to allow changes to the way Infrastructure Assets were disclosed in the Statement of Accounts. The updated Annual Governance Statement was also included as part of the amended accounts included at Appendix 1. and the Letter of Representation was attached at Appendix 2 to the report, to be approved prior to submission to Audit Wales. The report of Audit Wales being included at Appendix 3.

The Leader further commented that the report had been very comprehensively discussed at the Governance and Audit Committee. However, following consideration at Governance and Audit Committee some amendments had been

made to the document which were worth noting and which had now been included in the report to Council as follows –

- Typo in the Infrastructure paragraph
- Opening Other Reserves in earmarked reserves disclosure
- Note 30 Audit costs (prior year difference).
- A few note references to be updated.

In addition, there was a duplication of a City Deal paragraph on page 8 of the accounts which had been corrected for the final version to be presented to External Audit for signing.

In conclusion the Leader moved the recommendations as contained within the report which was seconded by Councillor Brooks.

Councillor Dr. Johnson, in echoing the Leader's comments, took the opportunity to thank both Council staff and the staff at Audit Wales for their work in auditing a turnover of almost £500m in 2021-22. The Statement of Accounts was a useful opportunity for the Council to reflect upon financial decisions that were made by the Council and whether the assumptions made were correct.

In commenting further he stated that there appeared to be two Vale Councils, one we read about in the papers which was always looking to make cuts to services and facing huge potential deficits, and the one in the auditor's books which had increased reserves by £37m in the two years of the pandemic, and almost £24m in the financial year under question. However, he further stated that Audit Wales advised that the Vale had the highest level of reserves compared to spending in the three financial years before Coronavirus hit us.

The Expenditure and Funding Analysis on page 20 showed that the Vale's General Fund and Housing Revenue Account rose from £91m at the end of March 2020 to £104m a year later and then £128m at the end of March 2022. If the Capital Receipts and Grants, which were included in the Movement in Reserves on the following page, then the useable reserves total would rise to more than £144m.

One of the reasons for the increase in the reserves, we are told he said, was the late addition of non-planned grants from Welsh Government at the end of the 2021-22 financial year. Councillor Dr. Johnson accepted in his view the slightly arbitrary nature of the financial year and that unexpected new funds may give a misleading impression adding that the Council needed to see to what extent the grants would be utilised rather than setting the new baseline. He further commented that for comparison, when the Budget was set in March 2021, the anticipated level of reserves by March 2022, would be just short of £47m, including General Fund, earmarked reserves, and the Housing Revenue Account. This equated he said to an £80m difference in reserves between the assumptions made of £47m when the Budget was set and the reality at the end of the following year being £128m. He said that he didn't want to overstate the position but commented that this was quite a difference.

Fundamentally, he said it was a question of governance and the ability to make the correct decision for residents as well as being a reason why some Members would have a degree of scepticism about predictions of doom. The Housing Revenue Account was amongst the reasons for the increase in reserves – almost £5.5m last year, following £4.5m the previous year, taking the total HRA to nearly £17.5m with the target for HRA Reserves in March 2022, to be at £915k.

Councillor Dr. Johnson further commented that in the longer term the Council would be utilising the money to build new Council houses because it took around £5m more from its Council tenants than it spent on them each year, with his view being that during a cost of living crisis it would be immoral to be taking more money than it needed from those least capable of making ends meet. He said it was inevitable that such a piece of work as the Statement of Accounts included reviews and challenge. One area from previous years was the restatement of the value of 772 garages within the HRA account, increasing the overall value of the Council's assets by £4.25m. In the current year there had been focus on the bad debt provision for social care debts, where a charge was placed on the homes of residents moving to social care housing to be paid once it was sold. If he understood it correctly the Council could anticipate receipt of 82% of the £2.8m bad debt provision, based on previous experience.

In conclusion Councillor Dr. Johnson stated that he looked forward to using the lessons learned from the 2021-22 Statement of Accounts and applying them to future decision making.

Councillor Hooper also wished his thanks to be recorded to the Finance team for all the hard work undertaken in preparing the accounts however wished the Leader to advise on the thinking with regard to the reserves detailed in the report enquiring whether the Council was getting the balance right.

Councillor Carroll also sharing the comments in relation to the work that had been undertaken in preparing the report, took the opportunity to thank the Finance officers and the auditors for all the work undertaken advising that he accepted the situation in relation to the Statement of Accounts, stating this now was not the time to discuss reserves, such matters would be for consideration when the budget was to be considered in due course. However, in referring to a misinterpretation regarding residential care charges, he sought assurance that this would be corrected in the 2023 accounts.

Councillor Wilson, stated that during 2021/22 there had been a number of delays in regard to spending the monies available, adding that the Council had received a significant amount of money for education purpose as a result of the Covid pandemic and which had put the Council in a good position with regard to reserves. Reserves being required to ensure that the Council did not end up in deficit and having regard to a of actions that needed to be completed. The UK Government was in deficit of trillion pounds, so it was essential that reserves were maintained. He too also took the opportunity to thank the accounting staff and the audit staff who had undertaken a tremendous amount of work in order to complete the Statement of Accounts and again stated that now was not the time to debating the figures produced in the report, but to approve the accounts as is.

Councillor Franks, however, was of the view that the accounts indicated a major failing of the leadership of the Council, in particular with regard to the reserves. He maintained that the residents were “crying” out for the maintenance of its roads, and he was concerned that investment had not been made in housing with his view being the Council’s building programme was very suspect. With regard to the redundancy figure of £250k referred to in the report, he considered this to be a significant sum that should be explained either at the meeting or by email, being aware of the confidential nature of the matter. Having regard to any late grants received from Welsh Government, he also suggested that the leadership should consult with their Senedd colleagues on this matter.

In response to the questions raised the Leader commented that a number of the comments made by some Members at the meeting had already been part of recent press releases with Members also being aware that the matter was for discussion at the Council meeting. She further stated that no doubt the comments / statements would also be replayed at the next Full Council meeting when the budget was to be considered.

In her view the budget was accurate and having listened to some of the queries raised at the meeting and having regard to discussions at the Governance and Audit Committee, she suggested that some Members of the Council may benefit from further training before the budget considerations are taken to Scrutiny Committees and Full Council.

In conclusion, the Leader referenced that the reserves were all laid out within the report the detail for which had also been provided, it being noted she said that the schools’ capital was an earmarked reserve together with vehicle repairs etc.

There being no further queries, discussion on the matter at the meeting, it was subsequently

RESOLVED –

- (1) T H A T the report of the Auditor General for Wales be noted.
- (2) T H A T the Letter of Representation to Audit Wales for 2021/22 attached at Appendix 2 to the report, be approved and signed and dated by the Mayor as Chair of the Council.
- (3) T H A T the Annual Governance Statement (within the Statement of Accounts) for 2021/22 be approved and signed and dated by the Leader of the Council.
- (4) T H A T the Statement of Accounts for 2021/22 be approved and signed and dated by the Mayor as Chair of the Council.

#### Reasons for decisions

- (1) Having regard to the contents of the report and discussions at the meeting.

- (2) That the representation letter is approved, signed and dated and returned to Audit Wales.
- (3) That the Annual Governance Statement is approved, signed and dated as required.
- (4) That the Statement of Accounts is approved, signed and dated as required.