

Minutes of the **General Purposes Committee**
of the **Test Valley Borough Council**
held in Being virtually via MS Teams
on 10 February 2021 at 4.00 pm

Attendance:

Councillor K Hamilton (Chairman) **Councillor K North (Vice-Chairman)**

Councillor D Baverstock
Councillor M Cooper
Councillor A Dowden
Councillor M Flood

Councillor I Jeffrey
Councillor R Meyer
Councillor P North

Also in attendance
Councillor I Andersen

Councillor D Coole

366

Apologies

Apologies for absence were received from Councillor N Adams-King and S Cross

367

Public Participation

There was no public participation.

368

Declarations of Interest

There were no declarations of interest.

369

Urgent Items

There were no urgent items.

370

Minutes of the meeting held on 4 November 2020

Resolved:

That the minutes of the General Purposes Committee held on 4 November 2020 be confirmed and signed as a correct record.

371

Statement of Accounts 2019/20

Consideration was given to a report of the Head of Finance and Revenues which presented the audited Annual Statement of Accounts for approval together with the Annual Audit Results Report of the Council's external auditors, Ernst & Young. Kevin Suter, Associate Partner of Ernst & Young, presented the Annual Audit Report and answered a number of questions from Members on the audit work undertaken and the findings in his report.

Members were advised that the coronavirus has had a significant impact on the Council's finances and operating processes. Budget update reports have highlighted the expected financial impact in 2020/21 and 2021/22 and many staff have moved from office-based work to home-working. Additional audit work was undertaken to focus on the Council as a going concern – that is to say whether it has sufficient financial resilience to continue delivering its functions after taking into account the impacts of coronavirus. This resulted in a number of additional and updated disclosures but does not affect the bottom line nor does it identify any material risk that the Council will continue as a going concern

In respect of valuation of investment properties the audit challenged the approach that was used in the preparation of investment property valuations in the accounts. The approach used in the preparation of the draft accounts was similar to that used in previous years. However, following initial audit testing, EY identified that the valuation included in the draft accounts was below the level they would expect for the number and type of investment assets held.

An independent review was instigated to assess the most material asset values and resulted in a recommendation that the value shown in the draft accounts be increased. This led to a significant increase (c£40M) in the value shown of investment properties. However, as significant as this increase is, it doesn't affect the level of financing that is available to fund Council services or future capital investment. Accounting rules prevent the Council from using unrealised gains on asset values for any purpose.

The Statement of Accounts was presented with an unqualified opinion; this means the auditors found no unadjusted material errors or misstatements in the accounts.

The reason for the recommendation is to comply with a statutory duty to approve the Council's audited Statement of Accounts each year.

Resolved:

- 1. Ernst & Young's Annual Audit Results Report (Annex 1 to the report):**
 - a. That the matters raised in the report be considered before authorising the financial statements for issue.**
 - b. That the proposed audit opinion and value for money conclusion be noted.**

- 2. That the letter of representation (Annex 2 to the report) be approved.**
- 3. That the audited Annual Statement of Accounts for the financial year 2019/20 (Annex 3 to the report) be approved.**

(The meeting terminated at 4.50 pm)