



## South Cambridgeshire District Council

**Council Meeting**  
**Monday, 18 October 2021**

**Agenda and Reports**

South Cambridgeshire Hall  
Cambourne Business Park  
Cambourne, Cambridge  
CB23 6EA

## **Exclusion Of Press And Public**

The law allows Councils to consider a limited range of issues in private session without members of the Press and public being present. Typically, such issues relate to personal details, financial and business affairs, legal privilege and so on. In every case, the public interest in excluding the Press and Public from the meeting room must outweigh the public interest in having the information disclosed to them. The following statement will be proposed, seconded and voted upon.

"I propose that the Press and public be excluded from the meeting during the consideration of the following item number(s) ..... in accordance with Section 100(A) (4) of the Local Government Act 1972 on the grounds that, if present, there would be disclosure to them of exempt information as defined in paragraph(s) ..... of Part 1 of Schedule 12A of the Act (as amended)."

If exempt (confidential) information has been provided as part of the agenda, the Press and public will not be able to view it. There will be an explanation on the website however as to why the information is exempt.

## **South Cambridgeshire District Council**

TO: The Chair and Members of the  
South Cambridgeshire District Council

**Notice Is Hereby Given** that the next meeting of the **Council** will be held in the **Council Chamber - South Cambs Hall** at **6.00 P.M.** on

**Monday, 18 October 2021**

and I therefore summon you to attend accordingly for the transaction of the business specified below.

**Dated** this date

**Liz Watts**  
Chief Executive

**The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.**

---

### **Agenda**

1. **Apologies**  
To receive Apologies for Absence from Members.
2. **Declaration of Interest**
3. **Audit of the 2018/19 Accounts**

**(Pages 1 - 10)**

## **Note to help those people visiting the South Cambridgeshire District Council offices**

Please also refer to any Covid-security measures relating to meetings in the Council Chamber

While we try to make sure that you stay safe when visiting South Cambridgeshire Hall, you also have a responsibility for your own safety, and that of others.

### **Security**

When attending meetings in non-public areas of the Council offices you must report to Reception, sign in, and at all times wear the Visitor badge issued. Before leaving the building, please sign out and return the Visitor badge to Reception.

Public seating in meeting rooms is limited. For further details contact Democratic Services on 03450 450 500 or e-mail [democratic.services@scams.gov.uk](mailto:democratic.services@scams.gov.uk)

### **Emergency and Evacuation**

In the event of a fire, a continuous alarm will sound. Leave the building using the nearest escape route; from the Council Chamber or Mezzanine viewing gallery this is via the staircase just outside the door. Go to the assembly point at the far side of the staff car park opposite the staff entrance

- Do not use the lifts to leave the building. If you are unable to use stairs by yourself, the emergency staircase landings have fire refuge areas, which give protection for a minimum of 1.5 hours. Press the alarm button and wait for help from Council fire wardens or the Fire and Rescue Service.
- *Do not* re-enter the building until the officer in charge or the Fire and Rescue Service confirms that it is safe to do so.

### **First Aid**

If you feel unwell or need first aid, please alert a member of staff.

### **Access for People with Disabilities**

We are committed to improving, for all members of the community, access to our agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you. The Council Chamber is accessible to wheelchair users. Infra-red hearing assistance systems are available in the Council Chamber and viewing gallery. To use these, you must sit in sight of the infra-red transmitter and wear a 'neck loop', which can be used with a hearing aid switched to the 'T' position. If your hearing aid does not have the 'T' position facility then earphones are also available and can be used independently. You can get both neck loops and earphones from Reception.

### **Toilets**

Public toilets are available on each floor of the building next to the lifts. These include facilities for disabled people.

### **Recording of Business and Use of Mobile Phones**

We are open and transparent about how we make decisions. Public meetings are webcast and are also recorded, but we allow recording, filming and photography at Council, Cabinet and other meetings, which members of the public can attend, so long as proceedings at the meeting are not disrupted. We also allow the use of social media during meetings to bring Council issues to the attention of a wider audience. To minimise disturbance to others attending the meeting, please switch your phone or other mobile device to silent / vibrate mode.

### **Banners, Placards and similar items**

You are not allowed to bring into, or display at, any public meeting any banner, placard, poster or other similar item. If you do so, the Chair will suspend the meeting until such items are removed.

### **Disturbance by Public**

If a member of the public interrupts proceedings at a meeting, the Chair will warn the person concerned. If they continue to interrupt, the Chair will order their removal from the meeting room. If there is a general disturbance in any part of the meeting room open to the public, the Chair may call for that part to be cleared. The meeting will be suspended until order has been restored.

### **Smoking**

Since 1 July 2008, South Cambridgeshire District Council has operated a Smoke Free Policy. No one can smoke at any time within the Council offices, or in the car park or other grounds forming part of those offices.

### **Food and Drink**

Until the lifting of Covid restrictions, no vending machines are available. Bottled water is available for attendees at meetings.

This page is left blank intentionally.

# Agenda Item 3



South  
Cambridgeshire  
District Council

**Report To:** Council 18<sup>th</sup> October 2021

**Lead Cabinet Member(s):** Councillor John Williams,  
Lead Cabinet Member for Finance

**Lead Officer:** Peter Maddock, Head of Finance

---

## **Audit of the 2018/19 Accounts**

### **Executive summary**

1. At the Audit and Governance Committee meeting of 28<sup>th</sup> September the auditors issued a report saying they are considering issuing recommendations to Council under section 24 schedule 7 of the Local Accountability and Audit act 2014. Whilst the 2018/19 Audit of the Accounts is nearing completion there is a small number of issues to resolve, the most significant being related to the Councils Asset Register.

### **Recommendation**

2. **To note the position on the Audit of the Accounts for 2018/19.**

### **Background information**

#### **Introduction**

3. There have been issues with the audit of the council's statement of accounts for a number of years culminating in a particularly protracted audit of the 2017/18 accounts which were signed off in July 2020. These legacy issues led to a late start on the 2018/19 audit and a combination of the Pandemic, the change of accounting system mid-year and the introduction of a new asset register have led to another challenging audit which has taken longer than expected.
4. The draft 2018/19 accounts have been undergoing audit since late last calendar year and we are now nearing completion. The biggest element of the final work relates to the finalisation of the asset register for which all information has been provided to the audit team for review.

#### **2018/19 Accounts update on outstanding items**

5. There were a few outstanding pieces of information required by the auditors within two weeks of the audit committee date and an update is given below.

6. “Nil value surplus land” – 259 pieces of land were identified as having a Nil value on the asset register. These assets have been identified as nil value for many years. The auditor uncovered one of these assets which was actually sold for £200,000 (it was a piece of land required for access to a new development) and therefore we have been required to revalue all of the nil value assets individually, to ensure that they really do have no financial value. (These sorts of assets are normally small strips of land on the edge of housing estates). The 259 assets have been reviewed by Housing colleagues and whilst there were some items needing to be removed from the register due to previously being sold, information relating to 170 assets held have been passed to the external valuer to provide an updated valuation. There are a further 15 pieces that originally could not be physically identified but further work has identified that 10 pieces should be removed from the Asset Register and the remaining 5 have now been identified and passed to the valuer to enable them to value these too. The valuer committed to providing the draft valuation report by Friday 8<sup>th</sup> October and if appropriate we will need to update the asset register, run the reports and amend the statement of accounts. A document has also been provided to the auditors detailing the work carried out in relation to these assets.
7. Revaluation Reserve 2018/19 opening balance – There is a difference of £6.2m between the opening balance reported on the reserve in the new asset register compared to the closing position reported in the old asset register. There are two elements that have caused this position. First, a difference of £2m relating to housing assets which we have asset by asset information on and second, a block manual adjustment of £4.2m which we cannot identify to individual assets. Audit will need to perform tests on both these amounts. The Revaluation Reserve holds all upward revaluations in relation to assets held by the council where their current value exceeds their 2007 value. The information held on the old asset register has been put into the new asset register and the calculations performed by the two registers have resulted in this difference. The Revaluation Reserve was created on 1<sup>st</sup> April 2007 so this difference has arisen over the intervening period. The new asset register is created by CiPFA (the Chartered Institute for Public Finance and Accounting – local government’s lead financial body) and carries out the calculations based on the accounting code issued by them. It therefore follows that the calculations carried out by the new register are in line with the accounting code. This issue is not peculiar to South Cambs and other authorities have had similar issues when moving from spreadsheets to a database system. A note to the accounts has been prepared explaining this difference and provided to the auditors for review.
8. A Final version of the Fixed Asset Register can be produced once 6 & 7 above are resolved and the asset register updated as appropriate. The various notes to the accounts can then be updated in line with this information.



9. There are three other more minor items not listed within the two week deadline. These are: (i) clarifying what action to take regarding two section 106 sums, (ii) getting agreement from the auditors to the council's IFRS 9 assessment which relates to financial instruments and (iii) updating the going concern assessment (if necessary). These can be resolved fairly quickly over the final weeks of the audit.
10. Once this work is completed there will be a further audit review prior to final sign off which is expected later in the Autumn.

### **Options**

11. The report is a position statement with regard to the information requirements relating to the audit request for information in two weeks.

### **Implications**

12. In the writing of this report, taking into account the financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

#### ***Legal***

13. Since 2016 there has been a requirement under the Accountancy and Audit Regulations for councils to present their accounts for the preceding financial year for audit by 31<sup>st</sup> of May each year and for those accounts to be audited and published by 31<sup>st</sup> July each year. An extension was granted for 2019/20 and 2020/21 accounts due to COVID but the delay in the audit of the 2018/19 accounts has made this largely academic.

#### ***Financial***

14. There will be additional audit fees over and above the scale fee set, there were additional fees ensuring the transfer of information from the old finance system to the new which occurred during the year and additional fees are incurred as a result of having to prepare group accounts. The protracted nature of the audit will involve some additional fees too.

#### ***Staffing***

15. There are currently 2.5 staff working full time on the outstanding audits, supported by 10 colleagues within the Finance Service as and when required. Further resource will be procured for the 2019/20 audit and an assessment of the requirements is currently being made.

#### ***Risk***

16. There is a risk that the financial statements are incorrectly stated with consequential impacts. This is still a significant risk going forward but with

dedicated experienced resources now tasked with accounts completion for 2019/20 the risk should be mitigated to a significant extent.

### ***Environmental***

17. There are no environmental implications arising directly from the report.

### ***Equality Analysis***

18. In preparing this report, due consideration has been given to the District Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. It is considered that the report has no relevance to South Cambridgeshire District Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation. An equality analysis is not needed.

### **Background Papers**

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information England) Regulations 2012 require documents to be open to inspection by members of the Public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) In the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

**REPORT AUTHOR:** Peter Maddock – Head of Finance  
*E-mail:* [peter.maddock@scambs.gov.uk](mailto:peter.maddock@scambs.gov.uk)



**Report To:** Audit and Governance 28<sup>th</sup> September 2021

**Lead Cabinet Member(s):** Councillor John Williams,  
Lead Cabinet Member for Finance

**Lead Officer:** Peter Maddock, Head of Finance

---

## **Audit of the 2018/19 Accounts**

### **Executive summary**

1. The 2018/19 Audit of the Accounts is nearing completion. It is expected that the audit will complete within the next couple of months.

### **Recommendation**

2. **To note the position on the Audit of the Accounts for 2018/19.**

### **Background information**

#### **Introduction**

3. The draft 2018/19 accounts have been undergoing audit since late last calendar year and whilst this has not been a continuous process overall it has taken rather longer than expected. The biggest element of the final work relates to the asset register for which all information has been provided to the audit team for review.

#### **2018/19 Accounts update on outstanding items**

4. There are a few outstanding items to resolve before the audit can be completed and these are dealt with in turn below.
5. There are a number of pieces of land that are on the **asset register** with a nil value. Colleagues in Housing Services have reviewed the list (which included 259 assets) and provided sufficient information on all but 15 of the items to enable the Council's external valuer to carry out a valuation of these. For the remaining 15 sites, inspections are planned during week commencing 27<sup>th</sup> September to ascertain the size and exact location of these pieces of land. This information will then be passed to the valuer for his work. The valuation work is currently being undertaken with completion expected within the next week. Once this work is complete we will know whether any further adjustment is needed to the asset register.

6. The opening balance of the **Fixed Asset Register** did not match the Statement of Accounts. The necessary adjustments have now been made to the asset register and the reports passed to the auditors for review. The relevant note to the accounts has also been adjusted to reflect the correct position.
7. There is a significant difference between the balance on the **revaluation reserve** in the asset register and that in the accounts. A sample of assets have been taken from both the old and new assets registers and the calculation performed in both systems has been compared. This analysis concluded that the calculations performed on the old asset register were different and, in some cases, not carried out at an individual asset level in accordance with the accounting code. This has resulted in differences between the two systems. The outcome of this review has been provided to the auditors for their review.
8. The **going concern assessment** needs updating. The previous assessment provided information on the Council's finances for a period of a year after sign off so in relation to 2018/19 to August 2022. This will need updating to the end of December 2022 and it has been agreed to provide this in early October. It is important to note that the provision of this information to the auditors in no way means there is any doubt about the Council being a going concern it is just provided to satisfy this additional requirement placed on the auditors.
9. The **IFRS 9 assessment** relating to Financial Instruments has been provided and will be reviewed by the auditors in due course.
10. The outstanding points regarding section 106 monies are currently being reviewed by audit.
11. Once this work is completed there will be a further audit review prior to final sign off which is expected in the Autumn.

### **Issues affecting the 2018/19 accounts audit**

12. Issues with accounts sign off go back a number of years but came to a head with the 2017/18 audit. Progress on that had stalled a number of times and a dedicated resource was brought in during Autumn of 2019 in an effort to complete this. Significant progress was made during the early part of 2020 and although the pandemic hit in March 2020 the accounts were finally signed off during July 2020.
13. This resource commenced work on the 2018/19 accounts audit and whilst they had put together the statement and working papers in readiness for the audit they then left the authority. This resource was replaced fairly quickly and there was a brief handover between the incoming and outgoing staff,

nevertheless there were some issues locating some papers which led to some delay in servicing the audit.

14. The Council decided to change Finance systems midway through 2018/19 moving away from open accounts to T1. This meant additional assurance work was needed by Audit to satisfy themselves that data had been moved from one system to the other correctly. In hindsight moving mid-year was probably the wrong decision and has caused significant additional work. Obtaining evidence for the audit supporting transactions in a system no longer in use added delays to the turnaround times. Data from the first 6 months of 2018/19 originally in Open Accounts was put into T1 without the full detail which again made it more difficult to obtain the required evidence.
15. At the outset of the 2018/19 audit it was recognised that the asset register presented a significant risk as this was the first year that it was used for the accounts. It was originally proposed to look at fixed assets early on in the audit but the auditors felt this should be left until later. Early discussions and work on the system may have avoided some of the issues encountered later in the process and it is disappointing that this request was not agreed to. In the event there were significant difficulties in lining up the register with the accounts and it has been concluded that the opening balances in 2018/19 on the Capital Adjustment Account and Revaluation Reserve were incorrectly calculated by the previous asset register. Effectively both accounts are wrong by the same amount, but it is worth noting that as they are both unusable reserves – effectively accounting categories - there is no effect on the Councils usable reserves such as the General Fund and HRA balances.
16. The impact of the Pandemic cannot be underestimated either. The whole Finance team were involved in the delivery of the Business Grants across the district during 2020/21, and the impact of this enormous workload, which was almost exclusively carried out from home, cannot be overestimated.
17. The issues in the Audit Progress Report are being addressed. In February of this year a Chief Accountant/Deputy Chief Finance Officer was appointed and they will be part of the team providing support to the 2019/20 audit. An additional resource to support the audit was appointed at the start of September and they will be working with the current final accounts lead to service the 2019/20 audit. There will also be further resources available to support the asset register when that is needed.
18. An assessment of whether further resources are needed for the 2019/20 audit will be carried out and these will be engaged when they are needed.
19. Since the last meeting further work has been carried out and the information required has been passed to the auditors. It was known at the last meeting that the lead auditor was leaving and that one of the auditors on the ground would not be available during August due to paternity leave so the intention was to pass information to them during September and this has now

happened. So whilst it might appear that little has happened since the July meeting plenty of background work has been undertaken to support the audit going forward and they now have everything they need.

### **2019/20 Accounts Audit timeline**

20. Once the 2018/19 audit is completed there will be a short pause to enable the 2019/20 accounts to be completed and the audit planning process to be carried out before the next audit commences in January 2022. It is hoped that the next audit will be more straight forward as all transaction will be on one finance system, evidence will be more easily obtained and the asset register will also be in line with the accounts.
21. The 2020/21 accounts will be prepared during the last quarter of this financial year though the audit will now fall into financial year 2022/23. The exact date of that taking place will be dependent on completion of both the 2018/19 and 2019/20 audits.

### **Options**

22. The report is a position statement informing members of the progress so far and the estimated timeline going forward.

### **Implications**

23. In the writing of this report, taking into account the financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

#### ***Legal***

24. Since 2016 there has been a requirement under the Accountancy and Audit Regulations for council's to present their accounts for the preceding financial year for audit by 31<sup>st</sup> of May each year and for those accounts to be audited and published by 31<sup>st</sup> July each year. An extension was granted for 2019/20 and 2020/21 accounts due to COVID but the delay in the audit of the 2018/19 accounts has made this largely academic.

#### ***Financial***

25. There will be additional audit fees over and above the scale fee set, there were additional fees ensuring the transfer of information from the old finance system to the new which occurred during the year and additional fees are incurred as a result of having to prepare group accounts. The protracted nature of the audit will involve some additional fees too.

#### ***Risk***

26. There is a risk that the financial statements are incorrectly stated with consequential impacts. This is still a significant risk going forward but with

dedicated experienced resources now tasked with accounts completion for 2019/20 the risk should be mitigated to a significant extent.

### ***Environmental***

27. There are no environmental implications arising directly from the report.

### ***Equality Analysis***

28. In preparing this report, due consideration has been given to the District Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. It is considered that the report has no relevance to South Cambridgeshire District Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation. An equality analysis is not needed.

### **Background Papers**

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information England) Regulations 2012 require documents to be open to inspection by members of the Public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) In the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

**REPORT AUTHOR:** Peter Maddock – Head of Finance  
*E-mail:* [peter.maddock@scambs.gov.uk](mailto:peter.maddock@scambs.gov.uk)

This page is left blank intentionally.