

MINUTES of the informal meeting of the **AUDIT AND GOVERNANCE COMMITTEE** held virtually via Teams at 2.00 pm on 18 July 2022.

These minutes are subject to confirmation by the Committee at its next meeting.

Elected Members:

(* Present online)

- *Victor Lewanski (Vice-Chairman)
- David Lewis (Chairman)
- Joanne Sexton
- *Terry Price (Independent Member)

Members in Attendance

Becky Rush, Cabinet Member for Finance & Resources

40/22 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Richard Tear and Stephen Cooksey.

41/22 MINUTES OF THE PREVIOUS MEETING [13 JUNE 2022] [Item 2]

The Minutes of the previous meeting were noted but would need formal approval at the next formal meeting.

42/22 DECLARATIONS OF INTEREST [Item 3]

There were none.

43/22 DRAFT STATEMENT OF ACCOUNTS 2021/22 [Item 4]

Speakers:

- Barry Stratfull, Chief Accountant
- Nikki O'Connor, Strategic Finance Business Partner

Key points raised:

1. The Chief Accountant Introduced the report which summarised key aspects of the Draft Statement of Accounts (SoA) and outlined its purpose.
2. In summary the Chief Accountant reported that:
 - The total value of the net liabilities on the balance sheet was £198m which was an improvement of £567m in comparison to last year.
 - This was primarily due to capital expenditure incurred in the year and asset valuation increase, resulting in an increase in the Property Plant & Equipment balance and a significant improvement of £311m in the Council's pension liability – due to the asset and liability of actuarial assessment improved in the year compared to last year (which included Covid related impacts).
 - The Fund does operate multiple investment strategies, the value of asset return was £180m which was an increase compared to last year a gain of 7% on the assets and demographic assumptions improved as used more up to date longevity assumptions and reduction in obligations by half a percent.

- However, the pensions liabilities still has a significant impact on the balance sheet and the net worth of the Council. It is important to note that pension benefits are not payable until employees retire however for accounting purposes accrued future obligations must be accounted for. The pensions liability is calculated by Hymans Robertson – £1.86bn (was at £2.171bn).
 - There are two separate pension funds included in the Statement of Accounts: The Local Government Pension Fund and a separate firefighters pension fund. The firefighters pension fund was £660m at the 31 March 2022, a decrease of £36 million liability on the previous year.
 - At the time of writing the auditors had not received any objections to the Statement of Accounts.
3. In response to a Member query regarding making reference to the recent pay award in the narrative report the Strategic Finance Business Partner reports that the narrative report was focused on activity of 2021/22, so not necessary or appropriate to mention the recently agreed award but last year's pay award could be referenced.
 4. The Strategic Finance Business Partner agreed to:
 - redraft page 21, financial performance revenue and gross expenditure and income, the final sentence: small surplus of £1m and page 31 on income expenditure accounts that talks of £26m be redrafted to avoid confusion.
 - Summarise on page 32, what the 22% efficiencies are that were not delivered, although noted that more detail on these are contained in the outturn report to Cabinet.
 5. There was much discussion about information relating to the number of employees, salary levels and other related figures and how these were reported or not reported. Members were concerned that the transparency on what the council was trying to achieve was being provided to residents. Further narrative would be provided in the final version of the accounts and figures would be confirmed.
 6. There was some discussion about the main pensions fund being funded and the fire pension fund not and the implications of that. The Strategic Finance Business Partner explained that this was showing future liability payable as employees retire which accounting standards require us to show as a liability as the future benefit is accrued by the employee, rather than because it is due to be paid. The liability on the balance sheet representing the accrued pension benefits that the current members have. The Government contribute to the liability in relation to the firefighters' pension fund.

Resolved:

That the draft 2021/22 statement of accounts, subject to the public inspection and the audit currently underway, be approved subject to comments raised by Members and information requested for officers to further respond to.

44/22 DATE OF NEXT MEETING [Item 5]

It was noted that the next meeting of Audit & Governance Committee will be on 12 September 2022.

Chairman