



Contact: Paul Thompson
Telephone: (01524) 582603
E-mail: pthompson@lancaster.gov.uk
Website: www.lancaster.gov.uk



Deloitte LLP
One Trinity Garden
Broad Chare
Newcastle
NE1 2HF

Our Ref: PH/LCC/2020

Financial Services

Paul Thompson
S151 Officer

Town Hall Dalton Square
LANCASTER LA1 1PJ

27 November 2024

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of the Lancaster City Council for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Lancaster City Council as of 31 March 2020 and of the results of its operations, other comprehensive income and expenditure, and its cash flows for the year then ended in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

We confirm, to the best of our knowledge and beliefs, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the UK (the Code) and which give a true and fair view.
2. We have provided you with all relevant information and access as agreed in the terms of the audit engagement letter.
3. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
4. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures".
5. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
6. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements and disclosure deficiencies is detailed in the appendix to this letter.
7. We confirm that the financial statements have been prepared on the going concern basis. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Council's ability to continue as a going concern. We confirm the

completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

8. We have considered the valuation of the Council's Property, Plant and Equipment, and are not aware of any circumstances indicating volatility in asset values requiring a revaluation of the entire estate in the current year.
9. With respect to the revaluation of properties in accordance with the Code:
 - a) the measurement processes used are appropriate and have been applied consistently, including related assumptions and models;
 - b) the assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity where relevant to the accounting estimates and disclosures;
 - c) the disclosures are complete and appropriate.
 - d) there have been no subsequent events that require adjustment to the valuations and disclosures included in the financial statements.
10. To the best of our knowledge and belief the Council holds title to all Property Plant and Equipment included in its balance sheet at 31 March 2020.
11. We confirm that:
 - all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
 - all settlements and curtailments have been identified and properly accounted for;
 - all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
 - the actuarial assumptions underlying the valuation of the scheme liabilities (including the discount rate used) accord with the directors' best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
 - the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
 - the amounts included in the financial statements derived from the work of the actuary are appropriate.

Information provided

12. We have provided you with all relevant information and access.
13. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
14. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
15. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
16. We are not aware of any fraud or suspected fraud that affects the entity and involves:
 - (i) management;

- (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statements.
17. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
 18. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements
 19. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
 20. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework. No other claims in connection with litigation have been or are expected to be received
 21. As a result of the McCloud / Sergeant judgement, Lancaster City Council have provided for the additional IAS 19 liability as a past service cost. Management have taken appropriate advice from the scheme actuary and consider this to be the current best estimate of the additional liability based on the key assumptions as set out in the accounts.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

PAUL THOMPSON
SECTION 151 OFFICER

COUNCILLOR COLIN HARTLEY
CHAIR AUDIT COMMITTEE

Signed on Behalf of the Council

Appendix 1

Schedule of Uncorrected Misstatements

Description	CIES DR / (CR) £'m	Net assets DR / (CR) £'m	Reserves DR / (CR) £'m
"Goodwin" impact on the pension liability	0.231	(0.231)	
Capital improvement works accounting	(0.483)		0.483
Depreciation – revaluation adjustment	(0.550)		0.550
Suspense items	(0.098)	0.098	
Note 11			
Provision of services (excluding provision of services)	0.842		
Housing Revenue Account	(0.114)		
Financing and Investment income and expenditure	(0.728)		
Impact of errors identified as part of the 2018/19 audit	0.397	(0.397)	

Appendix 2

Disclosure Deficiencies

Disclosure	Finding
HRA note 5 inconsistent with face of HRA statement	The £6,154k depreciation / impairment figure on the face of the Housing Revenue Account includes a cross reference to note 4 and 5, however, based on the information included in note 4 and 5 it is not possible to recalculate these figures.
Officers' remuneration – Chief Executive	Deloitte have obtained the March 2020 payslip for the employer and noted gross pay for the year is listed as £51,489 (excluding pension contributions) against the workings amount of £50,739, a difference of £750 in gross pay and £117 in pension contributions. This means that the note disclosure has been understated by £1k and should be £59k rather than £58k.
Officers' remuneration – Head of Planning and Place	Deloitte have obtained the March 2020 payslip for the individual and note that this lists gross pay of £119,508 for the year (excluding employers pension contribution) against the workings which is listed as £121,035. This lists a difference of £1,527 and pension contribution of £236, total of £1,763 and therefore the disclosure for the individual has been overstated by £2k. The disclosure should list £138k instead of £140k.
Note 7	The prior period adjustment note does not include the element relating to note 7.
Overstatement of cost and accumulated depreciation	There is an overstatement of cost and accumulated depreciation of £14.6m within note 13. This does not impact on total net book value of the assets.
Reserves	There is a disclosure discrepancy between the General Fund and the Housing Revenue Accounts reserves of £134k.
Annual Governance Statement (AGS)	The CIPFA Code requires that the AGS is updated to cover the period from the start of the financial period to the date of signing the financial statements. In the current period, management have not updated their AGS to cover the period post year-end, as a result of the passage of time.