

CIVIC AFFAIRS

3 November 2022

10.06 - 11.15 am

Present: Councillors McPherson (Chair), Carling (Vice-Chair), Bennett, Davey and Thornburrow

Also, present (virtually) Councillor Hauk

Officers:

Head of Finance: Caroline Ryba

Head of Shared Internal Audit Service: Jonathan Tully

Deputy Head of Finance: Neil Krajewski

Senior Accountant (Technical and Finals Accounting): Francesca Lawton

Committee Manager: Chris Connor

Meeting Producer: James Goddard

Others Present:

Ernst & Young Audit Manager: Jacob McHugh

FOR THE INFORMATION OF THE COUNCIL**22/37/Civ Apologies**

Apologies were received from Independent Person: Rob Bennett.

Councillor Hauk joined the committee on-line via MS Teams. He took part in the debate but did not vote.

22/38/Civ Declarations of Interest

Item	Councillor	Interest
All	Cllr Davey	Personal: Board member of Cambridge Investment Partnership

22/39/Civ Public Questions

There were no public questions.

22/40/Civ Annual Governance Statement 2021/2022

The committee received a report from the Head of Shared Internal Audit Service regarding the Annual Governance Statement 2021/2022.

In response to the Members' questions the Head of Shared Internal Audit said the following:

- i. On page 20 of the officer's report in Principle B there was a general statement about continuing to engage with stakeholders, examples of engagement were via documentation and face to face, however this was a broad statement. Officer stated there was little he could add that the report did not already state.

Councillor Thornburrow stated she could add to officer's previous answer. The Greater Cambridgeshire Local Plan Preferred Options had 8000 responses. It reflected the work of moving to digital format and trying to reach people. There had received lessons about how to further engage with residents of the city.

Councillor Bennett said that on Page 20 of the report, Principle section B, the last point should not use the word "including" but be changed to "upon" or "in respect of". The Officer agreed he would be happy to make that amendment to the report.

- ii. Councillor Carling stated that on Page 13 of the report there were now include now seven Executive Councillors not six

Officer stated he would have that updated.

- iii. Officer recognised the risk of energy shortages/power cuts as a potential hazard and had been alerted to it. The management team had been having discussions around this issue. The management team had discussed emergency planning processes regarding Council operations and how they could support local residents.

Resolved (by 5 votes to 0 – unanimous of those able to vote) to:

- i. The Annual Governance Statement in advance of the Statement of Accounts. To help complete this, members should note:
 - the arrangements for compiling, reporting on and signing the AGS;
 - the progress made on issues reported in the previous year;
 - the current review of effectiveness
 - the issues considered for inclusion in the current AGS;
- ii. Note and endorse the amendments to the updated Local Code of Corporate Governance.

22/41/Civ Statement of Accounts 2021/22

The committee received a report introduced by the Head of Finance in regarding the Statement of Accounts 2021/2022.

Also presenting were the Deputy Head of Finance, Senior Accountant (Technical and Financial Accounting) and Audit Manager from Ernst & Young (EY).

In response to Members' questions, the Head of Finance, the Deputy Head of Finance, Senior Accountant (Technical and Financial Accounting) and Audit Manager from Ernst & Young said the following:

- i. Regarding the timetable for the audit, the outstanding work in the key areas sat outside of the Audit and Finance teams. There were external factors they were waiting on, such as responses from valuers.
- ii. There had been challenges in response times, but the Council had put in measures to reduce response times, including the hiring of a new Deputy Head of Finance.
- iii. The Cambridge Investment Partnership (CIP) auditor had concluded their audits of individual components and EY have signed audited accounts.
- iv. Delays were as a result of waiting for information and responses that external parties are responsible for and had not been significantly affected by the work and day to day activities of the Cambridge City Council's finance team. Delays in this year's audit would not cause a knock-on effect for future years. The Council would be able to produce a draft set of accounts on time, in line with the statutory timetable. However, it was widely acknowledged that there were significant challenges facing the external audit sector. The Council would work with EY to ensure that external experts were aware of timetables. There is a deadline of 30 November 2022, and they would work with EY and external bodies to meet this deadline.
- v. In relation to future risks related to the value of pension fund assets, it was noted the Local Government Pension Scheme (LGPS) operates on a long-term basis. Though

there would be a short-term decline, the LGPS planned their investments for the long term so they can pay pensions when they are due to be paid. There had been no indication that there is any problem with LGPS going forward.

- vi. The Head of Finance stated she would like her thanks noted to former Deputy Head of Finance Jody Etherington for the work done on these accounts.
- vii. Regarding Pg. 50 recommendation 2.3 of the agenda:

“Delegate to the Chair of the meeting, in consultation with the Opposition Spokes, to approve any amendments to the Statement of Accounts arising from the remaining audit procedures, provided that these do not have a material impact on the Council’s usable reserves or result in any changes to the auditor’s opinion.”

It was confirmed that the Chair of the meeting would consult with the Opposition Spokes as well as the Independent Spokes. Would like to ask the Members if they had any objections to her deferring to her colleagues Cllr Davies, Cllr Hauk and Cllr Porrer. Members had to no objection to this.

- viii. In response to an enquiry about the Councils financial reserves, and how inflation had affected these numbers, stated that it was true that the numbers have less buying power than they did a year ago. They act as the Council’s contingency fund. When the prudent minimum balance of reserves is set, a risk-based calculation is done. This was based on the expenditure budget. The expenditure budget had been inflated, as is done every year. When risks of varying expenditure and probabilities are calculated, this was based on inflated amounts.
- ix. Stated that with the Medium-Term Financial Strategy approved in October there was a slight increase in the prudent minimum balance to reflect current level of uncertainty and increased level of risk. Stated that another aspect of reserves is that we hold cash, that backs those reserves, and is invested. That although we cannot make up for inflation rates of ten plus percent, with investment interest rates being at approximately 3-4 percent, Officers were doing everything they could to maintain the value of the cash that backs up the reserves.

Resolved (by 5 votes to 0 – unanimous of those able to vote) to:

- i. Receive the Audit Results Report presented by EY.
- ii. Approve the Statement of Accounts for the year ended 31 March 2022, subject to any remaining amendments per recommendation iii.
- iii. Delegate to the Chair of the meeting, in consultation with the Opposition Spokes, to approve any amendments to the Statement of Accounts

arising from the remaining audit procedures, provided that these do not have a material impact on the Council's usable reserves or result in any changes to the auditor's opinion.

- iv. The Chair of the meeting being authorised to sign the Letter of Representation and the Statement of Accounts for the financial year ended 31 March 2022 on behalf of the Council.

The meeting ended at 11.15 am

CHAIR