

**AUDIT AND ACCOUNTS
COMMITTEE****Minutes-Action Log**Cambridgeshire
County Council**Introduction:**

This log captures the actions arising from the July Audit and Accounts Committee and updates members on the progress on compliance in delivering the necessary actions (outstanding actions from previous meetings are also included). This is the updated action log as at 4th September 2020.

MINUTES 30th July 2020

ITEM NO.	MINUTE NUMBER / REPORT TITLE / AGENDA PAGE NUMBER	ACTION TO BE TAKEN BY	ACTION (INCLUDING WHERE RELEVANT PAGE NUMBER)	COMMENTS	COMPLETED
1.	DRAFT CAMBRIDGESHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS 2019-20				
	A) Page 41 under Narrative Report heading first bullet	Tom Kelly	Request that the following text be removed "...that following a number of acquisitions in 2019-20 the Council was not intending to purchase further commercial properties in the near future..."	This action will be addressed in the final version of the Statement of Accounts to be submitted to the October meeting of this Committee.	

	B) Page 27 paragraph 2.17 reading 'The Council's earmarked reserves increased by £12.4m during the year...'	Action Ellie Tod	The Chairman asked for the reason.	<p>At the meeting it was explained that it was to do with General Fund balances being topped up a lot of which was the timing of the receipt of additional Covid Grant of £15m which had been received before year end so had to be added.</p> <p>The grant had been earmarked by General Purposes Committee for responding to the pandemic. Due to the current uncertainty on the financial position going forward, GPC was holding the Grant centrally and would take a strategic view before allocating to individual service areas.</p>	
	C) Page 34 contents Page	Michelle Parker	the Chairman had already suggested as part of the Accounts briefing with officers that there should be a one page summary of the larger current summary and, as it was difficult to move around the Accounts document, this would be aided by a more detailed index.	Officers at the meeting confirmed that they were in the process of producing these.	
	D) Page 36 - Pie charts diagrammatical Presentation	Michelle Parker.	There was a request to have these in a simpler format	It was reported that these were already being actioned and would be included in the revised accounts to be submitted to the sign off meeting in October.	

	<p>E) page 42 Key Performance Indicators</p>	<p>Tom Kelly</p>	<p>The Chairman high that there was no reference to the intention to achieve zero carbon emissions by 2050 as one of the four corporate objectives. The Chairman also queried whether the reference to Cambridgeshire being carbon neutral by 2050 was a countywide or council target? Officers would check if it was a county or council target.. The Chairman suggested that a note saying nothing had happened during the year would deal with his initial query.</p>	<p>The adoption of the target was referred to at other parts of the document but the target came in too late to be have been included as a key performance indicator in the period under consideration. As clarification the corporate objective adopted in February 2020 at Full Council is that Cambridgeshire as a whole should have net-zero carbon emissions (not neutral) by 2050 and reflects government's target for net zero carbon emissions by 2050. In May 2020, Full Council approved the Council's Climate Change and Environment Strategy, targets and Action Plan. Actions taken have included:</p> <ul style="list-style-type: none"> • Adopting the Corporate Objective for net zero carbon emissions by 2050 and updated the Strategic Framework and Capital management Strategy • Identifying two carbon footprints - one for Cambridgeshire and one for the Council. • Developing and consulting 	
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				<p>on a Climate Change and Environment Strategy and action plan</p> <ul style="list-style-type: none"> • Investing into retrofitting schools, corporate buildings to reduce energy and carbon • Investing into the development of clean energy projects that will deliver carbon reductions when they are constructed 	
	F) Page 91 Officer Remuneration Senior Employees	Michelle Parker	The Chief Executive and other officers had part of their salaries paid by Peterborough but the footnote referring to the relevant asterisk was not shown until the third page which made the amount shown misleading when reading that page. The Chairman asked that this should be shown or explained in a note in the introductory text on the first page	This action will be addressed in the final version of the Statement of Accounts to be submitted to the October meeting of this Committee.	
	G) Page 112 – Balance Sheet Supporting Notes	M Parker	Officers confirmed that the Revaluations paragraph would be re-written	This action will be addressed in the final version of the Statement of Accounts to be submitted to the October meeting of this Committee	

	H) Page 124 short term Debtors	Tom Kelly / Robin Bates	As the Chairman was concerned regarding the Council's ability to recoup the money at the present time due to the Covid19 crisis he requested that Robin Bates Revenues and Benefits should provide an update on high value debtors and the two large debts still outstanding either by email if it could be provided sooner, but otherwise at the September or October meeting.	A report is expected for September.	
	I) Page 202 (170 of a/c) Text on Forward Foreign Currency Exchange Rates,	Action: The Vice Chairman / Fiona Coates	The Chairman expressed concerns at the wording which suggested that investment managers could gamble on the exchange rates as it read that investment managers could take advantage of forward foreign currency contracts to take advantage of current exchange rates. The Vice Chairman clarified that the Council had secured protection on the exchange rates to protect against rises and falls in the dollar. The Chairman suggested the wording needed to be checked and potentially changed so that it did not suggest investment managers were given unlimited freedoms on their activities. The Vice Chairman and Pensions officers would look at providing revised wording.	The wording has been changed in consultation With the Chairman of the Pensions Committee and is included as Appendix 2 to this action log.	ACTION COMPLETED
	j) Page 219 (187 of a/c) Mortality Assumptions	Fiona Coates	The Chairman requested an explanation on why there had been a decrease in life expectancy between the 2016 and 2019 valuations.	A response was sent on 10 th August to the Chairman included as appendix 1 which was also later circulated to the rest of the Committee and substitutes.	ACTION COMPLETED

MINUTES 24 TH SEPTEMBER 2019					
ITEM NO.	MINUTE NUMBER / REPORT TITLE / AGENDA PAGE NUMBER	ACTION TO BE TAKEN BY	ACTION (INCLUDING WHERE RELEVANT PAGE NUMBER)	COMMENTS	COMPLETED
2.	MINUTE 217. COMMUNITY TRANSPORT ACTION PLAN UPDATE				
	Reclamation of Public Funding	Chief Internal Auditor / Chief Finance Officer	Request for a provisional target date.	The negotiations which are business sensitive are still ongoing and therefore as there is still no final resolution position, no date can currently be given for an update.	Ongoing

Appendix 1

Life expectancy query

Following your query at Audit Committee asking why the life expectancy has decreased for members, I have received the below response from the actuary. I hope this helps.

There are two components when setting an assumption for longevity:

1. How long people live for based on current observed life expectancies ('baseline longevity'); and
2. An allowance for possible future improvements to longevity ('future improvements').

Life expectancy in the LGPS has been steadily increasing over the last 20 years. This has been reflected in the longevity assumptions set by actuaries at successive valuations, which have often led to an increase in the value of the past service liabilities and higher contribution rates payable by employers, as improvements outstrip expectations.

However, death experience in recent years has bucked the trend. Evidence from Club Vita, our specialist longevity consulting company, tells us that there have been more deaths of LGPS pensioners than expected since 2016. We would therefore anticipate there to be fewer pensions in payment in 2019 than expected. This will, for a typical scheme, lead to a reduction in liabilities at the 2019 valuation.

Baseline longevity

The effect of recent experience will be reflected and allowed for (in part) in the 2019 valuation baseline longevity assumptions. These assumptions are based on data the Fund provides us for the purposes of the valuation. This method is more accurate than trying to fit standard mortality tables to reflect the Fund's membership.

This is the same approach that was adopted at the 2016 valuation.

Future improvements

As mentioned above, recent evidence suggests that death rates were higher than expected based on the trend over the previous decade. This may strengthen the view that we are seeing the beginnings of a new trend. However it is not totally conclusive.

The headlines about the slow down in life expectancy improvements have been based on national population data. Therefore we need to understand the extent to which this apparent change in trend in general population data is relevant to LGPS funds' membership. Recent analysis from Club Vita has shown that in fact not all pensioners have seen a similar downturn in life expectancy improvements over recent years. In particular, the more affluent members (those with high pensions or living in affluent areas) appear to have seen less of a downturn in the rate of increase of life expectancy. Given such members will typically represent a reasonable proportion of the Fund's liabilities, we would be cautious about assuming future improvements will follow the same trajectory as the general population.

Kind regards

Fiona Coates

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Appendix 2

- **Forward foreign currency**

The Fund's Investment Managers may enter into forward foreign currency contracts to secure current exchange rates in order to reduce the volatility associated with fluctuating currency rates.

There were no open forward currency contracts at 31 March 2020 or 31 March 2019. There is no specified requirement to use currency hedging within the Fund's Investment Management Agreements. Instead, the Fund managers use their discretion as to whether or not any currency hedging should be used to mitigate any potential risk.