

Audit Committee Comments/Queries

Page No	Query/Comment	Response/Amendments made to draft Statement of Accounts
Queries from Cllr Berry		
Page 18 (129) (Note B2)	Is there any particular reason why 'other income' decreased by £450 k?	In 2018/19 'other income' included a one off receipt of £660k overage from the sale of land in Bourton on the Water to a developer. (Share of additional surplus from land sold).
Page 18 (129) (Note B2)	Why has 'other expenditure' increased by £1040 k?	Due to a £1.1m fall in value of pooled investment funds in 2019/20 compared to falls of £198k in 2018/19. See also note B4. This loss in value does not impact upon the Council's General Fund and is reversed via a statutory override via the Movement in Reserves Statement and note C1.
Page 23 (134) (Note B9)	It's good to see that the Government funding was actually £900 k higher than the previous year! This should give us more confidence for future years.	Government funding over the medium term remains very uncertain. New Homes Bonus in 2020/21 was awarded for one year only, pending the Spending Review. It is unclear if there will be a further year of New Homes Bonus or if the Council will only receive "Legacy Payments" from the previous four year allocations. The Spending Review to be announced in November will be for one year only (2021/22). The Fairer Funding Review and 75% Business Rate Retention Scheme have been deferred until 2022/23. It seems increasingly likely that the Business Rate Reset – which could re-distribute growth in retained business rates – will also be deferred. There remains a risk of permanent and significant reductions to Government funding.
Page 28 (139) (Note C3, Revaluation Reserve)	What is the write off to the Capital Adjustment Account?	This relates to the difference between fair value and historic cost depreciation. Revaluation gains are depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.
Page 29 (140) (Note C3, Capital	Please could you explain the £2.9 M write off to non-current assets?	This relates to recycling and waste vehicles purchased by the Council and then disposed and transferred to Ubico under the terms of a finance lease.

Adjustment Account)		
Page 36 (147) (Note D2, Investment Properties)	Why have the 'Direct Operating Expenses' on investment properties gone up by some £640 k?	This was corrected in the draft version of the accounts authorised for issue. The revised figure of £202,445 is consistent with the prior year figure of £214,400.
Queries/comments from Cllr Andrews		
Page 1 (NR)	<p><i>'While Publica works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.'</i></p> <p>Except that its Interim Chief Executive is also a Director of Publica.</p>	Updated to state that 'From July 2020 the Publica Executive Director of Commissioning is acting as Interim Chief Executive whilst a recruitment process is undertaken for a permanent replacement.
Page 3 (NR)	<p><i>'The Council's Environmental Services (grounds maintenance, domestic waste collection, recycling collections, etc.) are provided by Ubico Ltd. The Ubico Ltd. contract costs for 2019/20 were underspent by £134,190'.</i></p> <p>How much of this should be carried forward to the following year? This may not be an "underspend" but a delay in spending due to other circumstances.</p>	<p>This is due to delay in changes to services provided.</p> <p>Update to state 'This is due to changes in services which were planned, and budgeted for, but which were delayed from November 2019 to March 2020'.</p>
Page 3 (NR)	<p><i>Operational Performance and Efficiency</i></p> <p><i>'The Council's Overview and Scrutiny Committee monitor the Council's progress towards achieving its aims and priorities. During the year, there were some notable performances including':</i></p> <p>As Chair of O&S I would like to be consulted on this statement in order to ensure that it does</p>	<p>Changes highlighted in bold:</p> <p>"The Council's Overview and Scrutiny Committee and the Cabinet monitor the Council's progress towards achieving its aim and priorities.</p> <p>During the year, some notable performances were reported to the Overview and Scrutiny Committee and the Cabinet including:...."</p>

	meet the key O&S concerns. Otherwise, it should be noted that this is an Officer interpretation.	
Page 4 (NR)	<p><i>'Cirencester Car Parking – budget of £1.88m; a Council decision to construct a carbon neutral car park has required some additional work. It is now anticipated a report will be presented to Cabinet in July seeking agreement to submit a planning application and expenditure will occur in 2020/21'.</i></p> <p>Now deferred for a year.</p>	<p>Updated to reflect fact that this scheme is deferred for a year.</p> <p>'At the Cabinet meeting held on 6th July it was agreed to pause the project for 12 months to allow a review of parking demand in Cirencester and to consider options to mitigate the need for additional parking and promote sustainable transport solutions'.</p>
Page 4 (NR)	<p><i>'Cirencester Leisure Centre – Gym and Studio Expansion – budget of £1.20m; the council was in discussions with their contractor (SLM) to develop the scheme but discussions have been delayed due to the Covid-19 pandemic.'</i></p> <p>Not entirely true. Following a (pre CV-19) question at an O&S meeting, it had been confirmed that this was in any case to be delayed by one year.</p>	<p>Update to:</p> <p>'Cirencester Leisure Centre – Gym and Studio Expansion – budget of £1.20m; the council was in discussions with their contractor (SLM) to develop the scheme but a decision was made to delay the scheme by one year.</p>
Page 4 (NR)	<p><i>'Budgets for ongoing projects have been carried forward into 2020/21, with other budgets being reallocated or removed from the capital programme'.</i></p> <p>Is this a reference to the above three bullet points or to other projects as well?</p>	<p>This relates to the bullet points above (as the most significant projects) and to other projects where underspends have occurred.</p> <p>Added the following text:</p> <p>"Where necessary 2019/20 Capital Programme budgets have been carried forward in to 2020/21 to fund ongoing projects. "</p>
Page 4 (NR)	Capital table - Given the narrative, what is the relevance/purpose of this table?	Add text:

		'The table below summarises the 2019/20 capital outturn and compares this to plans for capital expenditure over the next ten as per the Council's MTFS'
Page 4 (NR)	Pension Liability - Is it expected that CDC's liability will increase, even if at present unquantifiable, as a result of CV-19?	The overall net liability could increase if the Council's share of pension fund investments falls in value. We have not received any outturn information in relation to the current performance of Gloucestershire Pension Fund but many pension funds have now recovered much of the value lost during the first quarter of 2020. We won't really know until the next triennial valuation as at 31 March 2022.
Page 5 (NR)	Risk Management – Standard View on Risk across the Council, cf 2018 policy on risk	A revised Risk Management Policy is in preparation and will be considered during 2020/21.
	<i>'The Council is reporting the financial impact of Covid-19 to the MHCLG on a monthly basis; and to date, has received a total of £941,887 of additional funding. Without further government funding, the Council forecasts net additional costs and lost income in 2020/21 of around £2.5 million which exceeds the forecast level of the General Fund Balance'.</i> This is the impact. What is the likelihood? Need to apply Standard view on Risk across the Council, cf. 2018 policy on risk.	We will update this using narrative from the Council report on the revised budget for 2020/21.
P6 (NR)	<i>'Although difficult to quantify the impact of Covid-19 it is expected that the financial pressures will be significant – even after the Government's emergency Covid-19 funding for local authorities is taken into account. The Council is however in the fortunate position of having general fund reserve balances to draw upon'.</i>	Noted.

	Based upon its historic prudent approach.	
P6 (NR)	<p><i>As lockdown restrictions are eased the Council faces new challenges and opportunities. The key priorities identified in the Council Plan may need to be amended or supplemented in light of the pandemic; this will be considered during the preparation of a Covid-19 Recovery Plan</i></p> <p><i>Recovery will take time and will be complex. This reflects the multifaceted nature of the impacts created by the crisis. The Council will be looking to revisit the assumptions included in the last iteration of the Medium Term Financial Strategy in recognition of the impact of the pandemic.</i></p> <p><i>The MTFS does not replace a Corporate Plan but should complement it. This emphasises the LGA Peer Review observation of the need for a Corporate Plan.</i></p>	Noted
P7 (NR)	<p><i>'These savings can be generated through increasing efficiency gains (although a great deal of work have already taken place in this respect), increasing income from fees and charges, increasing Council Tax income or reviewing service provision, particularly the provision of discretionary services'</i></p> <p><i>Amend to has.</i></p>	Will amend to 'has'.
P6 (NR)	<i>'The Council is preparing a Commercialisation Strategy with</i>	Paragraph to be reworded as follows:

	<p><i>the aim of generating new income streams. This will help the Council to address the predicted cuts to government funding and loss of income and increased costs arising from the Covid-19 pandemic. The Commercialisation Strategy will require capital investment and the Capital Programme has been updated to include provision for investment of £65 million. It</i></p> <p>The Figure of £65M was a pre CV-19 figure and should not be attributable in any way to CV-19.</p>	<p><i>'The Council is preparing a Recovery Investment Strategy with the aim of investing in the Council's priorities and generating new income streams. This will help the Council to address the predicted cuts to government funding. The Strategy will require capital investment and the Capital Programme has been updated to include provision for the investment.</i></p>
P20 (note B7)	<p>External Audit Costs – CFO Insights subscription</p> <p>Is this data only available to Finance Staff, or to all staff, e.g. those dealing with health & wellbeing?</p>	<p>This data would have been available to all staff.</p>
P21 (Note B8)	<p>Senior Officer Remuneration</p> <p>Given our relationship with Publica, should their senior position remunerations be revealed? They were historically employees of CDC. Their costs are currently "wrapped" within the overall cost of Publica support. If the costs of a shared monitoring officer (e.g.) are to be declared, should the costs of senior Publica Directors (etc.) also not be declared?</p>	<p>The Authority is required to prepare an annual Statement of Accounts in accordance with the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i> . (CHECK)</p> <p>There is a requirement to only disclose salary information in respect of senior officers employed by the Council. This excludes all Publica employees as their employment contract is held with Publica rather than the Council.</p> <p>The total cost of Publica Directors is disclosed in the Publica financial statements including disclosures in respect of the highest paid Director. (note 8 to Publica draft accounts)</p> <p>We have made reference to Publica's accounts in this note.</p>
P22 (Note B8)	<p>Other Officer Remuneration</p>	<p>The CIPFA code as referred to above only requires us to disclose the number of officers</p>

	Who? When serving, my salary was a matter of public visibility given my rank.	whose remuneration exceeds £50k. Further details are available on the Council website.
P24 (Note B10)	Termination Benefits - <i>The Council has not made any severance payments in respect of redundancy or compensation for loss of office during the year or in the previous financial year.</i> But what is forecast?	Forecast costs are not required as part of this note. Any plans for redundancies/compensation will come before Cabinet and Council for approval.
P28 (Note C2)	Revaluation Reserve	The Revaluation Reserve contains the gains made by the Authority from increases in the value of its Property, Plant and Equipment not yet realised through sales. Further narrative provided within note to the Revaluation Reserve and Accounting Policies. .
P29 (Note C2)	Capital Adjustment Account – need explanation	The Capital Adjustment Account is a store of capital resources set aside to meet past expenditure Further narrative provided within note to the Capital Adjustment Account and Accounting Policies. .