

East Cambridgeshire District Council

Meeting: Audit Committee

Time: 4:30 pm

Date: Tuesday 15 July 2025

Venue: Council Chamber, The Grange, Nutholt Lane, Ely, CB7 4EE

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Committee membership

Quorum: 3 members

Conservative Members

Cllr David Brown (Chair)

Cllr Keith Horgan

Cllr Lucius Vellacott (Vice-Chair)

Substitutes:

Cllr Christine Ambrose Smith

Liberal Democrat and Independent Group Members

Cllr Lorna Dupré

Cllr James Lay

Cllr Ross Trent

Substitutes:

Cllr Mark Inskip

Cllr Gareth Wilson

Lay Member

Stephen Joyce

Lead Officer

Ian Smith, Director Finance

AGENDA

1. **Public Question Time** [oral]
The meeting will commence with up to 15 minutes public question time
2. **Apologies and Substitutions** [oral]
3. **Declarations of Interest** [oral]
To receive declarations of interest from Members for any Items on the Agenda in accordance with the Members Code of Conduct

4. Minutes	Page 5
To confirm as a correct record the Minutes of the meetings of the Audit Committee held on 15 April 2025	
5. Chair's Announcements	[oral]
6. Internal Audit Annual Report and Opinion 2024/25	Page 11
7. Draft Annual Governance Statement	Page 27
8. External Audit Plan for 2024/25	Page 63
9. Draft Statement of Accounts 2024/25	Page 115
10. Internal Audit Progress Report	Page 203
11. Internal Audit External Quality Assessment 2025	Page 217
12. Corporate Risk Management Update	Page 263
13. Forward Agenda Plan	Page 285

NOTES:

- Members of the public are welcome to attend this meeting, but they are asked, where possible, to notify the Democratic Services Manager (jane.webb@eastcambs.gov.uk) in advance. Members of the public can gain entry by reporting to Reception during Office Hours or can enter via the door in the glass atrium at the back of the building for evening meetings.

The meeting will be webcast and a live stream of the meeting will be available. Further details can be found at <https://eastcambs.gov.uk/node/2627>. Please be aware that all attendees, including those in the public gallery, will be visible on the livestream.

- Public Questions/Statements are welcomed on any topic related to the Committee's functions as long as there is no suspicion that it is improper (e.g. offensive, slanderous or might lead to disclosures of Exempt or Confidential information). Up to 15 minutes is allocated for this at the start of the meeting. Further details about the Public Question Time scheme are available at: <https://eastcambs.gov.uk/about-council/meetings-agendas-and-minutes/public-participation-meetings>
- The Council has adopted a 'Purge on Plastics' strategy and is working towards the removal of all consumer single-use plastics in our workplace. Therefore, we do not provide disposable cups in our building or at our meetings and would ask members of the public to bring their own drink to the meeting if required.
- Fire instructions for meetings:
 - If the fire alarm sounds, please make your way out of the building by the nearest available exit i.e. the back staircase or the fire escape in the Chamber. Do not attempt to use the lifts.

- The fire assembly point is in the front staff car park by the exit barrier.
- The building has an auto-call system to the fire services so there is no need for anyone to call the fire services.

The Committee Officer will sweep the area to ensure that everyone is out.

5. Reports are attached for each agenda item unless marked “oral”.
6. If required, all items on the agenda can be provided in different formats (e.g. large type, Braille or audio tape, or translated into other languages), on request, by calling Main Reception on (01353) 665555 or e-mail: translate@eastcambs.gov.uk
7. If the Committee wishes to exclude the public and press from the meeting, a resolution in the following terms will need to be passed:

“That the press and public be excluded during the consideration of the remaining item no(s). X because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item(s) there would be disclosure to them of exempt information of Category X of Part I Schedule 12A to the Local Government Act 1972 (as amended).”



East Cambridgeshire District Council

Minutes of a meeting of the Audit Committee

Held in the Council Chamber, The Grange, Nutholt Lane, Ely
on Tuesday, 15 April 2025, at 4:30 pm

Present

Cllr David Brown (Chair)
Cllr Lorna Dupré
Cllr Keith Horgan
Cllr Kelli Pettitt (Vice Chair)
Cllr Ross Trent
Stephen Joyce – Independent Lay Member

Officers

Jane Webb – Democratic Services & Elections Manager
Ian Smith – Director Finance & S151 Officer

In Attendance

Rachel Ashley-Caunt – Head of Internal Audit (IA)
Mark Hodgson – External Audit (EY)
Anastasia Lukhtan – External Audit (EY)

39. Public Question Time

No public questions were received.

40. Apologies and Substitutions

Apologies were received from Cllr James Lay.

41. Declarations of Interest

No declarations of interests were made.

42. Minutes

The Committee received the Minutes of the meeting held on 3 February 2024.

It was resolved:

That the Minutes of the meeting of the Committee held on 3 February 2024 be confirmed as a correct record and signed by the Chair.

43. Chair's Announcements

The Chair apologised that the initial agenda had omitted the External Audit Annual Report, which was subsequently added and sent to all Members and would be taken as the next item.

44. External Audit Annual Report

The Committee considered the External Audit Annual Report (previously circulated).

Mark Hodgson, the External Auditor, highlighted to the Committee that, as discussed at the previous committee meeting, the Auditor's Opinion was signed on 20 February 2025. The new update within the report that Members would not have seen was the commentary around Value for Money and their conclusion on the Council's arrangements, which did not lead to any significant weaknesses.

In response to questioning, Mark Hodgson, the External Auditor, stated that:

- The report noted delays in the timeliness of some information being provided to EY, but that this had no impact on the disclaimed audit opinion, which was always the most positive outcome available to the Council. The disclaimed opinion did however reflect the lack of some in-year assurance, beyond just opening balances. The Director, Finance explained that staff turnover affected the timeliness of responses to audit requests. However, prioritising budget preparation over the quicker response to audit queries was deemed sensible, as a disclaimed audit opinion was already expected.
- Although the Director, Finance had previously confirmed that procedures for authorising journals have been implemented, the lack of procedures were included in the key findings as no testing had been done to confirm this.
- The disparity in grading among auditors arises from differing assessments. "Moderate" indicates that most controls are effective but require some improvement, while "value for money" suggests that adequacy doesn't need to be perfect, just sufficient. Limited grading would raise concerns.
- No date has been given for the issuance of the Audit Certificate, as the National Office has not provided any details.

It was resolved:

That the External Audit – Auditor's Annual Report – Year ended 31 March 2024 be noted.

45. Audit Committee Annual Report 2024/25

The Committee considered the Audit Committee's Annual Report for recommendation to full Council, (Z166, previously circulated), presented by the Director Finance.

The Chair proposed, and the Vice Chair seconded the recommendations in the report.

In response to questioning, Rachel Ashley-Caunt – Head of Internal Audit, stated that:

- The ARP recommendations and action plans for improvements are taken from audit reports, which can be requested if needed.

- In the Internal Audit's Annual Report, it was noted that 17% of agreed management actions were not implemented as of March 2024. When presenting the report at Full Council, it's recommended to acknowledge this 17%, while also highlighting that efforts in 2024/25 have reduced outstanding audit recommendations to zero.

Stephen Joyce, an Independent Lay Person, noted that while the summary was clear, it did not fully capture the depth of the Committee's discussions and endorsements. It also missed insights from the external audit regarding the disclaimed opinion and gave only a brief mention of the importance of the Risk Register. It was agreed that these points would be included in Cllr Brown's introductory remarks when presenting the report at the Full Council meeting.

It was unanimously resolved to RECOMMEND TO FULL COUNCIL:

- That the Audit Committee Annual Report be approved.

46. Internal Audit Progress Report

The Committee received the Internal Audit Progress Report (Z167, previously circulated), which advised the Committee of the work of Internal Audit completed during the financial year to date, and of the progress against the Internal Audit Plan. Rachel Ashley-Caunt reported that three audits were finalised, with the others close to completion for the next meeting.

Cllr Keith Horgan proposed, and the Vice Chair seconded the recommendations in the report.

Stephen Joyce praised payroll and treasury management but expressed concern over the moderate rating for bank reconciliations and sought prompt reassurance that the recommendations had been implemented. The Director, Finance confirmed that the reconciliations were complete after correcting a formula error identified by the audit team. Everything was now functioning properly.

In response to questioning, Rachel Ashley-Caunt – Head of Internal Audit, stated that:

- The review dates mentioned in section 2.3 of the report concerned procedure notes and highlighted the advantages of having these documents version-controlled and dated.
- One new action had become due and was implemented since the last committee meeting.

The Chair was pleased to see the positive customer satisfaction responses and the high ratings achieved by the Internal Audit Team.

It was unanimously resolved:

- That the progress made by Internal Audit in the delivery of the Audit Plan and the key findings be noted.

47. Internal Audit Charter and Mandate

The Committee considered the Internal Audit Charter and Mandate Report (Z168, previously circulated), and the Chief Internal Auditor presented the report.

The Chair proposed, and Cllr Horgan seconded the recommendations in the report.

Stephen Joyce asked about any changes to the global internal audit standards that the Committee should know about. The Chief Internal Auditor noted that a document outlining key elements was shared in November. This was a new document based on the new standards, rather than an amended copy of the previous charter.

It was unanimously resolved:

That the Internal Audit Charter and Mandate be approved.

48. Internal Audit Plan 2025/26

The Committee reviewed the Internal Audit Plan for 2025/26 (reference Z169, previously circulated). The Chief Internal Auditor presented the report and noted that, following the previous Committee meeting, a day had been included in the Plan for ad-hoc support and assurance work related to Local Government Reorganisation. There was discussion about conducting a more thorough audit of HR issues, absenteeism and exit interviews and whether these were being impacted by Local Government Reorganisation. If the committee preferred a broader assurance piece instead of just advisory support, the Plan could be revised to include it; however, something else would need to be removed to accommodate this change.

The Cllr Horgan proposed, and the Vice Chair seconded the recommendations in the report.

Cllr Dupre requested that an item be added to the agenda concerning a report submitted to the CPCA Overview and Scrutiny Committee about housing arrangements and transactions involving ECDC, ECTC, and CPCA. The Chair explained that this matter would need to be reviewed outside the meeting to determine whether it falls within the remit of Internal Audit, as Cllr Dupre was referencing trading companies. He assured Members that he would update them on the outcome in due course.

Stephen Joyce noted that previous discussions had highlighted emerging risks related to Local Government Reform, particularly staff retention and morale. He supported an audit to assess staff dissatisfaction, viewing it as a key issue that could provide assurance on high-level personnel controls. The Chair agreed that this would be a valuable initiative moving forward.

The Chief Internal Auditor suggested that the current Health and Wellbeing Strategy within the Plan was the lowest risk and therefore this could be removed from the Plan and placed in reserve, and that the HR data review, especially around the impact of the Local Government Reorganisation be added in its place, to which the Members agreed.

It was resolved:

- That the Internal Audit Plan for 2025/26 be approved.
- That delegation be given to the Finance Director, in consultation with the Chair of the Audit Committee, to approve amendments to the Internal Audit Plan, if required.
- That the Health & Wellbeing Strategy be removed from the Audit Plan and placed on reserve, and that an HR data review, especially around the impact on this of Local Government Reform be added in its place.

49. Forward Agenda Plan

The Committee received the Forward Agenda Plan.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 5:35 pm.

Chair:.....

Date:

TITLE: Internal Audit Annual Report and Opinion 2024/25

Committee: Audit Committee

Date: 15th July 2025

Author: Chief Internal Auditor

Report number: AA37

Contact officer:

Rachel Ashley-Caunt, Chief Internal Auditor

Rachel.ashley-caunt@eastcambs.gov.uk

1.0 Issue

- 1.1. The report at Appendix 1 provides the Chief Internal Auditor's annual assurance opinion on the Council's governance, risk and control framework for 2024/25 and the basis for this opinion.

2.0 Recommendations

- 2.1. That the Committee considers and notes the Annual Internal Audit Report and Opinion for 2024/25.

3.0 Background/Options

- 3.1. The role of Internal Audit is to provide the Audit Committee, and management, with independent assurance on the effectiveness of the internal control environment. Internal audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve its objectives.
- 3.2. The CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government requires the Chief Audit Executive (Chief Internal Auditor) to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through the delivery of an annual risk-based plan of work, which should provide a reasonable level of assurance. The report should also reflect on the internal audit team's performance against its own objectives.
- 3.3. The Chief Internal Auditor's opinion is that 'Good Assurance' can be given over the Council's governance, risk and control framework for 2024/25. This assurance cannot be absolute, but should form a key source of assurance for the Council's Annual Governance Statement.

4.0 Arguments/Conclusions

- 4.1. The attached report (Appendix 1) provides the Committee with the Annual Internal Audit Report and Opinion for 2024/25.

5.0 Additional Implications Assessment

- 5.1 In the table below, please put Yes or No in each box:

Financial Implications No	Legal Implications No	Human Resources (HR) Implications No
Equality Impact Assessment (EIA) No	Carbon Impact Assessment (CIA) No	Data Protection Impact Assessment (DPIA) No

6.0 Appendices

Appendix 1: Annual Internal Audit Report 2024/25

7.0 Background documents

None



Annual Internal Audit Report and Opinion

2024/25

1. Introduction and context

- 1.1 This report outlines the audit work carried out by the Internal Audit Service for the year ended 31st March 2025.
- 1.2 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. Internal audit helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, compliance and governance processes.
- 1.3 Internal audit is a statutory requirement for local authorities, in accordance with:
 - Section 151 of the Local Government Act 1972 – which requires every local authority to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs; and
 - The Accounts and Audit Regulations 2018 (England) – which state that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.4 The Council's internal audit service has been delegated to North Northamptonshire Council and is led by the Chief Internal Auditor, employed by North Northamptonshire Council. Internal audit independence is achieved by reporting lines which allow for unrestricted access to the Chief Executive, Corporate Leadership Team (which includes the Section 151 Officer), and the Chair of the Audit Committee. Internal auditors have no direct operational responsibility or authority over any of the activities audited and the Internal Audit Charter sets out how independence and objectivity is maintained and evidenced.
- 1.5 The Internal Audit Standards require the Chief Internal Auditor to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1 and takes into account other sources of assurance, as appropriate. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.
- 1.6 As such, the Annual Report contains:
 - the Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
 - a summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
 - a statement on the extent of conformance with the Standards.

2. Chief Internal Auditor's Opinion 2024/25

2.1 Based upon the work undertaken by Internal Audit during the year, the Chief Internal Auditor's overall opinion on the Council's system of internal control is set out below:

I am satisfied that sufficient internal audit work has been undertaken to inform an opinion on the adequacy and effectiveness of governance, risk management and internal control for 2024/25. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

It is my opinion that **Good Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2024/25 – see definition of assurance opinions in section 4.1 of this report. This control environment comprises of the system of internal control, governance arrangements and risk management. Any limitations over this opinion are detailed and explained further below.

Financial control

Controls relating to the Council's key financial systems which were reviewed during the year were all concluded to be operating at a level of Moderate Assurance or above, with 92% of opinions given being of Good or Substantial Assurance.

Assurance over the outsourced revenues and benefits service has been provided in the form of internal audit reports issued for the Anglia Revenues Partnership shared service. These have all resulted in assurance opinions of 'Adequate / Reasonable' or 'Good / Substantial'.

Risk management

The Council's structures and processes for identifying, assessing and managing risk have remained generally consistent during 2024/25. The Risk Register has been presented to the Audit Committee during the financial year.

Internal control

For the audits completed by the Internal Audit service in 2024/25, 100% of the opinions given in relation to the control environment and compliance have been of at least Moderate Assurance. There have been no reports issued with an opinion of 'high' organisational impact. Of the audits completed by the Internal Audit service, 73% of opinions were of 'Substantial' or 'Good'.

The audit plan coverage had targeted areas of known risk and was informed through consultation with senior management and the Audit Committee. Key areas of risk for the Council during 2024/25 have related to the medium-term financial strategy, the bereavement centre project, staff recruitment and retention and regulatory compliance. The audit plan coverage sought to provide assurances in these areas, as appropriate.

Of the agreed management actions due for implementation during 2024/25, 96% had been completed during the year.

There have been no incidences during 2024/25 where the internal audit team have highlighted a fundamental risk or weakness and management have sought to accept the risk, rather than agree an appropriate action.

Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

- 2.2 The basis for this opinion is derived from an assessment of the individual opinions arising from assignments undertaken throughout the year from the risk-based Internal Audit plan. Assurances from other sources have also been taken into consideration, where appropriate.
- 2.3 The assessment has taken account of the relative materiality of areas highlighted for improvement and management's progress in addressing any control weaknesses.

3. Summary of findings

- 3.1 All final reports have agreed action plans, dates and responsible officers, where required. The audit opinions arising from the work of Internal Audit are summarised in Table 1, split by assurance area.

Table 1 – Summary of audit opinions 2024/25:

Area	Substantial	Good	Moderate	Limited	No
Financial systems	6	5	1	-	-
Key corporate controls and policies	-	3	3	-	-
Risk based audits	1	6	1	-	-
Revenues and benefits (Anglia Revenues Partnership)	-	1	3	-	-
Total	7	15	8	-	-
Summary	23%	50%	27%	%	-
Summary (2023/24) for comparison	18%	35%	44%	3%	

- 3.2 The Internal Audit team's work has been targeted upon areas of identified risk and has sought to support service areas in identifying and prioritising areas for improvement.

4. Review of audit coverage

Audit opinion on individual audits

- 4.1 The Committee is reminded that the following assurance opinions were assigned during 2024/25, in accordance with the Internal Audit Charter:

Table 2 – Assurance categories:

Level of Assurance	Design of control environment definition	Compliance definition
Substantial	There is a sound system of internal control to support delivery of the objectives.	The control environment is operating as intended with no exceptions noted which pose risk to delivery of the objectives.
Good	There is generally a sound system of internal control, with some gaps which pose a low risk to delivery of the objectives.	The control environment is generally operating as intended with some exceptions which pose a low risk to delivery of the objectives.
Moderate	There are gaps in the internal control framework which pose a medium risk to delivery of the objectives.	Controls are not consistently operating as intended, which poses a medium risk to the delivery of the objectives.
Limited	There are gaps in the internal control framework which pose a high risk to delivery of the objectives.	Key controls are not consistently operating as intended, which poses a high risk to the delivery of the objectives.
No	Internal Audit is unable to provide any assurance that a suitable internal control framework has been designed.	Internal Audit is unable to provide any assurance that controls have been effectively applied in practice.

- 4.2 All individual reports represented in this Annual Report are final reports. As such, the findings have been agreed with management, together with the accompanying action plans.

Summary of audit work

- 4.3 Table 3 details the assurance levels resulting from all audits undertaken in 2024/25 and the date of the Committee meeting at which the outcome of the audit was presented.

- 4.4 All completed assignments have been delivered in accordance with the agreed audit planning records and provide assurance in relation to the areas included in the specified scope.

Table 3 – Summary of finalised audit opinions 2024/25:

Audit Area	Design of Control Environment	Compliance	Org Impact	Committee Date
Financial systems – providing assurance that the Council has made arrangements for the proper administration of its financial affairs				
Bank reconciliation	Good (Green)	Moderate (Amber)	Low (Green)	April 2025
Accounts Payable	Substantial (Green)	Good (Green)	Low (Green)	July 2025
Accounts Receivable	Good (Green)	Good (Green)	Low (Green)	July 2025
Payroll	Substantial (Green)	Substantial (Green)	Low (Green)	April 2025
Treasury management	Substantial (Green)	Substantial (Green)	Low (Green)	April 2025
Medium term financial strategy	Good (Green)	Substantial (Green)	Low (Green)	February 2025
Key corporate controls and policies				
Decision making and delegations	Moderate (Amber)	Good (Green)	Medium (Amber)	November 2024
UK Shared Prosperity Fund	Good (Green)	Good (Green)	Low (Green)	February 2025
Procurement compliance	Moderate (Amber)	Moderate (Amber)	Medium (Amber)	July 2025
Risk based audits				
Major project – bereavement centre	Good (Green)	Good (Green)	Low (Green)	February 2025
Supporting vulnerable people	Substantial (Green)	Good (Green)	Low (Green)	November 2024
Housing allocations and homelessness	Moderate (Amber)	Good (Green)	Low (Green)	July 2025
Planning service review	Good (Green)	Good (Green)	Low (Green)	July 2025

Audit Area	Design of Control Environment	Compliance	Org Impact	Committee Date
Revenues and Benefits – delivered by Anglia Revenues Partnership				
Business rates	Adequate / Reasonable			July 2025
Enforcement	Good / Substantial			July 2025
Recovery of Council Tax and Housing Benefit Overpayments	Adequate / Reasonable			July 2025
Council Tax Billing, Housing Benefit and Local Council Tax Reduction Scheme	Adequate / Reasonable			July 2025

- 4.5 Audit outcomes have been reported to the Audit Committee during the 2024/25 financial year, as finalised.

Implementation of agreed management actions

- 4.6 Internal Audit follow up on progress made against all agreed actions arising from completed assignments to ensure that they have been fully and promptly implemented. Internal Audit trace follow up action on a regular basis and report updates at every Audit Committee meeting.
- 4.7 A total of 22 agreed actions have been implemented by officers during 2024/25, which represents 96% of the actions which were due for implementation.
- 4.8 Details of the implementation rate for the agreed management actions during 2024/25 are provided in Table 4, as at 31st March 2025.

Table 4 - Implementation of agreed management actions due in 2024/25:

	'High' priority	'Medium' priority	'Low' priority	Total
Agreed and implemented	1	17	4	22 (96%)
Agreed and due within last 3 months , but not implemented	-	-	-	-
Agreed and due over 3 months ago , but not implemented	-	1	-	1 (4%)
Total	1	18	4	23
Agreed and not yet due for implementation	1	1	1	3

Other sources of assurance

- 4.9 In April 2024, the Council achieved certification for the Public Sector Network (PSN) Code of Connection (CoCo) compliance. CoCo compliance requires local authorities to document how their information technology meets the requirements, which were adapted from the global ISO27001 standard. Submission for the certification requires evidence of recent penetration testing of the Council's network and satisfactory resolution of vulnerabilities exposed.

5. Performance

- 5.1 It is important that Internal Audit demonstrates its value to the organisation. The service provides assurance to management and Members via its programme of work and also offers constructive support and advice to assist the Council in new areas of work.
- 5.2 Since 1st April 2022, the Council's internal audit service has been delegated to North Northamptonshire Council. During this year, a number of successful recruitment campaigns have resulted in the appointment of auditors from a variety of backgrounds which will serve to strengthen the depth and breadth of the team. The team have built effective working relationships with service areas and seek to continue to build upon the positive feedback and reputation built to date.
- 5.3 The Internal Audit service has issued reports on **100%** of the assignments from the 2024/25 Audit Plan.
- 5.4 In order to seek feedback on the quality of the internal audit work, customer satisfaction surveys are issued following the conclusion of audit assignments. The feedback received on audits delivered during the 2024/25 year is summarised in table. Of the feedback received 93% rated the elements of the service as either 'good' or 'outstanding'. Overall, 64% of responses rated the service as 'outstanding'.

Table 5 – Customer satisfaction survey results

Aspects of audit assignments	Outstanding	Good	Satisfactory	Poor	N/A
Design of assignment	8	3	-	-	-
Communication during assignments	8	3	-	-	-
Quality of reporting	8	2	1	-	-
Quality of recommendations	4	3	2	-	-

Internal Audit contribution in wider areas

- 5.5 Key additional areas of Internal Audit contribution to the Council in 2024/25 are set out in Table 6:

Table 6 – Internal Audit contribution

Area of Activity	Benefit to the Council
Rolling risk register reviews.	Providing the Audit Committee with assurances over the content of risk register entries and risk management arrangements. This also gives Internal Audit an insight into the risks identified and areas where assurance is needed.

Area of Activity	Benefit to the Council
Ad hoc advice and assistance.	Assistance with ad-hoc queries and advice. Raising the profile of Internal Audit with service leads to increase the effectiveness of the service.
Sharing advice and fraud alerts.	Pro-active counter fraud support and learning from other authorities.
Maintaining a fraud reporting mailbox to enable concerns to be raised directly with Internal Audit.	Supporting the Council in its Counter Fraud strategy and reinforcing a zero-tolerance culture.
Support for the development on new processes and systems - providing “critical friend” advice to ensure that effective controls are built in at the outset.	Supporting the Council to strengthen its control environment at the earliest opportunity.
Maintaining good working relationships with External Audit.	Maximising value of audit resources.

Professional Standards

5.6 The Public Sector Internal Audit Standards (PSIAS) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.

5.7 The objectives of the PSIAS were to:

- Define the nature of internal auditing within the UK public sector;
- Set basic principles for carrying out internal audit in the UK public sector;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

5.8 Since 1st April 2022, the Internal Audit service has been delegated to North Northamptonshire Council and a Quality and Improvement Plan is overseen by the current Chief Internal Auditor to support ongoing development, in line with the Standards. Assessment against the Standards has been embedded in the delivery of the service and ongoing development work.

5.9 From April 2025, the Global Internal Audit Standards have been adopted and the Internal Audit service has updated templates and ways of working to align with these Standards, as required.

- 5.10 Under the professional standards, an external assessment must be completed at least every five years. An external assessment was commissioned and took place in February 2025 and the full report has been shared with the Audit Committee. The external assessor concluded that the Internal Audit service had 'generally conformed' with the relevant standards during 2024/25, the highest rating available, providing assurance over the basis for this annual opinion. The report also provided guidance for the service on areas for further development to ensure alignment with the requirements of the Global Internal Audit Standards. This informs the basis for the Quality Assurance and Improvement Plan and strategy for the year.
- 5.11 The Chief Internal Auditor can confirm that there has been no evidence of impairment of the independence of the Internal Audit team during 2024/25 and no auditors have reviewed systems/controls which they have been responsible for delivering. Every member of the Internal Audit team completes an annual declaration of any interests which could present a conflict of interest and confirmation of acceptance of the code of ethics.

Appendix 1: Limitations

Limitations inherent to the Internal Audit's work:

Internal Audit work has been performed subject to the limitations outlined below:

Opinion

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our agreed annual programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence management and the Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to the areas audited is for the period 1st April 2024 to 31st March 2025. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities.

However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

This report has been prepared solely for the use of councillors and management of East Cambridgeshire District Council. Details may be made available by internal audit to specified

external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared and is not intended for any other purpose. The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements, or were not brought to our attention.

Title: Annual Governance Statement 2024/25 – First Draft

Committee: Audit Committee

Date: 15 July 2025

Author: Chief Executive

Report No: AA36

Contact Officer: John Hill, Chief Executive

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Room No. 103, The Grange, Ely

1.0 Issue

- 1.1. Presentation of the first draft of the Annual Governance Statement 2024/25 for further member consultation.

2.0 Recommendation

- 2.1. Members are requested to instruct the Chief Executive to formally consult with members and substitutes of the Committee to enable a final draft to be presented to the next meeting in October 2025.

3.0 Background/Options

- 3.1. The Audit and Account Regulations 2015 requires the Council to produce an Annual Governance Statement (AGS) to accompany the Statement of Accounts. The AGS summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance arrangements in the year ahead. The final statement will be signed by the Chief Executive and the Leader of the Council.
- 3.2. The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.
- 3.3. The draft AGS has been compiled using sources of evidence, including:
- A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
 - Self-assurance statements prepared by Service Leads;
 - The Chief Internal Auditor's opinion on the Council's internal control environment during 2024/25, which is also being formally reported to the Audit Committee at this meeting.
- 3.4. The Statement is prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The guidance states that the AGS should include:

- The Council's responsibilities for ensuring a sound system of governance;
- An assessment of the effectiveness of key elements of the governance framework, and the role of those responsible for the development and maintenance of the governance environment;
- An opinion on the level of assurance that the governance arrangements can provide and whether these continue to be regarded as fit for purpose;
- The identification of any significant governance issues, and an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
- A conclusion demonstrating a commitment to monitoring implementation through the next annual review.

3.5. Although the 2024/25 Annual Governance Statement relates specifically to April 2024 to end March 2025, it also reflects on past and future actions and priorities:

- Appendix 1 (Draft 2024/25 AGS) includes
 - 'Development in 2024/25' column detailing in year progress in meeting the agreed principles;
 - 'Focus and further developments for 2025/26 as a footer to each agreed principle outlining priorities in 2025/26 (i.e. the current financial year). Progress against these actions will be reported as part of the 2025/26 AGS.
- Appendix 2 specifically updates on actions included in the 2023/24 AGS.

3.6. The "Review of effectiveness" section seeks to collate the sources of assurance available, including the independent audit opinion and those of other inspection agencies. This also reflects upon the role of the Audit Committee.

4.0 Arguments/Conclusion

4.1. Appendix 1 details the first draft of the Annual Governance Statement 2024/25 for member consideration. Consistent with the process introduced by the Chief Executive for the 2021/22 statement, members and substitutes of the Audit Committee will have the opportunity to make individual responses to inform the final draft. A summary of all the comments received will be reported to the Committee together with a response from the Chief Executive. Any comments / input should be sent to the Chief Executive by the week ending 11 September 2025.

5.0 Additional Implications Assessment

5.1 In the table below, please put Yes or No in each box:

Financial Implications	Legal Implications	Human Resources (HR) Implications
No	No	No

Equality Impact Assessment (EIA)	Carbon Impact Assessment (CIA)	Data Protection Impact Assessment (DPIA)
No	No	No

Assessments against these areas are included in Appendix 1 where appropriate.

6.0 Appendices

Appendix 1 – Annual Governance Statement 2024/25 – First Draft

Appendix 2 – Progress Report (AGS 2023/24) – Agreed Actions

7.0 Background Documents:

None.

Draft Annual Governance Statement 2024/25

1. Scope of responsibility

- 1.1. East Cambridgeshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. East Cambridgeshire District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the ways in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In discharging this overall responsibility, East Cambridgeshire District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and this includes arrangements for the management of risk.
- 1.3. East Cambridgeshire District Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code is included on our website at [Code of Corporate Governance 2016 V4](#).
- 1.4. This statement explains how East Cambridgeshire District Council has complied with the principles of the Code and also meets the requirements of regulation 4 (3) of the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement.

2. The purpose of the governance framework

- 2.1. The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled, and its activities through which it accounts to, engages with, and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of East Cambridgeshire District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3. The governance framework has been in place at East Cambridgeshire District Council for the year ended 31 March 2025 and up to the date of the approval of this statement.

3. The governance framework

The Council's Code of Governance recognises that effective governance is achieved through the following core principles:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit, to deliver effective accountability

4. Key elements of the Governance Framework

The following is a brief description of the key elements of the systems and processes that comprise the Council's governance arrangements, including any developments in 2024/25 and areas of focus for 2025/26:



Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
Key element	How the Council achieves this	Development in 2024/25
Maintaining codes of conduct which define standards of behaviour for elected Members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.	<ul style="list-style-type: none">• The Constitution contains a Members Code of Conduct, which is underpinned by the Principles of Public Life. Members are required to complete a declaration of interests which is published on the website for transparency.• There is a separate Employee Code of Conduct, which is supported by HR policies and procedures. Codes, policies and procedures are shared with new employees as part of the induction process.• The Council has a Whistleblowing Policy, which is available to employees.	<ul style="list-style-type: none">• During 2024/25, there were no Code of Conduct complaints against Councillors which were subject to investigation and conclusion.• The Whistleblowing policy was subject to independent review by Protect and a revised policy was approved and adopted.• Member seminars were conducted to support the Debate Not Hate campaign, which the police hosted regarding Operation Ford and Hate Crime reporting.
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.	<ul style="list-style-type: none">• Corporate policies and strategies, which are regularly reviewed, are available on the Council website.• The Constitution contains responsibilities for functions of the Council, Policy Committees, Regulatory Committees and other Committees, Joint Committees and Other Partnership Bodies. It also contains Proper Officer Functions and Rules of Procedure. The Monitoring Officer advises whether decisions are in accordance with the Constitution, and a summary list of responsibilities are included in a Monitoring Officer Protocol.• The Council ensures compliance with established policies, procedures, laws and regulations through a number of channels. The Chief Executive is responsible and accountable to the Council for all aspects of operational management. The Director Finance & S151 Officer is responsible for ensuring that appropriate advice is given	<ul style="list-style-type: none">• Updated Contract Procedure Rules were approved and adopted to reflect the Procurement Act 2023.• During 2024/25, the HR team introduced two new and four updated HR policies, including: Agency and Other Off payroll Working; Family leave and flexible working; Menopause at Work; Equality, Diversity and Inclusion; Performance Management Scheme; and



Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Key element	How the Council achieves this	Development in 2024/25
	<p>on financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal control. The Legal Services Manager is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.</p> <ul style="list-style-type: none">• The Localism Act 2011 requires the Council to prepare a Pay Policy Statement for each financial year. The Statement must be prepared and approved by the end of March each year. The 2024/25 Pay Policy was approved by Council in February 2024.• Managers within the Council are responsible for putting in place systems of control to ensure compliance with policies, procedures, laws and regulations. This is a key control and as such Service Leads are asked to provide annual assurance that they have promoted relevant policies and made sure that all staff are aware of relevant requirements and exercise due controls. Statements have been received from Service Leads in relation to 2024/25 and assurances have been provided that policies and procedures have been suitably promoted across the service and staff are aware of key policies, procedures and expected standards (including the receipt of gifts and hospitality, contract procedure rules and the Code of Conduct).• Service Leads have provided assurance that they have maintained an up to date awareness of the latest legal requirements affecting their service and have noted where potential changes in legislation may require action in 2025/26.• The Monitoring Officer issues reminders on the recording of gifts and hospitality via email to all staff, twice yearly.• The Information Officer organises GDPR/Data Protection/Freedom of Information training for all staff on a yearly basis, including providing training at induction and when new changes take place, to ensure staff are kept up to date and are aware of their responsibilities.• Training on Contract Procurement Rules is mandatory for all service leads at least once every three years.	<p>Employee Volunteering Scheme.</p> <ul style="list-style-type: none">• Within building control, targets and key performance indicators have been aligned with the latest requirements. The Council now operates within a Building Safety Regulator (BSR) Code of Conduct and an Internal Building Control Charter sets out the requirements of staff.• The Homelessness and Rough Sleeper Strategy was approved, setting out the Council's strategy and action plan for the next five years, in accordance with the Homelessness Act 2002.• A staff social media policy has been written and approved, this has been communicated to staff and is available on the intranet.• Progress has been made with regards to the corporate compliance with Web Content Accessibility Guidance (WCAG) 2.2 statutory accessibility regulations for the



Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
Key element	How the Council achieves this	Development in 2024/25
	<ul style="list-style-type: none">Children and Adults at Risk Safeguarding Policy adopted and available to stakeholders.	<p>Council's published communication. Newly written or revised policies, action plans, guidance documents and marketing materials, both external and internal, have been made fully accessible prior to publishing in the digital or printed format.</p> <ul style="list-style-type: none">This year, the Reprographics team has taken the responsibility of managing the Council's intranet and introduced a more intuitive organisation of the content and creation of a new interface that follows the Government Digital Services (GDS) principles and ensures a user-friendly, accessibility compliant platform.Increased use of Planning Performance Agreements (PPAs).
Focus and further development for 2025/26 <ul style="list-style-type: none">Phase 2 of the Reprographic team's project will focus on further design and functionality improvements, and the introduction of governance standards to the Council's internal website.		



Principle B: Ensuring openness and comprehensive stakeholder engagement

Key element	How the Council achieves this	Development in 2024/25
Documenting a commitment to openness and acting in the public interest	<ul style="list-style-type: none">• There is public access to all Committee meetings except where items for discussion are of a confidential nature. The Council continues to be committed to ensuring that members of the public are involved in the decision-making process.• There are specific schemes in place to allow members of the public to speak at both Planning and Licensing Committee meetings, and the Council has also issued general guidance on public question time at other meetings, including Full Council.• In order to demonstrate its openness, the Council also publishes on the website the Constitution, Council and Committee agendas, reports, minutes and decision lists.• The Council publishes on its website the recommended datasets in accordance with the Local Government Transparency Code 2015 issued by the Department for Communities and Local Government in February 2015.• The Equality, Diversity and Inclusion Policy sets out the Council's commitment to an inclusive and supportive environment for staff, Members, contractors and visitors that is free from discrimination.• To demonstrate its compliance with the Public Sector Equality Duty, the Council produced and published an Equality, Diversity and Inclusion Monitoring Report which presents an analysis of the following areas:<ul style="list-style-type: none">▪ Equality objectives;▪ Service delivery;▪ Equality impact assessments;▪ Complaints and satisfaction;▪ Access to information;▪ Equality in employment;	<ul style="list-style-type: none">• Ensuring accessibility of documents relating to Council and Committees on Council's website through redesign of agenda and report templates.• The Council's gender pay gap was reported to Finance and Assets Committee in September 2024.• Adoption of the updated Equality, Diversity and Inclusion Policy 2025-2028.• The Elections Act required councils to comply with specific accessibility standards, which the council enacted in preparation for the June 2024 elections.• Within Planning, agents panel recommenced in May 2024 and will be held at least twice a year. Feedback from attendees was positive.



Principle B: Ensuring openness and comprehensive stakeholder engagement

Key element	How the Council achieves this	Development in 2024/25
	<ul style="list-style-type: none">▪ Gender Pay Gap;▪ Progress against the 2021-24 Equality Action Plan;▪ The Council's commitments for 2021-24. <p>This has been published on the Council's website.</p> <ul style="list-style-type: none">• Equality Impact Assessments (EIAs) and Comprehensive Impact Assessments (CIAs) inform policy development and decision making. These are published on the Council's website.• e-learning training course for all staff and Members entitled 'Equality and Diversity Essentials.'	
Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability, and encouraging open consultation	<ul style="list-style-type: none">• Residents are regularly informed about the Council's activities through the Council website, work with the local media, social media and other channels.• The Council has adopted a Constitution which sets out how the Council operates, how decisions are taken and the procedures which should be followed. All meetings are open to the public except where there are confidential matters to discuss.• Community Engagement Strategy adopted and subject to action plans.• The Council undertakes regular consultation exercises, ranging from small focus groups of customers to large scale questionnaires and face-to-face surveys. A Register of Consultees is held which gives individuals, community groups and associations the opportunity to consider new or revised policies, strategies or functions and to express their opinions, concerns and make suggestions. To encourage as wide a participation as possible, an invitation for further individuals to join the register is included in the Consultation section of the Council's website.• The Statement of Community Involvement (SCI) sets out how the Council involves and consults with the public and wider stakeholders when planning for future local development across the District. This is published on the Council's website and	<ul style="list-style-type: none">• Project team delivered the new website in Autumn 2024, this required engagement with internal users and close stakeholders for their feedback and input into the navigation and content of the website.• In 2024/25 the Communications Team supported projects including: · Love Your Street (littering awareness) · Ask for Ani (domestic abuse) · Support for the Community Safety Partnership – for example



Principle B: Ensuring openness and comprehensive stakeholder engagement

Key element	How the Council achieves this	Development in 2024/25
	<p>covers consultation arrangements in respect of planning applications and planning policy matters, including the preparation of the Local Plan.</p> <ul style="list-style-type: none">• Regular media releases are used as a means of keeping residents of the District informed of current and upcoming issues and Council decisions. The Council endeavours to ensure that all communications with the public are accessible to all by providing a translation service, large print and braille.• The Economic Development team have a customer relationship management (CRM) system which they use to communicate with local businesses.• Equity of participation and wider social outcomes (e.g. in health) are fundamental principles of the Council's leisure service provision and is reflected in service specifications and the physical activity generation programme. The Healthy You Programme is based on community engagement and specific user feedback forms part of the evaluation process.• Further examples of community engagement and networking include Landlord Forums, Agents Forums, Taxi Driver Forums, Growth Hub, Chamber of Commerce, Growth Works with Skills and the East Cambs Business Boost.• Live web-streaming of Council and Committee meetings.• Youth engagement takes place through planned events.• The Healthy You programme is based on community engagement, and specific user feedback is part of the evaluation process.• User and non-user market research is incorporated into the service specification for the ECDC owned leisure centre ('The Hive') operated by GLL.	<p>the knife crime awareness sessions and also the Gateway underpass project which received significant media coverage.</p> <ul style="list-style-type: none">• Two Youth Fusion events were held over the summer of 2024.• Engagement events held informing stakeholders about the introduction of Biodiversity Net Gain requirements.• The Communities and Partnerships team commenced work on updating the Council's Register of Consultees and community engagement toolkit.• Working with the integrated neighbourhood team, What Matters to You and MyCAW (Measure Yourself Concerns and Wellbeing) have been used more extensively in 2024/25.



Principle B: Ensuring openness and comprehensive stakeholder engagement

Key element	How the Council achieves this	Development in 2024/25
		<ul style="list-style-type: none">• Agents panel recommenced in May 2024 and will be held at least twice a year.• Introduction of a negotiation protocol so that all stakeholders understand how the Planning service will engage with its customers post application submission was launched in May 2024. This will be continually reviewed.• Planning service customer charter and negotiation protocol released to improve clarity and transparency on how the service operates.

Focus and further development for 2025/26

- An external engagement exercise is to be run to gauge the thoughts about the new website from external users, including residents.
- Parish Council event to be held in 2025 to guide them on how best to interact with the planning service and contribute to planning decisions and to update on the changes in legislation within planning.
- Development of a customer feedback form for Building Control to be added to the website in 2025/26.
- The Register of Consultees will be promoted, following its update.



Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Key element	How the Council achieves this	Development in 2024/25
Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning	<ul style="list-style-type: none">• The Council has approved two Corporate Objectives;- To be financially self-sufficient and provide services driven by and built around the needs of our customers; and, To enable and deliver commercial and economic growth to ensure that East Cambridgeshire continues to be a place where people want to live, work, invest and visit.• The Corporate Plan for the period 2023-2027 was approved by Council in July 2023. It contains three themes which set out the main areas where the Council will concentrate work over the period:<ul style="list-style-type: none">○ Sound financial management○ Cleaner, greener East Cambridgeshire○ Sustainable communitiesWithin each of these themes the Council set out the priorities for the year. Details of all the above, together with any committee reports referred to in this statement, can be found on the Council's website.• The Medium-Term Financial Strategy (MTFS) is presented to Council on an annual basis to support the budget papers and the Corporate Plan. The MTFS sets out the level of savings that need to be achieved over the medium term. Savings plans and income generation targets are developed to achieve the budget requirement set out in the MTFS.• The Environment & Climate Change Strategy and Action Plan sets out the Council's vision, which is that by 2050 the Council's operations will reach net zero carbon emissions, and steps that will be taken to support our communities and East Cambridgeshire's biodiversity and environmental assets so they can adapt and flourish as the climate changes.• Silver level Investors in the Environment accreditation.	<ul style="list-style-type: none">• Climate and Nature Strategy 2024-28 approved.



Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Key element	How the Council achieves this	Development in 2024/25
	<ul style="list-style-type: none">Local Enforcement Plan adopted in March 2023 which sets out level of service to expect for all stakeholders in enforcement service.	
Translating the vision into courses of action for the authority, its partnerships and collaborations	<ul style="list-style-type: none">During 2024/25 performance reporting against Service Delivery Plans was reported to respective committees.Service Delivery Plans are reviewed every year in line with any changes to the Corporate Priorities and in accordance with the development of the budget to ensure the necessary resources are in place for their delivery.Staff appraisals and performance reviews are linked to corporate and service level plans.Where commissioned services are delivered jointly with partners this is reflected in service delivery plans and performance against both service delivery targets and budgets are monitored.There are service contracts in place between the Council and its Trading Companies. In addition, the Council, through the respective Shareholder Committee, approves each Trading Company business plan. There is a shareholder agreement in place between the respective companies and the Council.The Communications Team undergoes an annual call round of Parish Councils to assess their feedback on the service it provides.	<ul style="list-style-type: none">Service Delivery Plans reviewed and approved by committees in March 2024, with six monthly progress updates.New Health and Wellbeing, Community Engagement and Vulnerable Community strategies were adopted in March 2024 which identified an action plan and targets. Updates provided in year and included in service plan.Working closely with the Integrated Neighbourhood Board, who will help deliver the recently adopted Health and Wellbeing Strategy.Waste and Recycling Policy 2026 approved to ensure transparency and clarity for residents about the services they are entitled too.



Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Key element	How the Council achieves this	Development in 2024/25
Focus and further development for 2025/26		
<ul style="list-style-type: none">• An area of challenge has been the performance standards relating to the use of paper and the target for 25% of councillors to receive their agendas electronically. The percentage of councillors receiving some materials electronically has increased to 42.86%, and 28.57% are now receiving fully electronic agendas. The democratic services team will continue to explore ways in which paper document production can be reduced.• In relation to extensions of time (EOTs) for planning applications, to introduced reporting on how many are used and why.		



Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Key element	How the Council achieves this	Development in 2024/25
Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality	<ul style="list-style-type: none">• The Council's decision-making framework is set out in the Council's Constitution including an effective scheme of delegation. The Council's Constitution is kept under continuous review in line with best practice.• The Constitution includes the Shareholder Committee roles of the Finance and Assets Committee and the Operational Services Committee for the East Cambridgeshire Trading Company (ECTC) and East Cambridgeshire Street Scene (ECSS), respectively, and the Anglia Revenues Partnership Joint Committee.• Business Continuity Management arrangements are in place to support delivery of services and outcomes in the case of unforeseen events.• The Housing Register has been brought back in-house from the 1st November 2024.	
Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money	<ul style="list-style-type: none">• Performance management in the Council is based on the Corporate Plan priorities supported by Service Delivery Plans. The Council's two Policy Committees (Operational Services and Finance and Assets) approve and monitor performance against Service Delivery Plans.• A summary of the overall performance of the Council, linked to the promises detailed in the Corporate Plan, is included in the introduction to the Statement of Accounts.• The Council has established a robust financial planning process which includes a Medium-Term Financial Strategy, frequent budget monitoring reports to officers and quarterly budget monitoring reports to Policy Committees.• Customer satisfaction surveys are issued by services such as the Care and Repair team. These seek to ensure that outcomes meet requirements i.e. improved accessibility and efficient and effective processes.	<ul style="list-style-type: none">• Updated Performance Management Scheme for officers.• Building Control services have been applying the new reporting mechanisms required by the Building Safety Regulator. Better use and additional modules of existing systems is being explored to streamline processes and support this reporting.• Changes to the election of Chairs/Vice Chairs to reflect changes to proportionality



Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Key element	How the Council achieves this	Development in 2024/25
	<ul style="list-style-type: none">• Service Lead participation in professional networks enables sharing of latest best practice and benchmarking.• Measurement of sickness absence performance.	
Focus and further development for 2025/26 <ul style="list-style-type: none">• Actions arising from Building Safety Regulator inspection for Building Control services.		



Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Key element	How the Council achieves this	Development in 2024/25
Defining and documenting the roles and responsibilities of Members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements	<ul style="list-style-type: none">• The Council's Constitution sets out how the Council operates and decisions are made. This contains separate articles and key documents covering the Member Code of Conduct, Proper Officer functions, and protocols for the Monitoring Officer.• As the Head of Paid Service, the Chief Executive leads the officers and chairs the Council's Corporate Management Team. The other two statutory officers, the Monitoring Officer and S151 Officer report directly to the Chief Executive and are both members of the Corporate Management Team.• Regular meetings are held between the Leader of the Council and Chief Executive and the Leader of the Council and Corporate Management Team in order to maintain a shared understanding of roles and objectives.	
Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)	<ul style="list-style-type: none">• The Council establishment includes a Chief Finance Officer (CFO), ensuring the financial management arrangements conform with the requirements within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). This responsibility was discharged by the Director Finance, S151 Officer, during 2024/25.	
Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function	<ul style="list-style-type: none">• The Monitoring Officer is a statutory appointment under Section 5 of the Local Government and Housing Act 1989. These responsibilities were delivered by the Director Legal in 2024/25. The Monitoring Officer undertakes to discharge their statutory responsibilities with a positive determination and in a manner that enhances the overall reputation of the Council. In doing so they will also safeguard, so far as is possible, members and officers whilst acting in their official capacities, from legal difficulties and/or criminal sanctions.	



Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Key element	How the Council achieves this	Development in 2024/25
	<ul style="list-style-type: none">It is important that Members and officers work together to promote good governance within the Council. The Monitoring Officer plays a key role in this and it is vital therefore, that Members and officers work with the Monitoring Officer to enable them to discharge their statutory responsibilities and other duties.There are working arrangements and understandings in place between the Monitoring Officer, members and the Corporate Management Team which are designed to ensure the effective discharge of the Council's business and functions. These arrangements are detailed in the Monitoring Officer Protocol, which is a key document in the Council's Constitution.	
Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function	<ul style="list-style-type: none">The role of Head of Paid Service is defined in the Local Government and Housing Act 1989. In East Cambridgeshire District Council, it is assigned to the Chief Executive as set out in the Constitution and all necessary powers are delegated to fulfil the statutory role.The Council is also required to provide the Head of Paid Service with staff, accommodation and other resources sufficient to enable the performance of the function. The annual budget proposed to Council, prepared by officers, seeks to align the provision of Council resources with the delivery of the Corporate Plan. In this manner, the Head of Paid Service is ensuring that the Council is fulfilling its duty.	
Providing induction and identifying the development needs of members and officers in relation to their strategic roles, supported by appropriate training	<ul style="list-style-type: none">There is a Member induction and training programme in place. Members are also required to undertake specific training before performing certain duties such as planning and licensing. Additional Member seminars are also arranged throughout the year to deal with specific issues as they arise.There is a new induction programme for all new employees.	<ul style="list-style-type: none">Member seminars in 2024/25 included: June 2024: Planning Regulations June 2024 and November 2024: LGA Model Code of Conduct July 2024: Anglia Revenues Partnership



Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Key element	How the Council achieves this	Development in 2024/25
	<ul style="list-style-type: none">Staff training and development needs are reviewed at performance appraisals and supervision meetings.All officer posts within the Council have a detailed job description and person specification. The development needs of officers are determined through an annual performance appraisal, a key outcome of which is a Personal Development and Training Plan. This Plan provides a link between service and corporate priorities and career development. Requests for professional/vocational training are presented to Corporate Management Team annually for final consideration.Staff training includes modules relating to data protection, accessibility, fire safety, mental health at work, bomb threats, safeguarding, risk management and procurement compliance.Continuous professional development completed by professional officers.Succession planning within key service area roles.	<p>September 2024: Bus Cycle Walk</p> <p>October 2024: Hate Crime reporting</p> <p>January 2025: Council budget</p> <p>March 2025: Operation Ford</p> <ul style="list-style-type: none">Building Control team members completed the BSR validation competency exams, enabling the Council to join the national register of Building Inspectors.
Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	<ul style="list-style-type: none">Healthy You programme is promoted with Council staff.Promotion of health and wellbeing resources available via the Council's intranet pages.Remote Working Policy adopted and health and safety advice available to support staff working on and off site.Grant funding is utilised to support health initiatives and to offer value for money services to residents to combat health inequalities.Details of health and safety working group and codes of practice made available to all staff.Flexible retirement policy in place.	<ul style="list-style-type: none">Updated the Family Friendly Guidance to include the new right to career's Leave and the changes to flexible working from April 2024.Introduced a Menopause at Work policy to develop understanding and support of menopause at work issues.Implemented a volunteering policy which supports staff to do a range of volunteering opportunities that positively impact the community, helps



Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Key element	How the Council achieves this	Development in 2024/25
		<p>vulnerable people in our society and/or helps to improve the environment in East Cambridgeshire.</p> <ul style="list-style-type: none">• DAHA accreditation for the housing and community advice team (benchmark for how housing providers should respond to domestic abuse in the UK).• Training regarding the Council's PREVENT and domestic violence duties delivered in June 2024.
Proactive and effective use of technology to support service delivery	<ul style="list-style-type: none">• Adoption of employee self-service systems for payroll and human resources activity. The HR service actively supports staff to access and use the HR and Payroll system. Using the Employee Self-Service (ESS) functionality, staff are able to submit mileage and expenses claims, childcare claims, book annual leave (and other forms of leave). The HR service also supports managers using the People Manager platform to manage their team's time and expenses claim forms, leave requests, sickness absence etc.• Refreshing and reviewing systems to ensure these remain effective and up to date.	<ul style="list-style-type: none">• Increased use of electronic working in Building Control with over 95% of documentation now sent out electronically.
Focus and further development for 2025/26 <ul style="list-style-type: none">• Ongoing development of CRM systems and use of these.• Staff survey to be undertaken in 2025/26.		



Principle F: Managing risks and performance through robust internal control and strong public financial management

Key element	How the Council achieves this	Development in 2024/25
Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability	<ul style="list-style-type: none">• The Council has a Risk Management Policy and framework to detail the approach to managing risks. The latest Policy was approved by Full Council in February 2024.• The Council's Corporate Risk Register is the result of continuous review by a Risk Management Group, the Corporate Management Team and the Audit Committee, of the key risks that may have an impact on achieving the Council's objectives. Each risk shows the owner, the key controls in place to minimise any impact on the Council and its provision of services to stakeholders and sources of assurance. Individual projects and partnerships are also subject to risk assessments.• Service Leads are asked to identify and highlight major risks at a service level for consideration by the Risk Management Group. Other service risks are managed by Service Leads via the Service Planning process.• The Strategic Business Continuity Plan ensures that the Council is able to plan for, and respond to, a disruptive incident in order to continue service delivery and business operations at an acceptable predefined level.• Risks are considered when drafting project and event plans and reviewed at the end of each stage, as part of the project planning process.• The Communications Team regularly enters into new partnerships and collaborations. It carefully monitors all formal and informal agreements and carries out risk assessments as required, for example when contracting work on behalf of other service leads, or hosting publicity events.	<ul style="list-style-type: none">• Negotiation protocol and other streamlining projects have meant that time spent on individual planning applications has dropped. This has built additional capacity within the team and has improved timeliness of decision making.
Ensuring compliance with the principles of the CIPFA Financial Management Code	<ul style="list-style-type: none">• The Council's s151 Officer's self-assessment in 2021/22 against key elements of the Code identified no areas requiring action for compliance.	



Principle F: Managing risks and performance through robust internal control and strong public financial management

Key element	How the Council achieves this	Development in 2024/25
Ensuring an effective scrutiny function is in place.	<ul style="list-style-type: none">• The Council has a Call-In and Referral Up Procedure which is part of the Constitution. This enables councillors to call in decisions made through the Policy Committees. Council can then consider the matter afresh and make a final decision which could be to uphold, amend or reject the previous decision of the Policy Committee.• The Council provides Members to other Scrutiny Committees, where required, to review the performance and effectiveness of other public service providers as well as the Council. Examples include the Cambridgeshire Police & Crime Panel, Health & Wellbeing Board and the Community Safety Partnership.• Independent Remuneration Panel (IRP) was appointed to make recommendations on allowances paid to councillors.	<ul style="list-style-type: none">• Recommendations of the IRP took effect from 1st April 2024.
Ensuring effective counter fraud and anti-corruption arrangements are in place	<ul style="list-style-type: none">• An Anti-fraud and Corruption Strategy is in place which includes procedures relating to Money Laundering and Bribery Act.• The Council participates in the National Fraud Initiative (NFI) exercises to identify potential indicators of fraud or error and is also participating in the Cambridgeshire Fraud Hub.• Fraud reporting email address made available for reporting concerns. The Whistleblowing policy also provides a route for raising concerns in confidence.	
Gaining assurance on risks associated with delivering services through third parties	<ul style="list-style-type: none">• The Council's Corporate Risk Register details the governance controls that it maintains over its trading companies, to ensure that any risks associated with these are quickly identified. As part of the processes included in this, is the need for the companies to produce an annual Business Plan that includes a risk management section for approval at Committee.	



Principle F: Managing risks and performance through robust internal control and strong public financial management

Key element	How the Council achieves this	Development in 2024/25
Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2022)	<ul style="list-style-type: none">• The Audit Committee, for the financial year 2024/25, operated in line with its terms of reference and supporting procedure rules covering internal and external audit, risk management, annual statement of accounts, corporate governance and internal control arrangements, and anti-fraud and corruption arrangements.• In accordance with guidance, the Audit Committee does not engage in decision making which would impact upon its independence.	<ul style="list-style-type: none">• Audit Committee members participated in a self-assessment against the CIPFA 2022 guidance and devised an action plan for ongoing improvement.• An Annual report to Council, reflecting on the work of the Committee was produced for 2024/25 and approved by Full Council in May 2025.
Arrangements for managing data to ensure security, quality and accuracy	<ul style="list-style-type: none">• The Council has a Data Protection Officer (DPO) and Senior Information Responsible Officer (SIRO).• Training is provided to staff on data protection, including as part of induction processes.• Service Leads ensure data is managed in line with Council policy and procedure.• Where parts of the service are outsourced or delivered in partnership, and the third-party processes or has access to Council data, assurance is obtained from the third party regarding the robustness of systems and controls it has in place.	
Focus and further development for 2025/26 <ul style="list-style-type: none">• Update of fraud policies, including to recognise the ‘failure to prevent fraud’ arising from the Economic Crime and Corporate Transparency Act 2023.• Implementation of the new waste collection service - go live in April 2026.• Ongoing development of the Bereavement Service and new service design.		



Principle G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

Key element	How the Council achieves this	Development in 2024/25
Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.	<ul style="list-style-type: none">The Council provides support and information to the externally appointed auditors (Ernst & Young LLP). Audit findings and recommendations are reported through the Audit Committee.	<ul style="list-style-type: none">The External Audit of the 2022/23 and 2023/24 Accounts were both signed off by EY during 2024/25 with a disclaimed audit opinion. The disclaimed opinion was given as problems with the Local Audit Market had resulted in EY being unable to complete their testing by the backstop date legislated by Government. During debate at Audit Committee it was made clear that the Council could have done nothing to prevent the audit opinion given. It should be noted that the Council published their 2023/24 draft Accounts in line with the Statutory requirement.
Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.	<ul style="list-style-type: none">The Council demonstrates a strong commitment to working in partnership with other agencies to deliver priority outcomes and ensure that this partnership activity provides value for money and added value.The governance arrangements for key partnerships are kept under review. Governance arrangements for significant partnerships, such as the East Cambridgeshire Trading Company, East Cambridgeshire Street Scene and the Anglia Revenues Partnership, are documented in the Constitution.	<ul style="list-style-type: none">'The Hive' was subject to Quest Leisure benchmarking in 2024, with an outcome of 'Good'.



Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon	<ul style="list-style-type: none">• During 2024/25 Internal Audit was delegated to North Northamptonshire Council which was led by a professionally qualified Chief Internal Auditor in accordance with the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations, Public Sector Internal Audit Standards and the Local Government Application Note.• The Internal Audit Charter is in line with the Public Sector Internal Audit Standards and provides for the necessary access required to exercise this key role.• The Chief Internal Auditor has been an attendee at all Audit Committee meetings and progress reports on delivery of the audit plan have been provided throughout the financial year.• Implementation of audit recommendations are subject to monthly follow ups by the Internal Audit team and progress is reported to every Committee meeting via a progress report.	<ul style="list-style-type: none">• Implementation of 96% of agreed actions from Internal Audit reports due during 2024/25.• The Audit Committee received a briefing on the implications of the Global Internal Audit Standards and approved a revised Internal Audit Charter to align with these from April 2025.
Focus and further development for 2025/26 <ul style="list-style-type: none">• To receive the outcome of the External Quality Assessment of Internal Audit and monitor implementation of any actions arising.		

5. Review of effectiveness

- 5.1. East Cambridgeshire District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the directors within the Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditors annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 5.2. The following is a brief description of the roles and processes that have been applied in evaluating the effectiveness of the governance framework:

1. The Council

- In July 2023 the Council approved the Corporate Plan for 2023-2027 which forms the basis of the performance management framework. Council reviews progress against the plan, ensuring it remains committed to the priorities whilst delivering a balanced budget. An updated action plan for 2024-25 was approved by Council in July 2024.
- Council approved financial documents including the Medium-Term Financial Strategy, Capital Strategy, General Fund Revenue Budget, Treasury Management Strategy, and the Council Tax Reduction Scheme. The Medium-Term Financial Strategy provides the financial structure for the policy and budget framework, corporate planning, annual service planning and budget setting.
- Section 151 of the Local Government Act 1972 requires that every local authority shall make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for administration of those affairs. This role was discharged by the Council's Director, Finance and S151 Officer during 2024/25.
- The CIPFA Financial Management Code published in October 2019 sets out the financial standards of financial management for local authorities. Full adoption of the Code commenced on 1st April 2021. A self-assessment by the s151 Officer in 2021/22 did not highlight any areas of non-conformance with key principles of the Code. An independent review by Internal Audit of the self-assessment was also conducted and areas for further consideration have been reported.
- The Council has appointed Independent Persons in accordance with the standards framework to be compliant with the Localism Act 2011.
- Council approved key strategies and policies such as the Corporate Plan and the revised Corporate Risk Management Policy are in place and communicated.

2. The Finance and Assets Committee

- The Committee reviewed and noted quarterly budget monitoring reports and regular updates on assets.
- The Committee recommend that Council approve financial reports, such as the Treasury Management Strategy, Treasury Management Annual Performance Review, the Annual Investment Strategy, Revenue Budgets, Capital Strategy, Council Tax, overall Council Budget reports, and reviewed the minutes of the ARP

Joint Committee, as the partnership which delivers revenues and benefits for the Council.

- In undertaking its role as the Shareholder Committee for East Cambridgeshire Trading Company (ECTC), the Committee approved the Business Plan for 2024/25 (March 2024) and 2025/26 (March 2025). The Committee also noted the ECTC accounts for 2023/24 in September 2024.
- The Committee received the annual Health and Safety report for 2023/24 in September 2024. This provided a summary of East Cambridgeshire District Council (Council), East Cambs Trading Company (ECTC) and East Cambs Street Scene (ECSS) health and safety performance to the end of the financial year 2023/24 and set out the commitments relating to health and safety for the year 2024/25.
- The Committee received the Annual Equality Monitoring report including actions aimed at reducing the gender pay gap.
- The Committee received an Asset Management Plan for 2024/25 in March 2025.

3. The Audit Committee

- The Committee performed the role of the Audit Committee as defined by the Public Sector Internal Audit Standards, which covered internal and external audit matters, risk management arrangements, corporate governance including internal control arrangements and the annual governance statement, anti-fraud and corruption arrangements, and the statement of accounts.
- The Committee received reports on corporate risks, the work and findings of internal audit, including the annual report, and external audit reports, letters and briefings. It also reviewed and approved the Annual Governance Statement for 2023/24.
- The committee received regular updates on the outcome of internal audit assignments and the implementation of actions agreed based on those findings.
- Members of the Committee engaged in a self-assessment against the latest CIPFA guidance on Audit Committees (2022) to identify areas for further development.

4. The Operational Services Committee

- The Committee received and noted budget monitoring reports.
- An update on the Community Safety Partnership was received for the Committee's noting.
- The Committee approved an updated Housing Adaptation & Repairs Policy for 2025–30.
- The Committee considered and approved the Homelessness and Rough Sleeper Strategy, setting out the Council's strategy and action plan for the next five years.
- In January 2025, the Committee approved the updated Equality, Diversity and Inclusion Policy 2025-2028.
- In undertaking its role as the Shareholder Committee for East Cambridgeshire Street Scene (ECSS), the Committee received performance reports for the delivery

of the waste and street cleansing services by ECSS. The Committee also approved the ECSS Business Plan for 2024/25 and half yearly performance report. The Committee also noted the ECSS statutory accounts and governance statement for 2023/24.

5. Relationship between the Council and its Trading Companies

The shareholder arrangements for the Finance and Assets and Operational Services Committee are detailed above. In addition, there are a number of matters reserved for Council (as the sole shareholder) as detailed in the Shareholder Agreement. The Council continues to implement the revised arrangements for the membership of the ECTC and ECSS board and wider member scrutiny (ref: Council – 17 October 2019 Agenda Item 14 and 15) specifically the appointment of the Leader of Council or Deputy Leader of Council and the respective Chairman of Committee to the Boards as Observers, the membership of the Boards to include the respective Director, delegations of functions of Council to the respective Committee to meet its shareholder responsibilities and an annual all member shareholder seminar.

6. Internal audit

- The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit, which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Chief Internal Auditor to give an opinion on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.
- The Chief Internal Auditor's annual report was presented to the Audit Committee in July 2025. This report outlined the key findings of the audit work undertaken during 2024/25 including any areas of significant weakness in the internal control environment.
- The Chief Internal Auditor's annual opinion for 2024/25 is that:
'It is my opinion that **Good Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2024/25 This control environment comprises of the system of internal control, governance arrangements and risk management. Any limitations over this opinion are detailed and explained further [within the report]'.

The following is noted:

'For the audits completed by the Internal Audit service in 2024/25, 100% of the opinions given in relation to the control environment and compliance have been of at least Moderate Assurance. There have been no reports issued with an opinion of 'high' organisational impact. Of the audits completed by the Internal Audit service, 73% of opinions were of 'Substantial' or 'Good'; and

'Of the agreed management actions due for implementation during 2024/25, 96% had been completed during the year'.

7. External audit

- Under the Government's local public audit regime, the Audit Commission initially, and more recently Public Sector Audit Appointments Limited, have awarded contracts for work previously carried out by the Audit Commission's audit practice. As a result, Ernst & Young (now EY) have been the appointed external auditor for East Cambridgeshire District Council since 1st September 2021.
- EY reported to the Audit Committee on 4th November 2024 in the Audit Completion Report to Those Charged with Governance, that they had issued a disclaimed audit report on the Council's financial statements for 2022/23 under the arrangements to reset and recover local government audit. It was confirmed to the Audit Committee that the Council could not have avoided this outcome and this related to the national 'backstop' position.
- EY's report on the 2023/24 accounts was presented to the Audit Committee in February 2025. As a result of the 2022/23 disclaimed audit report, whilst they have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, they had not been able to complete the planned programme of work to obtain sufficient evidence to have reasonable assurance over all closing balances. As a result of the 2022/23 disclaimed audit report, they do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means they do not have assurance over 2023/24 in-year movements and some closing balances. They also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. Taken together with the requirement to conclude their work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean they were unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements. They therefore reported to the Audit Committee that they anticipated issuing a disclaimed 2023/24 audit opinion.

8. Other inspection agencies

- In 2025, the Building Safety Regulator (BSR) carried out an inspection of the Council's building control functions under Section 58Z8 of the Building Act 1984. The inspection was to assess compliance with the Council's legal duties under the Building Act 1984 and ascertain the efficiency and effectiveness of systems, controls and procedures in exercising your building control functions in relation to BSR's Operational Standards Rules (OSRs). The outcome was a single contravention for which actions are already underway to resolve.

6. Significant governance issues and actions

The review of the effectiveness of the Governance Framework has provided a satisfactory level of assurance. The review process has highlighted the following significant issue:

- The 2023/24 Accounts have been signed with a disclaimed opinion, and it is considered highly likely that the 2024/25 Accounts will also be subject to a disclaimed opinion as the external auditors are unlikely to be able to validate all reserve balances carried forward prior to the backstop date for these Accounts of February 2026.

- Recruitment to statutory role of s151 Officer to take place in 2025.

Based on the work that has been completed, assurance can be taken that the governance arrangements at East Cambridgeshire District Council are fit for purpose.

7. Statement by Leader of the Council and Chief Executive

The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to the community and stakeholders.

We propose over the coming year to continually address any issues arising that need addressing in order to further enhance its governance arrangements.

Signed:

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Anna Bailey
Leader of the Council

Date:

.....

John Hill
Chief Executive

Date:

Appendix 2 – Progress Against 2024/25 Actions

The 2023/24 Governance Statement detailed issues and actions for further development and focus in 2024/25. This Appendix outlines progress against these actions and makes appropriate recommendations for inclusion in the current draft Governance Statement.

Principle	Actions	Progress and Further Recommendations
A. Integrity, ethical values and respect for the rule of law	<p>Publication of Whistleblowing policy</p> <p>Draft social media guidelines</p> <p>Review of Planning Service – reduce reliance on external consultants</p>	<p>The updated Whistleblowing Policy was published in March 2024</p> <p>Complete</p> <p>Phase 1 of the review has now been completed. Major projects are now overseen by two Major Project Officers (rather than contracted to consultants) Where an applicant requests a planning performance agreement internal staff are used to cover the requirements of the PPA, this enables staff to extend knowledge and skills, and ensure we keep the service knowledge within the team. If needed agency staff can be brought into support non major and householder applications. The service still has a number of vacancies and therefore agency staff are still used. There is a recruitment drive currently live which concludes in June, with staff expected to start August/September depending on notice periods. The recruitment market is still extremely challenging, and this action will be kept under review.</p>

	Corporate compliance with Web Content accessibility Guidelines (WCAG) 2.2	<p>We have developed and issued staff guidance and resources to support consistent and accessible communication practices across the Council including in-person accessibility training sessions and workshops for relevant officers.</p> <p>We have rebuilt the Council's official website and the intranet incorporating all four accessibility principles: perceivable, operable, understandable and robust. New information architecture, more intuitive grouping and presentation of information, new responsive and technology friendly layouts, and a partially rewritten content ensure that our website and intranet is easy to use for all and can accommodate people with visual impairments, physical and visual disabilities, and low literacy skills.</p>
	LGA's 'Debate not Hate' Campaign	<p>Cross party motion brought to Council on 23rd May 2024, which was resolved unanimously, for the Council to subscribe to the LGA's Debate not Hate campaign.</p>
	Compliance with accessibility standards and new requirements for overseas votes	<p>The Elections Team has adhered to the accessibility standards set forth in the Elections Act 2022 and the Equality Act 2010. They have ensured that all polling stations are accessible to everyone by providing features such as ramps, lower polling booths, writing aids, magnifying glasses, ballot paper selectors, and large ballot papers.</p>

		The new requirements for overseas voters have shifted from a manual process to an automated system. Overseas voters can now register through the government portal, which automatically submits their information to ECDC. Once approved, these voters will remain on the register for three years, after which they will need to reapply for registration. ECDC will send a reminder letter 6 months before the registration expires.
B. Openness and Stakeholder engagement	<p>Communications Team to support the Waste Team with changes to bin services</p> <p>Parish Council event – Planning process</p> <p>Update communication engagement toolkit</p> <p>Introduction of Customer Charter for Planning</p> <p>Updating Equality, Diversity and Inclusion Policy for 2025-2028</p> <p>Feedback form for Building Control</p>	<p>Ongoing</p> <p>Complete; the Parish Council forum will become a regular fixture for the service.</p> <p>The Council published it's updated Community Engagement Strategy</p> <p>Complete and embedded within the service. The charter complements the corporate customer standards policies</p> <p>Following a period of public consultation, the Equality, Diversity and Inclusion Policy 2025-2028 was adopted by the finance and assets committee in January 2025</p> <p>To be implement in 2025/26</p>
C. Defining outcomes – economic, social and environmental benefits	<p>Development of new website</p> <p>Update pre-applications planning changes schedule</p>	<p>Phase 1 complete, Phase 2 ongoing</p> <p>Completed</p>

D. Intervention to optimise the achievement of intended outcomes	<p>Utilisation of Building Safety Regulator by Building Control</p> <p>Revised arrangements for Committees as agreed by Council (ref. recission motion Agenda Item 11 – 24 May 2024)</p>	<p>Building Safety Regulator audit completed with only three minor recommendations for process improvement</p> <p>A Guidance Note was issued by the Chief Executive on 04/06/24 and sent to all members, in accordance with the Council's decision on 23/05/24.</p>
E. Developing Capacity	<p>Introduction of Menopause at Work Policy</p> <p>Update Family Friendly Guidance</p> <p>Training – Council PREVENT and domestic violence duties</p>	<p>Following consultation with Unison, the Menopause at Work Policy was implemented in January 2025</p> <p>Updated the Family Leave and Flexible working policy in May 2024 to reflect the changes to the flexible working regulations from April 2024</p> <p>Domestic violence training has been provided to all staff. New members of staff are required to all undertake the free Prevent training that is available on the government website</p>
F. Risk Management	<p>Implementation of new Waste Service</p> <p>Development of Bereavement Centre and new service design</p>	<p>New monthly waste project board set up with ECSS. Ongoing and on track for implementation in June 2026</p> <p>Final business case signed off and procurement exercise completed. Additional CIL funding allocated and commencement on site planned for July / August 2025 and completion in Summer 2026</p>

G. Transparency, reporting and Audit	New Global Internal Audit Standards	Audit Committee received a report on the new Global Audit Standards at its meeting on the 16 th July 2024.
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East Cambridgeshire District Council Provisional Audit Planning Report

Year ending 31 March 2025

28 April 2025



Audit Committee
East Cambridgeshire District Council
The Grange
Nutholt Lane
Ely
CB7 4EE

28 April 2025

Dear Audit Committee

Audit planning report 2024/25

Attached is the audit planning report for the upcoming meeting of the Audit Committee. This report aims to provide the Audit Committee of East Cambridgeshire District Council (the Council) with a basis to review the proposed audit approach and scope for the 2024/25 audit. This is in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements. This report summarises our evaluation of the key issues driving the development of an effective audit. We have aligned our audit approach and scope accordingly. The report also addresses the broader impact of Government proposals aimed at establishing a sustainable local audit system.

As the Council's body charged with governance, the Audit Committee plays a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support a timely and efficient audit. Failure to achieve this will affect the level of resources required to fulfil our responsibilities. We will assess and report on the adequacy of the Council's external financial reporting arrangements, as well as the effectiveness of the Audit Committee in fulfilling its role within those arrangements as part of our Value for Money assessment. We will also consider invoking other statutory reporting powers to highlight any weaknesses in these arrangements if deemed necessary. We direct Audit Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) for expectations on preparing financial statements (see Appendix A).

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be, and should not be used, by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 15 July 2025 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

David Riglar
Partner
For and on behalf of Ernst & Young LLP
Enc

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Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of East Cambridgeshire District Council. Our work has been undertaken so that we might state to the Audit Committee and management of East Cambridgeshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of East Cambridgeshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 2024/25 audit strategy overview



2024/25 audit strategy overview

Context

Timely, high-quality financial reporting and audit of local bodies play a crucial role in our democratic system. It aids in effective decision-making by local bodies and ensures transparency and accountability to local taxpayers. There is a consensus that the delay in publishing audited financial statements by local bodies has reached an unacceptable level, and it is acknowledged that cooperation among all stakeholders in the sector is necessary to address this issue. The reasons for the backlog are well-documented and include:

- ▶ Insufficient capacity within the local authority financial accounting profession.
- ▶ Increased complexity of reporting requirements within the sector.
- ▶ Insufficient capacity within audit firms with public sector experience.
- ▶ Heightened regulatory pressure on auditors, leading to an expanded scope and extent of audit procedures performed.

The Ministry for Housing, Communities and Local Government (MHCLG) has collaborated with the Financial Reporting Council (FRC) and other system partners to develop and implement measures to address the backlog. SI 2024/907, along with the NAO Code and the Local Authority Reset and Recovery Implementation Guidance, have been created to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). In February 2025, responsibilities for leadership of the local audit system transferred from the FRC back to MHCLG. This change follows the December 2024 launch of the Government's strategy for reforming the local audit system in England, which includes plans to establish a Local Audit Office. The approach to addressing the backlog consists of three phases:

- ▶ **Phase 1: Reset;** clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024. This is largely complete.
- ▶ **Phase 2: Recovery from Phase 1;** from 2023/24, use backstop dates to prevent a recurrence of the backlog and allow assurance to be rebuilt over multiple audit cycles. The backstop date for the audit of the 2024/25 financial statements is 27 February 2026. Auditors are waiting for guidance from the system leader to effectively, efficiently and consistently build back assurance over disclaimed audit periods.
- ▶ **Phase 3: Reform;** involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As detailed in our Audit Results Report presented to the Audit Committee on 03/02/2025, we disclaimed our audit opinion on the Council's 2023/24 financial statements.

We have obtained assurance over some of the closing balances in 2023/24. However, we do not have assurance over all brought-forward balances in 2024/25. Consequently, we lack assurance over all in-year movements and some closing balances for 2024/25. Although we will continue to work towards rebuilding assurance ahead of the 2024/25 backstop date (subject to guidance), we will not be able to obtain sufficient evidence to have reasonable assurance over all closing balances. We therefore expect to again issue a disclaimer of opinion in 2024/25.



2024/25 audit strategy overview

Rebuild of assurance – current position

The National Audit Office issued Local Audit Reset and Recovery Implementation Guidance (LARRIG) 05 on 10 September 2024, detailing the principle of returning to a state where auditors can issue audit opinions on local authority financial statements with sufficient audit evidence. This process will take several years to achieve.

Restoring assurance will need local authorities and auditors to work together. We are waiting for guidance from the National Audit Office and Financial Reporting Council to ensure a consistent approach for restoring assurance for disclaimed periods. Until then, we are unable to commence the rebuilding work programme.

We will audit the 2024/25 closing balance sheet and in-year transactions, similar to our approach for 2023/24, as well as performing additional risk assessment procedures to assess the likelihood of a material misstatement in the opening reserve position for 2024/25. Updates on rebuilding assurance for the historical position will be provided as guidance is issued and its implications for the Council are evaluated taking into consideration the outcome of our risk assessment procedures. As the Council's financial statements for 2022/23 and 2023/24 were subject to a disclaimer of opinion, it is highly probable that our risk assessment procedures to assess the likelihood of a material misstatement in the opening reserve position will conclude that an elevated risk of material misstatement is associated with the reserve balances, because of the way in which they accumulate over successive years.

Responsibilities of management and those charged with governance

The Council's Section 151 Officer is responsible for preparing the financial statements in accordance with proper practices and confirming they give a true and fair view at the 31 March 2025. To complete the audit in a timely and efficient manner, it is essential that the financial statements are supported by high-quality working papers and audit evidence, and that Council resources are available to support the audit process within agreed deadlines. The Audit Committee has an essential role in ensuring that it has assurance over both the quality of the financial statements and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this conditions are not met, we will:

- Consider and report on the adequacy of the Council's external financial reporting arrangements as part of our assessment of Value for Money arrangements.
- Consider the use of other statutory reporting powers to draw attention to weaknesses in Council financial reporting arrangements, where deemed necessary.
- Assess the impact on available audit resource and where additional resources are deployed, seek a fee variation from PSAA. We have set out the factors that will lead to a fee variation at Appendix B, together with, at Appendix A, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.

2024/25 audit strategy overview

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Misstatement due to fraud or error	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	Fraud Risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Group Accounting	Significant Risk	Increase in risk or focus	The Council has been preparing group accounts for a number of years. We identified several misstatements during the 2023/24 audit. The Council will need to undertake its annual assessment of the group boundary to determine the procedures required to consolidate the relevant component entities. We will engage with the auditors of the significant components to understand and evaluate any risks they have recognized in the 2024/25 audits and what impact this has on our risk procedures concerning the Group accounts.
Accounting for Pension Assets/Liabilities	Other area of audit focus	Decrease in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council to disclose its membership in the Local Government Pension Scheme in its financial statements. Due to the significant estimation and judgement involved, an actuary is engaged for calculations. ISAs (UK) 500 and 540 mandate procedures on using management experts and assumptions for fair value estimates.

2024/25 audit strategy overview

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Valuation of Other Land and Buildings	Other area of audit focus	No change in risk or focus	<p>The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end Land & Buildings balances recorded in the Balance Sheet.</p> <p>As a result of our work on the 2023/24 financial statements we did not identify any material issues with the work of the external valuer. We are also not aware of any other trigger events that would give rise to a significant risk, and therefore, this remains an other area of audit focus.</p>
Implementation of IFRS 16	Other area of audit focus	New Risk	<p>IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/24 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Council's 2024/25 accounts.</p> <p>IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the Council is statements but but these will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.</p> <p>Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Council will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g., RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.</p> <p>Based on our prior year work the Council had made some progress in collecting the information necessary to implement IFRS 16 and determine the impact on its financial statements but had not completed work on all data points. Therefore, we have assessed this as an other area of audit focus.</p>

We will continue to keep the Audit Committee updated on our assessment of any changes to audit risk.

2024/25 audit strategy overview

Group Materiality

Planning materiality

£0.85m

Materiality has been set at £0.85 million, which represents 2% of 2023/24 gross expenditure on provision of services. This will be updated on receipt of the 2024/25 draft accounts.

Performance materiality

£0.42m

Performance materiality has been set at £0.42 million, which represents 50% of materiality.

Audit differences

£0.042m

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement and collection fund financial statements) greater than £0.042 million. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

Council Materiality

Planning materiality

£0.8m

Materiality has been set at £0.8 million, which represents 2% of 2023/24 gross expenditure on provision of services. This will be updated on receipt of the 2024/25 draft accounts.

Performance materiality

£0.4m

Performance materiality has been set at £0.4 million, which represents 50% of materiality.

Audit differences

£0.04m

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement and collection fund financial statements) greater than £0.04 million. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

We will keep the Audit Committee updated on any changes to materiality levels as the audit progresses.



2024/25 audit strategy overview

Audit scope

This audit planning report covers the work that we plan to perform to provide you with:

- our audit opinion on whether the financial statements give a true and fair view of the financial position as at 31 March 2025 and of the income and expenditure for the year then ended; and
- our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on the value for money arrangements in Section 3.

We also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the required mandatory procedures in accordance with applicable laws and auditing standards.

When planning the audit we consider several key inputs:

- strategic, operational and financial risks relevant to the financial statements;
- developments in financial reporting and auditing standards;
- the quality of systems and processes;
- changes in the business and regulatory environment; and
- management's views on all the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant.

Considering the above, our professional duties require us to independently assess audit risks and take appropriate actions. The Terms of Appointment with the PSAA permit fee adjustments based on 'the auditor's assessment of risk and the work needed to meet their professional responsibilities'. Therefore, we outline these risks in this audit planning report and will discuss any impact on the proposed scale fee with management.

2024/25 audit strategy overview (cont'd)

Audit scope (Cont.)

Effects of climate-related matters on financial statements

Public interest in climate change is growing. We recognize that climate-related risks may span a long timeframe, and while these risks exist, their impact on the current financial statements may not be immediately significant. However, it remains essential to understand these risks to conduct a proper evaluation. Additionally, comprehending climate-related risks may be pertinent in the context of qualitative disclosures in the notes to the financial statements and in assessing value-for-money arrangements.

We inquire about climate-related risks during every audit as part of our understanding of the entity and its environment. As we continually re-evaluate our risk assessments throughout the audit, we consider the information obtained to help us assess the level of inherent risk.

Audit scope and approach

We plan to adopt a substantive audit approach.

Value for Money

We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

The value for money planning and related risk assessment aims to collect enough evidence to document our evaluation of the Council's arrangements, allowing us to prepare a commentary based on three reporting criteria. This process includes identifying and reporting any significant weaknesses in those arrangements and making suitable recommendations.

We will provide a commentary on the Council's arrangements against three reporting criteria:

- ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Commentary on value for money arrangements will be included in the 2024/25 Auditor's Annual Report. This will need to be issued by 30 November 2025 to comply with the revised requirements of the NAO Code.

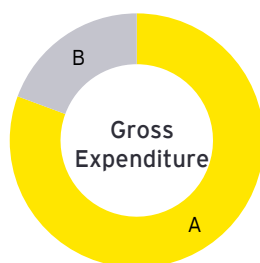
Timeline

An audit timetable has been agreed with management. In Section 7 we include a provisional timeline for the audit. It is essential that all parties collaborate to ensure compliance with this timeline.

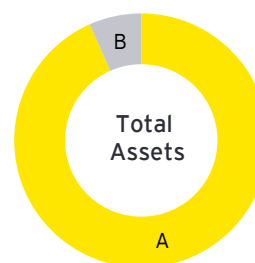
2024/25 audit strategy overview

Group Audit Scope

The scoping of the group audit addresses the risks of material misstatement in the Council's financial statements, including those noted under 'Audit risks' and 'Other areas of audit focus'. For the year-end audit, aligned with ISA (UK) 600 (Revised), effective for periods starting on or after 15 December 2023, we have tailored our audit scope to respond to these identified risks. This has influenced the extent of procedures undertaken. Through our on-site work we will cover the following percentages, by full scope (A) and specific scope (B) audits, of the group's gross expenditure and total asset



100%
(2023/24: 100%)



100%
(2023/24: 100%)

- ▶ In determining the scope of our audit, we consider, on an iterative basis the residual amount of balances and accounts of the group financial statements which are not included with the group scope. These amounts may comprise balances at multiple locations where the balances may be material in aggregate. We performed risk assessment procedures to determine whether there is a risk of material misstatement within those amounts and our planned group audit scope is inclusive of our audit response to such residual risks of material misstatement, when applicable. We update and perform further risk assessment procedures as necessary to conclude our assessment.
- ▶ We plan to take a substantive audit approach.
- ▶ We have identified East Cambs Street Scene Limited and East Cambs Trading Company as group components.



02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error*

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- ▶ Considering whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud.
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- ▶ Undertake procedures to identify significant unusual transactions.
- ▶ Consider whether management bias was present in the key accounting estimates and judgments in the financial statements.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)*

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

- ▶ Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.
- ▶ Expenditure being classified as revenue expenditure financed as capital under statute (REFCUS) when it is inappropriate to do so.
- ▶ Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.

If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant and Equipment (PPE) additions and/or REFCUS in the financial statements.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

What will we do?

- ▶ Test Property, Plant and Equipment (PPE) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- ▶ Assess whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- ▶ Consider whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- ▶ Test REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. Based on our work at the planning stage of the audit we do not expect there to be material REFCUS in the year.
- ▶ Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.
- ▶ Carry out a review of capital budget monitoring and outturn reports to identify any unusual trends or significant under/overspends.

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Group Accounting

What is the risk?

We have assessed a significant risk concerning the consolidation adjustments made for group accounting as several material audit adjustments were made during the 2023/24 audit. Therefore, there is a significant risk that the Council may prepare their group accounts incorrectly.

What will we do?

We will:

- Review the Council's group accounting workings;
- Consider the need to liaise with the component auditors to understand any risks that they are recognising and issue Group Instructions as necessary;
- Evaluate any risks at component level on the group accounts;
- Issue instructions to the component auditors we intend to place reliance on; and
- Audit the consolidation process and group accounts.

Financial statement impact

- Group accounting requires councils to present a consolidated financial position that reflects the combined assets, liabilities, and equity of the council and its subsidiaries.
- Group accounting consolidation impacts the recognition of revenues and expenses, as transactions between the council and its subsidiaries may need to be eliminated to avoid double counting in the financial statements.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus, and the key judgements and estimates?

Accounting for Pension Assets/Liabilities (inherent risk)

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.

The Council's pension fund balance is a material estimated balance, and the Code requires that this balance be disclosed on the Council's balance sheet. As of 31 March 2024, this totalled a net asset of £2.891 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our response: Key areas of challenge and professional judgement

We will:

- ▶ Liaise with the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Council;
- ▶ Assess whether pension asset has been recognised in accordance with IAS 19 and IFRIC 14 and our understanding of the Local Government Pension Scheme;
- ▶ Assess the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used, by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and by considering any relevant reviews by the EY actuarial team; and
- ▶ Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model;
- ▶ Engage EY specialist to assess the Council's asset ceiling calculations; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

What else will we do?

We will consider outturn information available at the time we undertake our work after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets. We will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus, and the key judgements and estimates?

Valuation of Property, Plant & Equipment (inherent risk)

The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges.

At 31 March 2024, the net book value of PPE was £38.779 million. We note that within PPE, our focus is on Land and Buildings.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet.

Our response: Key areas of challenge and professional judgement

We will:

- ▶ Consider the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2024/25 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

What else will we do?

We will continue to consider the need to use EY Real Estates, our internal specialists on asset valuations, to support our work in this area. Based on procedures performed at the planning stage we do not expect to commission EY Real Estates.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus, and the key judgements and estimates?

IFRS 16 Implementation (inherent risk)

IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/24 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Council's 2024/25 accounts.

IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the Council is lessee these will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.

Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Council will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g. RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.

Based on our prior year work the Council had made some progress in collecting the information necessary to implement IFRS 16 and determine the impact on its financial statements. Therefore, we have assessed this as inherent risk.

Our response: Key areas of challenge and professional judgement

We will:

- ▶ Gain an understanding of the processes and controls developed by the Council relevant to the implementation of IFRS 16. We will pay particular attention to the Council's arrangements to ensure lease and lease-type arrangements considered are complete.
- ▶ Review the discount rate that is used to calculate the right of use asset and assess its reasonableness.
- ▶ Review management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components.
- ▶ Gain assurance over the right of use asset included in the 2024/25 financial statements
- ▶ Sample test leases to ensure that transition arrangements have been correctly applied.
- ▶ Consider the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date.

What else will we do?

We will consider information available at the time we undertake our work after production of the Council's draft financial statements, for example complexity of IFRS 16 arrangements and impact of the new standard to Balance Sheet and assess if risk remains appropriate.



03 Value for Money risks

Value for Money

Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

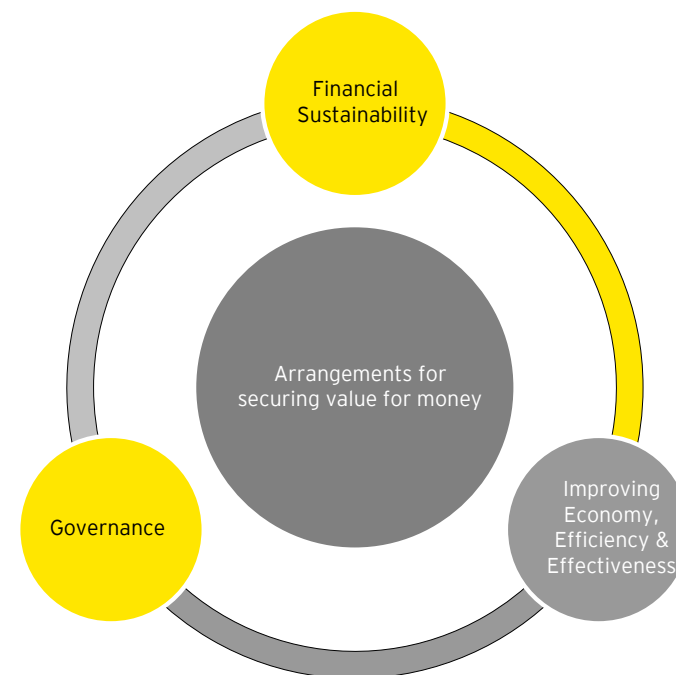
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Auditor Responsibilities

Under the NAO Code we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.



Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes require us to conduct a risk assessment that collects sufficient evidence to document our evaluation of the Council's arrangements, allowing us to draft a commentary under the three reporting criteria. This involves identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. In considering the Council's arrangements, we consider:


- ▶ the governance statement;
- ▶ evidence of arrangements during the reporting period;
- ▶ evidence obtained from our audit of the financial statements;
- ▶ the work of inspectorates and other bodies; and
- ▶ any other evidence that we deem as necessary to facilitate the performance of our statutory duties.

We then evaluate whether there is evidence indicating significant weaknesses in arrangements. According to the NAO's guidance, determining what constitutes a significant weakness and the extent of additional audit work required to address the risk is based on professional judgment. The NAO indicates that a weakness can be considered significant if it:

- ▶ exposes, or could reasonably be expected to expose, the Council to significant financial loss or risk;
- ▶ leads to, or could reasonably be expected to lead to, significant impact on the quality or effectiveness of service or on the Council's reputation or unlawful actions;
- ▶ identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action / improvement plans.

Responding to identified risks of significant weakness

When planning work identifies a risk of significant weakness, the NAO's guidance requires us to consider the additional evidence needed to verify whether there is a significant weakness in arrangements. This involves conducting further procedures as necessary. We are required to report our planned procedures to the Audit Committee.



Value for Money

Reporting on VFM

If we determine that the Council has not made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, the NAO Code mandates that we reference this by exception in the audit report on the financial statements.

Additionally, we are required to provide a commentary on the value for money arrangements in the Auditor's Annual Report. The NAO Code specifies that this commentary should be clear, readily understandable, and highlight any issues we wish to draw to the Council's or the wider public's attention. This may include matters that are not considered significant weaknesses in arrangements but should still be brought to the Council's awareness. It will also cover details of any recommendations from the audit and the follow-up of previously issued recommendations, along with our assessment of their satisfactory implementation. Our 2024/25 Auditor's Annual Report requires to be issued by 30 November 2025 to comply with the revised requirements of the NAO Code.

Status of our 2024/25 VFM planning

We have yet to complete our detailed value for money planning. However, we have not identified any risks of significant weakness in the Council's arrangements at this stage.

We will update the next Audit Committee meeting on the outcome of our value for money planning and our planned response to any additional identified risks of significant weaknesses in arrangements.

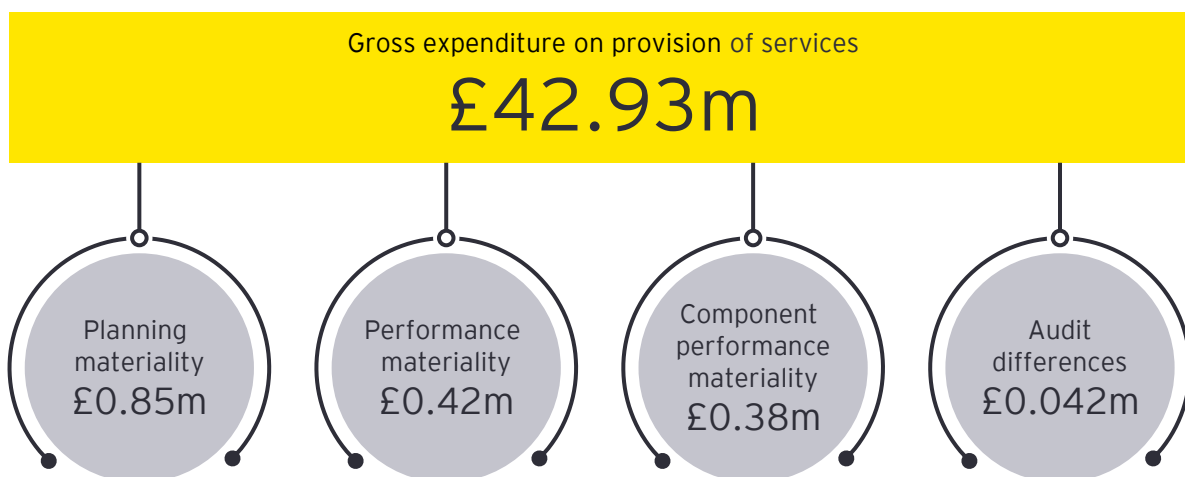


04 Audit materiality

Materiality

Group materiality

For planning purposes, Group materiality for 2024/25 has been set at £0.85 million. This represents 2% of the Group's 2023/24 gross expenditure on provision of services. It will be reassessed throughout the audit process. It will be reassessed throughout the audit process. We have considered the stability, prior year opinion of the council as well as other factors which allowed us to determine that the 2% of PM was reasonable.



We will keep the Audit Committee updated on any changes to materiality levels as the audit progresses.

We request that the Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.42 million which represents 50% of Group materiality. This reflects the relatively higher level of risk associated with the material misstatements identified in 2023/24 financial year.

Component performance materiality range – we determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

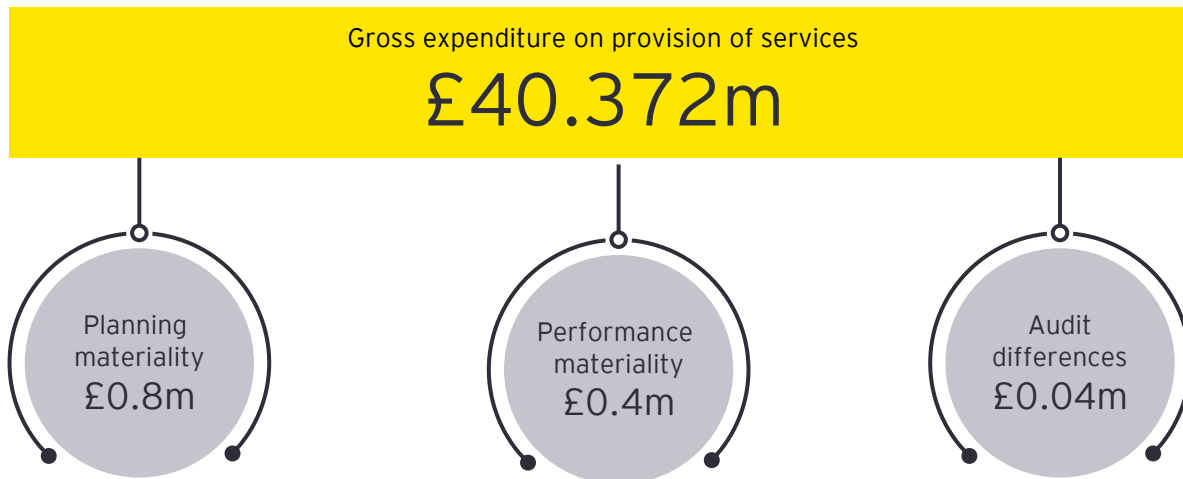
Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement or disclosures and corrected misstatements will be communicated to the extent that they merit the attention of the audit committee, or are important from a qualitative perspective.

Materiality

Council materiality

For planning purposes, Council materiality for 2024/25 has been set at £0.8 million. This represents 2% of the Council's 2023/24 gross expenditure on provision of services. It will be reassessed throughout the audit process. We have considered the stability, prior year opinion of the council as well as other factors which allowed us to determine that the 2% of PM was reasonable.



We will keep the Audit Committee updated on any changes to materiality levels as the audit progresses.

We request that the Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.4 million which represents 50% of Council materiality. This reflects the relatively higher level of risk associated with the material misstatements identified in 2023/24 financial year.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement or disclosures and corrected misstatements will be communicated to the extent that they merit the attention of the audit committee, or are important from a qualitative perspective.



05 Scope of our audit

Audit process and strategy

Objective and Scope of our Audit scoping

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the Council. Additionally, we aim to ensure that the Council has established proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, as mandated by relevant legislation and the requirements of the NAO Code.

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

- ▶ whether the financial statements give a true and fair view of the financial position of the Group and its expenditure and income for the period in question; and
- ▶ whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- ▶ whether other information published together with the audited financial statements is consistent with the financial statements.

Other procedures required by the Code:

- ▶ Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the National Audit Office.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Audit process and strategy

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.
- ▶ Reliance on the work of other auditors where appropriate;
- ▶ Reliance on the work of experts in relation to areas, such as pensions and property valuations.

Our initial assessment of the key processes across the Council has not identified any processes where we will seek to test key controls, either manual or IT. Our audit strategy will, as in previous years, follow a fully substantive approach. This will involve testing the figures within the financial statements rather than looking to place reliance on the controls within the financial systems. We assess this as the most efficient way of carrying out our work and obtaining the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics

We will use a data driven approach to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

Internal audit

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

Scope of our audit

Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk-based and our scoping of the group audit responds to the risks of material misstatement that we have identified for the group financial statements.

We first determined whether centralised procedures could be performed before we determined which components to include in the group audit scope, and the work to be performed at those components.

We next identified individually relevant components based on various risk characteristics and applied professional judgement to determine which accounts were to be included in the work performed at these components. We then considered the balance of group accounts not yet subject to planned audit procedures and determined whether it is necessary to perform audit procedures on further accounts in components which are individually relevant and/or include accounts in additional components within the group audit scope to address the risks of material misstatement of the group financial statements. Having identified the components for which work will be performed, we determined the scope to assign to each component.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below:

Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below.



Scope definitions

Procedures performed centrally: Certain balances within components assigned a full or specific scope are subject to centralised procedures performed by Primary Team.

Full scope: locations involving the design and performance of audit procedures on a significant proportion of the financial information of the component. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the scope of work, materiality used and any additional procedures required to comply with local laws and regulations.

Specific scope: locations involving the design and performance of audit procedures on one or more classes of transactions, account balances, or disclosures of the financial information of the group. The accounts included in the scope are not a significant proportion of the financial information of the component.

Specified Procedures: locations where the component team performs procedures specified by the Group audit team to obtain audit evidence for one or more elements of the group financial statements and/or to respond to identified risks of material misstatement.

Remaining components: Based on our planned audit scope, there may exist residual amounts of balances and accounts of the group financial statements which are not included in the group scope. These amounts have been evaluated as not presenting a risk of material misstatement to the group financial statements and may comprise balances at multiple location where the balances may be material in aggregate. Components/locations that are not assigned a scope of work nor subject to centralised procedures, and comprise amounts solely contributing the residual amounts are described as 'remaining components'. We update and perform further risk assessment procedures as necessary to conclude our assessment that there is no risk of material misstatement in those amounts. Individually, these components do not exceed more than 15% of the Group's gross expenditure and total assets.

Scoping the group audit

Group audit team involvement in component audits

Auditing standards require us to be involved in the work of our component teams.

The group audit team's involvement in the work of the component teams is not uniform. The involvement is affected by the assessed risks of material misstatement, their effect on different locations, the nature and extent of work and scope assigned to component teams and the group audit team's experience and understanding of the component teams. The group audit team's involvement takes different forms and will include: site visits; involvement in key decision discussions, such as: component team's involvement in discussions of the group audit team or the group team's involvement in component team discussions; other discussions and sharing of information, such as: regular team discussions/touch points, risk assessment discussions, discussions with component management and/or those charged with governance of components, or other ad hoc discussions; review of component team workpapers, such as: audit deliverables and underlying workpapers.

We have listed the significant aspects of our planned involvement below.

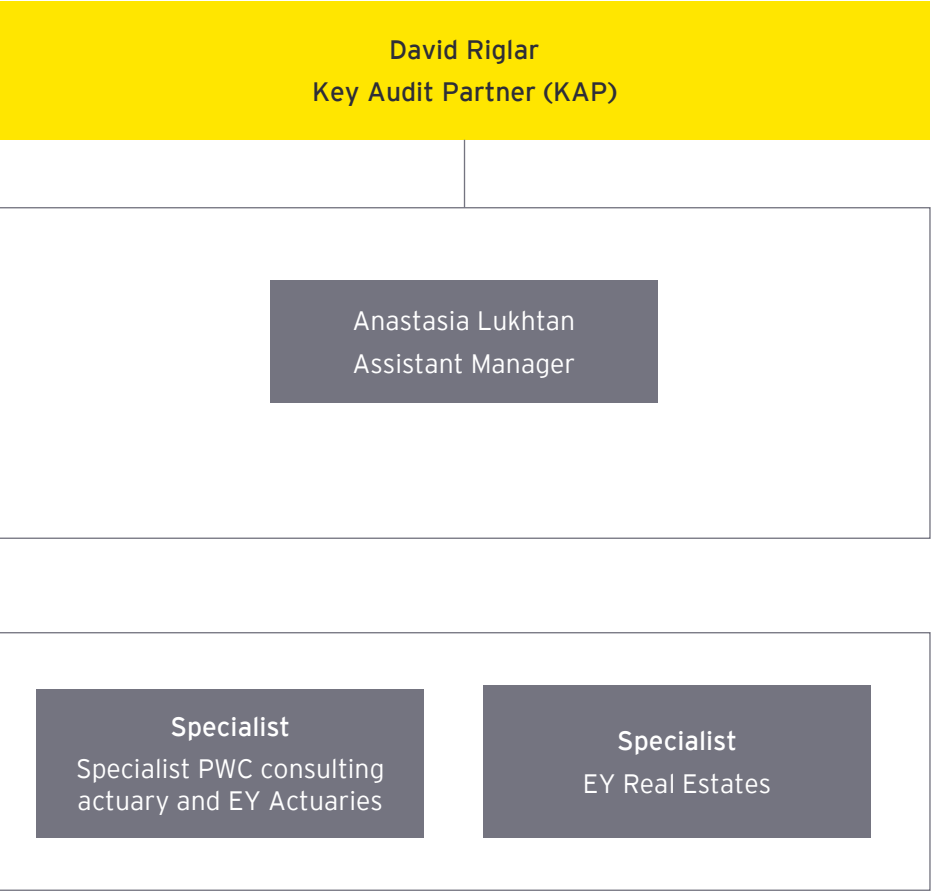
During the year, we will visit a number of locations, primarily those where significant issues have been identified or where there have been important changes since the prior year. Our visits incorporate a combination of site visits, review of the component team's audit work and meeting with business unit management.

Location name	Planned involvement by the Group team
All full scope and specific scope components	<ul style="list-style-type: none">• The Group audit team's planning event to be held in April 2025, in person or by conference call• Review of audit working papers covering the significant risk areas and other areas of assessed higher risk• Regular conference calls• Risk assessment discussions• Review of audit deliverables (i.e., planning communications and summaries of work performed/conclusions)



06 Audit team

Audit team



* Key Audit Partner

Use of specialists

Our approach to the involvement of specialists, and the use of their work

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	Management Specialist - Wilkes Head & Eve EY Real Estates (in relation to assessing the Council's valuers and as otherwise required)
Pensions disclosure	Management Specialist - Hymans Robertson (Actuary to Cambridgeshire Pension Fund) EY Actuaries PWC (Consulting Actuary to the NAO)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Group's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable
- ▶ Assess the reasonableness of the assumptions and methods used
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements



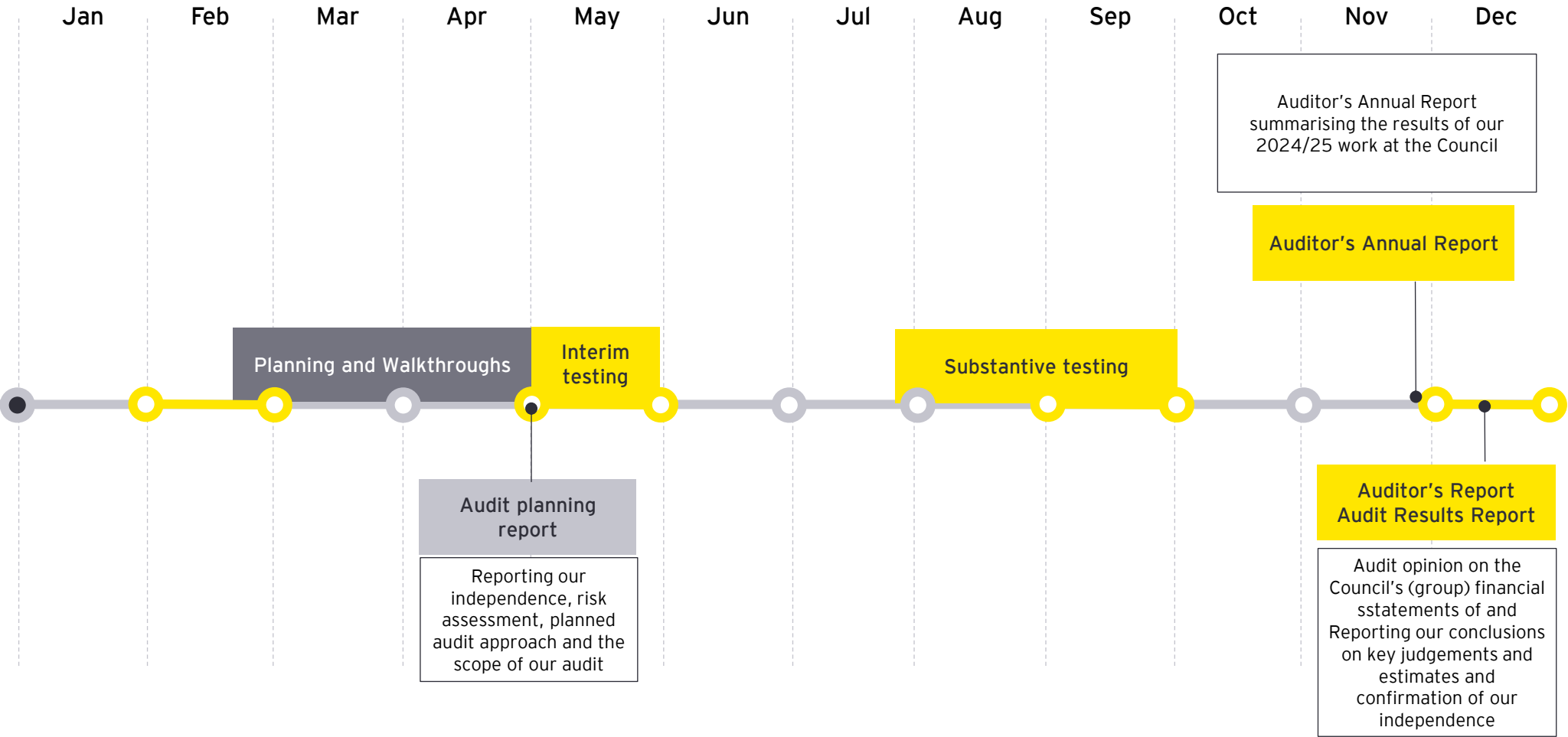
07

Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the 2024/25 audit cycle. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate.





08

Independence



Introduction

The FRC Ethical Standard 2024 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- The overall assessment of threats and safeguards;
- Information about the general policies and process within EY to maintain objectivity and independence
- The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the audit committee/those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a "pre-approval" to provide the service).
- All proposed NAS for PIE audit clients will be subject to a determination of whether the service might create a self-review threat (SRT), with no allowance for services related to amounts that are immaterial to the audited financial statements.

Final stage

- In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- Details of non-audit/additional services provided and the fees charged in relation thereto;
- Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence (for breaches of the FRC Ethical Standard include details of its significance); and
- An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of David Riglar your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we have an investment in the Council; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2024 (FRC ES), and we will comply with the policies that you have approved.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 0 as there are no non-audit services. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with FRC ES Section 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise. There are no other threats at the date of this report.



Other communications

EY Transparency Report 2024

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2024 and can be found here: [EY UK 2024 Transparency Report](#).



09 Appendices

Appendix A – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- ▶ *prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- ▶ *ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- ▶ *assign responsibilities clearly to staff with the appropriate expertise and experience;*
- ▶ *provide necessary resources to enable delivery of the plan;*
- ▶ *maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- ▶ *ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- ▶ *ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- ▶ *during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

The agreed fee presented is based on the following assumptions:

- ▶ officers meeting the agreed timetable of deliverables;
- ▶ our financial statement opinion and value for money conclusion being unqualified;
- ▶ appropriate quality of documentation is provided by the Council;
- ▶ an effective control environment; and
- ▶ compliance with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

	Current Year - 2024/25	Prior Year - 2023/24
	£	£
Total Fee - Code Work	162,424	147,673 (Note 1)
Other - determined by PSAA	TBC (Note 3)	TBC (Note 2)
Total audit	TBC	TBC
Other non-audit services not covered above (Housing benefits) (Note 4)	TBC	TBC
Total other non-audit services	TBC	TBC
Total fees	TBC	TBC

All fees exclude VAT

(1) As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2022/23 and 2023/24 audits.

(2) Factors influencing the scale fee variation for 2023/24 are reported in our Auditor's Annual Report. Once we have been informed of the 2023/24 scale fee variation process from the PSAA, we will determine the scale fee variations required. This will be discussed with Management and then submitted in line with the PSAA Ltd process. Any scale fee variation is determined by PSAA Ltd.

(3) The scale fee also may be impacted by a range of other factors which will result in additional work, which include but are not limited to:

- ▶ Consideration of correspondence from the public and formal objections;
- ▶ Reduced materiality levels;
- ▶ New accounting standards, for example full adoption or additional disclosures in respect of IFRS 16;
- ▶ Non-compliance with law and regulation with an impact on the financial statements;
- ▶ Financial statements risks such as Group Accounting;
- ▶ VFM risks of, or actual, significant weaknesses in arrangements and related reporting impacts;
- ▶ The need to exercise auditor statutory powers;
- ▶ Prior period adjustments;
- ▶ Modified financial statement opinions.

(4) The 2022/23 housing benefits work has commenced and fees are yet to be determined. The 2023/24 housing benefits work is yet to be started.

Appendix C – Scoping the group audit

Overview of approach to group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk-based and our scoping of the group audit responds to the risks of material misstatement that we have identified for the group financial statements. We determined whether centralised procedures can be performed before we determined which components to include in the group audit scope, and the work to be performed at those components. We then identified the components that are individually relevant to the group for which audit procedures will need to be performed to respond to the assessed risks of material misstatement of the group financial statements.

We considered the following matters to determine which components were individually relevant:

- ▶ The significant risks (including fraud risks), and other areas of higher assessed risk associated with the component and the nature of the circumstances related to those risk(s) of material misstatement, including the relative size of the balance at the component.
- ▶ The financial size of the component relative to the group

We identified the accounts to be included in the work to be performed at these components based on the components' financial information.

We applied professional judgment in determining those accounts having considered:

- ▶ The reasons the component was identified as individually relevant and the accounts affected by risks associated with the component
- ▶ The extent of centralised procedures
- ▶ Whether the accounts are affected by other assessed risks of material misstatement of the group financial statements
- ▶ The relative size of the balance at the component.

We considered the balance of group accounts not yet subject to planned audit procedures and determined whether it is necessary to perform audit procedures on further accounts in components which are individually relevant and/or include accounts in additional components within the group audit scope to address the risks of material misstatement of the group financial statements. The number of additional components and extent of procedures to be performed took into consideration:

- ▶ The extent of evidence already planned to be obtained from components which are individually relevant and the related in-scope accounts
- ▶ Whether centralised procedures can be performed on the residual account balances, including testing direct entity-level controls that operate throughout the group
- ▶ The results of risk assessment analytical procedures performed
- ▶ The results of the analysis on the residual significant account balances

Having identified the components for which work will be performed, we determined the scope to assign to each component.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. There are no other components not scoped in.

Appendix C – Scoping the group audit (cont'd)

The below table sets out the scoping details of all locations. We assign a scope of work to each component for which procedures are required, which when taken together in addition to procedures performed centrally by the group audit team, enable us to form an opinion on the group financial statements.

Detailed scoping						
Component / location	Scope	Statutory audit performed by EY	Coverage (23/24 accounts)		Current year rationale for scoping	
			Gross Expenditure	Total assets	Size	Risk
East Cambridgeshire District Council	Full scope	✓	80.64%	93.34%	Yes	Yes
East Cambs Trading Company Limited	Full scope	×	10.56%	6.19%	No	Yes
East Cambs Street Scene Limited	Specific scope	×	8.80%	0.47%	No	Yes
Total full & specific scope coverage			100%	100%		

No scope changes from the prior year.

Appendix D – Required communications with the Audit Committee

We have detailed the communications that we must provide to the audit committee.

Our Reporting to you		
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	Audit Plan - 15 July 2025 - Audit Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - 21 October 2025 - Audit Committee

Appendix D – Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report - 21 October 2025 - Audit Committee
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - 21 October 2025 - Audit Committee
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit Committee responsibility 	Audit Results Report - 21 October 2025 - Audit Committee

Appendix D – Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - 21 October 2025 - Audit Committee
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	Audit Results Report - 21 October 2025 - Audit Committee

Appendix D – Required communications with the Audit Committee (cont'd)

Our Reporting to you		
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report - 21 October 2025 - Audit Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit Results Report - 21 October 2025 - Audit Committee
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report - 21 October 2025 - Audit Committee
Group audits	<ul style="list-style-type: none"> ▶ An overview of the work to be performed at the components and the nature of the group audit team's planned involvement in the work to be performed by component teams ▶ Instances when the group audit team's review of the work of a component team gave rise to a concern about the quality of that team's work, and how the group audit team addressed the concern ▶ Any limitations on the ability to obtain sufficient appropriate audit evidence in support of the group audit opinion, for example, where the group audit team's access to people or information may have been restricted ▪ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements ▪ Significant deficiencies identified in the group's system of internal control 	<p>Audit Plan - 15 July 2025 - Audit Committee</p> <p>Audit Results Report - 21 October 2025 - Audit Committee</p>

Appendix D – Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - 21 October 2025 - Audit Committee
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit Results Report - 21 October 2025 - Audit Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - 21 October 2025 - Audit Committee
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - 21 October 2025 - Audit Committee

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ED None

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TITLE: Draft Statement of Accounts 2024/25

Committee: Audit Committee

Date: 15th July 2025

Author: Director, Finance

Report number: AA35

Contact officer:

Ian Smith, Director Finance

ian.smith@eastcambs.gov.uk

1.0 Issue

- 1.1. To note that the Council's draft Statement of Accounts for 2024/25 has been published on the Council's website.

2.0 Recommendation

- 2.1. That the Committee notes the report.

3.0 Background/Options

- 3.1 The format of the Statement of Accounts is prescribed by a range of regulations and reporting requirements together with a code of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Since 2010/11, as part of the wider public sector move towards international accounting standards, all local authorities in the UK are required to produce their annual financial statements using International Financial Reporting Standards (IFRS).
- 3.2 The Audit and Accounts Regulations 2015 (as amended) which apply to the preparation, approval and audit of the Statement of Accounts for the year ending 31st March 2025 required the following:
- The draft Accounts must be certified by the Council's Responsible Financial Officer (Section 151 Officer) by 30th June following the end of the financial year. It is confirmed that the accounts were signed off by this statutory deadline, being signed and loaded onto the Council's website on the 30th June 2025.
 - The draft Accounts and any associated financial documentation are made available for public inspection for a period of 30 working days. The accounts are currently available for public inspection, this started on the 1st July 2025 and will continue until the 11th August 2025. To this point, neither the Council nor Ernst & Young LLP (EY) as the Council's auditors, have received any communications from the public.
 - By the 27th February 2026, the backstop date for the 2024/25 accounts:
 - The Accounts must be re-certified by the Responsible Financial Officer

- The Accounts must be approved by Members [Under the Council's Constitution, it is the Audit Committee's function to approve the Statement of Accounts]
- The Accounts must be published together with any certificate, opinion or report issued by the appointed auditor.
- or, if the above 3 bullets cannot be achieved a notice is to be published setting out the reasons for not doing so.

3.3 EY have programmed their work schedule to start the formal part of the Audit of the Council's Statement of Accounts in August 2025, but a significant amount of pre-audit work has already started as they collect the information needed to undertake their review.

4.0 Arguments/Conclusions

4.1. A further report will be brought to Committee once the audit has been completed and the Statement of Accounts ready for formal approval.

5.0 Additional Implications Assessment

5.1 In the table below, please put Yes or No in each box:

Financial Implications No	Legal Implications No	Human Resources (HR) Implications No
Equality Impact Assessment (EIA) No	Carbon Impact Assessment (CIA) No	Data Protection Impact Assessment (DPIA) No

6.0 Appendices

Appendix 1: Draft Statement of Accounts 2024/25

7.0 Background documents

None

East Cambridgeshire District Council



Draft Statement of Accounts 2024/25

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Narrative Report

By the Director, Finance

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2024/25 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2025.

The purpose of this foreword is to provide a guide to the most significant matters reported in the Council's accounts and is in three sections.

- Commentary and review of 2024/25.
- The Financial Statements
- Technical information

Commentary and Review of 2024/25

Review and Commentary on the Council's services and performance during 2024/25

Within the Corporate Plan 2023 to 2027, there are three priority areas;

- (1) Sound Financial Management
- (2) Cleaner, greener East Cambridgeshire
- (3) Sustainable communities

The following information details the outcomes against the promises over the past twelve months:

Sound Financial Management

Priorities:

Ensure the Council is financially sustainable.

Minimise the financial (cost) impact of the Council on its residents.

Be more commercial, but within reason - 'commercial for community'.

2024/25 Actions	Results
Council to approve the 2025/26 budget and Medium-Term Financial Plan in February 2025 only increasing Council Tax as a last resort	The 2025/26 budget was approved in February 2025 including a balanced budget for 2025/26 and 2026/27 with no increase in Council Tax in 2025/26 (this for the twelfth consecutive year).
Implement the outcomes of the planning review and commence Phase 2 of the review	The Planning review phase one was completed in late 2024, and has led to key outcomes, such as a 15% reduction on the reliance of extensions of time, a new structure ensuring clear career path for junior staff and bring strategic planning and development management under one service, a negotiation protocol to ensure

	applications are of a high quality at the outset, new committee report templates and conditions templates, office improvements and new pre-app and PPA services to increase income to the Council. Phase two has now commenced.
--	---

Cleaner, greener East Cambridgeshire

Priorities:

Improve the public realm.

Reduce environmental crime across the district.

Enhance the natural environment and build on our sustainability goals.

Design a resilient waste and street cleansing service fit for the future.

2024/25 Actions	Results
Improve the look and feel of the city and town centres, including replacement street furniture	The Council continues to improve the look and feel of the city and town centres and has repaired and replaced street furniture when necessary.

<p>Deliver the Climate and Nature Top 20 actions for 2024 including a focus on water resilience, further nature improvements in our parks and open spaces, and hedgehog recovery projects</p>	<p>Nine of our top 20 actions for the year were either completed or predominantly completed. These included:</p> <ul style="list-style-type: none"> • solar panels installed on The Hive (which are forecast to save at least c£18,500 in electricity running costs and generate 91MWh of electricity per annum, resulting in a c19tonnes CO2e annual saving; • moving our refuse collection vehicles away from diesel to HVO fuel (which is forecast to cost slightly more than using traditional diesel, but should deliver up to 80% saving in emissions); <p>The reasons for not meeting all our intended actions in the past year are primarily down to three matters:</p> <ul style="list-style-type: none"> • Our Climate Change officer resigned in October 2024, and the vacancy was not filled until March 2025. • Meeting our Biodiversity Net Gain (BNG) requirements (which commenced from February 2024) was a greater resource burden than anticipated • We have delivered other significant projects over the year, which have been prioritised over some of the original top 20 actions, for example the Net Zero Villages programme.
<p>Implementation of the new waste and street cleansing strategy</p>	<p>The new waste collection service proposal was adopted by Council in September 2024. A project board has been set up to manage the implementation of the new service that is due to go live in June 2026.</p>
<p>Strategic review of long-term waste infrastructure needs</p>	<p>RECAP have undertaken a review of the long-term strategy for waste and an appraisal of the infrastructure needs moving forward, this is still in draft form and will be considered by this Council later in 2025.</p>

Sustainable communities

Priorities:

Support our residents to live happy and healthy lives.

Support our businesses to thrive in East Cambridgeshire.

Improve our roads and local transport.

Deliver genuinely affordable housing that enables people to live and work locally.

Invest in community infrastructure.

2024/25 Actions	Results
Launch Digital Inclusion project to provide people facing digital exclusion with training and support, which will enable them to get online with confidence and in safety	The project was completed as planned. 32 participants obtained an accredited qualification, in addition to the 35 participants all obtaining a Digital Badge (Regions of Learning).
Develop a new council website with improved functionality	A new website went live in January 2025, phase two of the project is underway to enhance the design, navigation and functionality.
Work with partners to deliver the actions in the council's Health and Wellbeing Strategy	All 2024/25 actions were completed. These included delivery of a Health and Well Fair event in September and Community Appointment Day in January. The Parish Conference in February had a health theme to engage a bottom-up approach. New health targeted sessions delivered and links with Princess of Wales (musculoskeletal) and Healthy You tier 2 (falls prevention) established to support pathways. 32 Council and partner staff trained in Measure Yourself Concerns and Wellbeing training.
Develop and approve a Housing and Homelessness Strategy – a new overarching strategy with an action plan to deliver safe, affordable and high-quality housing for residents	The strategy has been drafted and will be presented to the June meeting of the Finance and Assets Committee.
Delivery of the Bereavement Centre at Mepal for 2026	The full business case was approved by Council in February 2024 and has now been through a period of technical design, and the tendering exercise. The final budget and go ahead to build the bereavement centre were given by Council in May 2025.
Carry out an independent inclusivity audit of council owned play spaces and invite parish councils to submit their play areas for inclusion in the audit.	The audit has been commissioned and is underway. Town and parish councils have included play areas across the district.

Develop an Inclusive Play Strategy	This will be developed once the audit has completed.
Continue to engage with the Cambridgeshire and Peterborough Combined Authority (CPCA) Bus Reform and Bus Network Review	<p>The Council is meeting with the CPCA regularly through the Review process to protect and improve bus services in East Cambridgeshire.</p> <p>The Council has supported the CPCA to deliver 'Tiger on Demand' a demand Responsive Transport service for East Cambridgeshire.</p>
Work with CPCA and partners to deliver improvements to active travel, road and rail infrastructure, including the BP Witchford Road Non-Motorised User (NMU) Access Study, A10 Ely to A14 improvements scheme, support local rail improvements including Soham Railway Station phase 2 and champion improvements and repairs to East Cambridgeshire roads	<p>The Council has continued to engage with the CPCA and Cambridgeshire County Council on improvements to active travel, rail and road infrastructure. Officers continue to represent the Council on the BP Witchford Road Non-Motorised User (NMU) Access Study project Board and the A10 Ely to A14 improvements scheme project board.</p> <p>In March 2025, the CPCA's Investment Committee approved proposals for funding the development of active travel routes in East Cambridgeshire. £70,000 was awarded to produce a detailed design for the Stuntney to Ely route, and a further £400,000 for the 'Sustrans Study East Cambs routes' project. This is to enable the further development of the Council's Sustrans feasibility schemes to the preliminary design stage for two routes: Ely to Soham and Burwell, Fordham, and wider links.</p>
Continue to support Cambridgeshire Constabulary's Road Safety Police Volunteer scheme	The Council continued to liaise with Cambridgeshire Police regarding the scheme.
Continue to support existing Community Land Trusts (CLTs) across the district and work with communities to establish and develop new CLTs	<p>The Council's Community Led Development Advisor continues to provide advice and grant support to Community Land Trusts.</p> <p>For example, support has been given to Haddenham CLT regarding a potential extension to the CLT development at Ovins Rise and to Kennett CLT regarding their CLT properties.</p>

Revenue Spending and Sources of Income

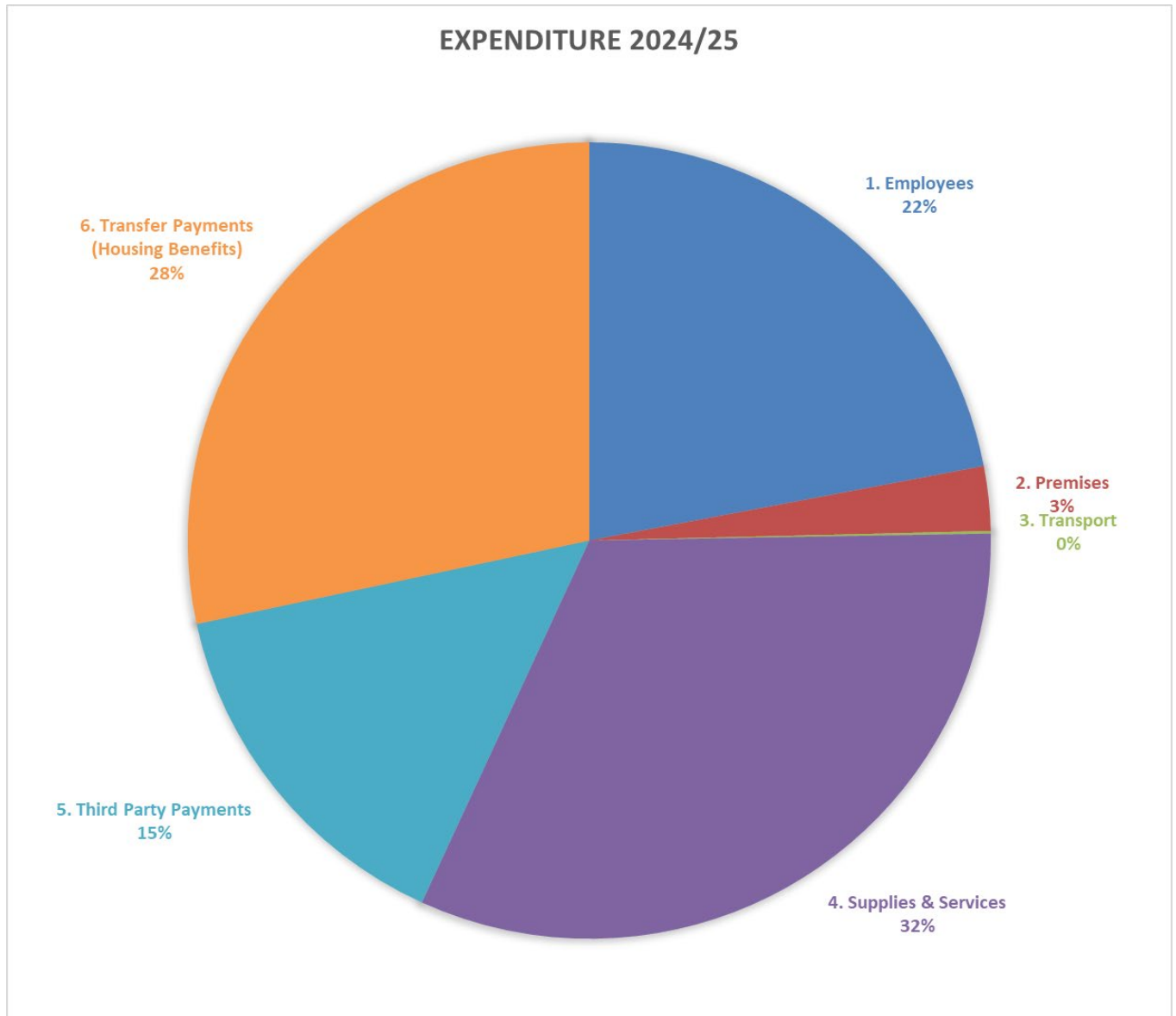
The Table below sets out the Council's budget for 2024/25 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	Budget	Outturn	Variance
	£000	£000	£000
Service			
Finance & Assets	7,017	5,413	(1,604)
Operational Services	7,134	7,329	195
Service Net Revenue Expenditure	14,151	12,742	(1,409)
Land Drainage	730	673	(57)
Parish Precepts	3,271	3,271	0
Movement in Corporate Reserves	688	711	23
Total Net Revenue Expenditure	18,840	17,397	(1,443)
Financing			
Council Tax	(8,112)	(8,112)	0
Non-Domestic Rates	(7,490)	(8,669)	(1,179)
Revenue Support Grant	(109)	(109)	(0)
Other Government Grants	(1,562)	(1,562)	(0)
Budget - draw from Surplus Savings Reserve	(1,567)	(1,567)	(0)
Total Financing	(18,840)	(20,274)	(1,443)
Transfer to Surplus Savings Reserve			(2,622)
Net (Increase)/Decrease in Earmarked Reserves			(2,391)
Total Reported General Fund Movements			229
Adjustment between Funding & Accounting Basis			0
Reported (Surplus) upon Services in Income & Expenditure Account			(2,391)

The net cost of individual committees in the above table are different to those in the formal Statement of Accounts due to the statutory charges that are applied to the formal Accounts and the treatment of movements to and from reserves. The above table however reflects the structure of the accounts as presented to Council throughout the year and in the Outturn, report that will be reported to Finance and Assets Committee on 26th June 2025. Reasons for yearend variances can be found in this report, for both revenue and capital.

Analysis of Revenue Expenditure

The Council spent £43.436 million (gross) in 2024/25 and the chart below shows the type of expenditure this was spent on.



Reserves

The table below shows the movement in the useable reserves during the year.

Usable Reserves 2024/25	Brought Forward £'000	Contributions		Carried Forward £'000
		To £'000	From £'000	
General Fund	1,238	148		1,386
Surplus Savings & Earmarked	26,658	2,243		28,901
TOTAL GENERAL FUND	27,896	2,391		30,287
Capital Receipts Reserve	1,786	(27)	0	1,759
Capital Grants Unapplied	389	0	1,026	1,415
Total Usable Reserves	30,071	2,445	947	33,460

Capital Spending

The final capital budget for 2024/25 was £7,752 million and the table below shows the movement from the original capital programme approved in February 2024.

Capital Programme	£'000	£'000
Original Approved Capital Programme 2024/25	6,575	
Approved slippage from 2023/24	1,106	
Approved Additions	71	
Updated Capital Programme for 2024/25		7,752
Capital outturn		3,654
Underspend against revised budget		4,098

Spend in 2024/25 was as shown below:

2023/24 £'000	Capital Spending	2024/254 £'000
666.8	Housing Grants	682.0
168.1	Vehicle Replacement Programme	445.0
1,947.5	Refuse Vehicles	203.9
49.9	Solar Panel Project	0
0	Loan to subsidiary company	1,675.0
0	Loan to EC CLT	42.5
288.6	Depot Improvements	67.1
0	Bereavement Centre	498.7
50.8	Wheelie Bins	39.4
3171.7	Gross Expenditure	3,653.6
	Funded From	
158.2	Capital Receipts Reserve Applied	74.2
623.8	Grants	637.2
391.3	CIL Earmarked Reserve Contribution	1,498.7
1,844.9	Internal Borrowing Contributions	988.5
(28.7)	Other Revenue Contributions	0.0
182.4	Section 106	455.0
3171.7		3,653.6

Treasury Management

East Cambridgeshire District Council was in cash surplus during the whole of the 2024/25 financial year. The Council invested this “surplus” cash in both fixed, short term investments (with organisations in line with the Council’s Treasury Management Strategy) and in Money Market funds during the year, this to maximise interest receipts, but while ensuring, as its main focus, the security and availability of the invested funds.

Looking to the Future

The Council's Medium Term Financial Strategy (MTFS) sets a robust financial framework for the Council's plans over the next four years which support the delivery of the Council's priorities within a context of an annual balanced budget. Specifically, the MTFS:

- Looks to the longer term to help plan sustainable services within an increasingly uncertain external economic and funding environment.
- Maximises the Council's financial resilience and manage risk and volatility, including managing adequate reserves.
- Helps ensure that the Council's financial resources are directed to support delivery of the Council's priorities over the medium term.

The Financial Statements

The Council's financial statements for 2024/25 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2024/25 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

The primary financial statements are supported by explanatory notes, including details of the accounting policies adopted by the Council.

The Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

Movement in Reserves Statement

The CIES differs from the Council's management accounts, as it contains a number of transactions that are required for accounting purposes but disregarded for management reporting purposes as they are deemed not to be covered by Council Tax. A reconciliation is presented at Notes 1 & Note 8 to the accounts.

This statement also shows the movement in the year on the different reserves held by the Council, analysed into 'useable reserves', (i.e., those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves.

Balance Sheet

The Balance Sheet shows the value at the 31 March 2025 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are unusable reserves and include unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the asset to which they

relate was sold; and reserves that hold timing differences shown in the Movement in Reserves Statement at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2024		31 March 2025
£'000		£'000
47,288	Long Term Assets	57,110
35,392	Current Assets	36,438
(10,777)	Current Liabilities	(7,960)
(3,716)	Long Term Liabilities	(4,797)
<u>68,187</u>	Net Assets	<u>80,794</u>
30,071	Useable Reserves	33,460
38,116	Unusable Reserves	47,334
<u>68,187</u>	Total Reserves	<u>80,794</u>

The Council's Balance Sheet has moved from a position at 31st March 2024 of £68,187 million to £80,794 million at 31 March 2025. The principal reasons for this movement of £12.608 million is largely attributable to the increase in movement on the pension asset and increase in Cash & cash equivalents. The full Balance Sheet is on page 23 of the Accounts.

At this time, the statutory arrangements for funding the Pension surplus mean that the financial position of the Council continues to remain healthy.

- Any deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e., before payments fall due), as assessed by the scheme and actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The Cash Flow Statement

The Cash Flow Statement shows the changes in “cash” (cash and cash equivalents) of the Council during the reporting period. The statement shows how the Council generates and uses “cash” by classifying cash flows as operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

Net Cash Flows from:	31 March 2025 £'000
Operating activities	4,338
Investing activities	2,103
Financing activities	(1,570)
Net Increase or Decrease in cash and cash equivalents	4,871
Cash and cash equivalents	
At the beginning of the reporting period	21,644
At the end of the reporting period	26,515

The increase in cash and cash equivalents reflects a move to hold more funds as cash as opposed to longer term investments.

The Collection Fund Revenue Accounts

The Collection Fund Accounts are separate accounts into which are paid amounts raised from local taxation. There are two accounts detailing the amounts collected in respect of Council Tax and National Non-Domestic Rates (NNDR).

The NNDR amount collected is then distributed subject to a predetermined Government set formulae.

The Council Tax Account is distributed based on the requested value of the preceptors across the District, these preceptors are:

- Cambridgeshire County Council
- Cambridgeshire Fire Authority
- Cambridgeshire Police and Crime Commissioner
- East Cambridgeshire District Council
- Cambridgeshire & Peterborough Combined Authority
- Parish Councils

Technical Information

East Cambridgeshire's financial statements for 2024/25 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2024/25 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

International Financial Reporting Standards

The Council has reported its financial position based on the requirements of International Financial Reporting Standards (IFRS) and this is encapsulated within the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Statement of Accounting Policies

The accounting policies applicable to the 2024/25 Statement of Accounts are the same as those that were applied to the 2023/24.

True and Fair View Override

As required by the Accounts and Audit Regulations 2015, paragraph 8.2, it is noted that the Responsible Financial Officer has not had to use the "true and fair view override".

Changes to the Statement of Accounts

There are no material changes to the Statement of Accounts.

Material and Unusual Charges or Credits in the Accounts

There are no material and unusual charges or credits in the accounts.

Material Events after the Reporting Date

There have not been any material events after the reporting date.

Material Assets Acquired or Liabilities Incurred

There have not been any material assets acquired or liabilities incurred during the year.

Changes in Statutory Functions

There were no changes in statutory functions in 2024/25.

Ian Smith - CPFA

Director, Finance

30th June 2025

Independent auditor's report to the members of East Cambridgeshire District Council

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Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Finance Manager & Section 151 Officer.
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts the Section 151 Officer has:

- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the local authority Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

Ian Smith – CPFA

Director, Finance

Audit Committee Certificate for the Approval of the Accounts

COUNCIL Comprehensive Income and Expenditure Statement

2023/24			N O T E	2024/25		
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
22,690	(16,341)	6,348		24,395	(18,582)	5,812
14,155	(9,007)	5,149		16,310	(8,793)	7,517
36,845	(25,348)	11,497	8	40,705	(27,376)	13,329
3,001		3,001		3,271		3,271
572		572		673		673
	(4)	(4)				
(277)		(277)		30		30
3,295	(4)	3,291		3,974		3,974
	(2115)	(2115)			(2,191)	(2,191)
232		232		(156)		(156)
232	(2115)	(1883)	21	(156)	(2,191)	(2,347)
	(7,671)	(7,671)			(7,957)	(7,957)
	(6,670)	(6,670)			(7,718)	(7,718)
	(1,583)	(1,583)	8		(1,671)	(1,671)
0	(15,924)	(15,924)		0	(17,347)	(17,347)
40,372	(43,391)	(3,019)	8	44,523	(46,913)	(2,391)
	(487)	(487)			(3,093)	(3,093)
	(4,913)	(4,913)	21		(7,124)	(7,124)
0	(5,400)	(5,400)		0	(10,217)	(10,217)
40,372	(48,791)	(8,419)		44,523	(57,130)	(12,608)

COUNCIL Movement in Reserves Statement 2023/24

	General Fund	Other Earmarked Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Useable Reserves	Total Unusable reserves	TOTAL Council Reserves
Carried Forward at 31 March 2023	(1,063)	(24,810)	(404)	(1,481)	(27,757)	(32,010)	(59,767)
Movement in reserves							
(Surplus) or Deficit on provision of services		(3,019)			(3,019)		(3,019)
Other Comprehensive Income and Expenditure	(175)	(175)				(5,400)	(5,400)
Total Comprehensive Income and Expenditure	(175)	(2,844)			(3,019)	(5,400)	(8,419)
ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS		996	15	(305)	706	(706)	0
Net Increase/Decrease before Transfers to/from earmarked reserves	(175)	(1,848)	15	(305)	(2,313)	(6,106)	(8,419)
Transfer To/from Earmarked reserves	(175)	(1,848)	15	(305)	(2,313)	(6,106)	(8,419)
Balance at 31 March 2024	(1,238)	(26,658)	(389)	(1,786)	(30,071)	(38,116)	(68,187)

COUNCIL Movement in Reserves Statement 2024/25

	General Fund	Other Earmarked Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Useable Reserves		Total Unusable reserves	TOTAL Council Reserves
Carried Forward at 31 March 2024	(1,238)	(26,658)	(389)	(1,786)	(30,071)		(38,116)	(68,187)
Movement in reserves								
(Surplus) or Deficit on provision of services		(2,391)			(2,472)			(2,472)
Other Comprehensive Income and Expenditure	(148)	148			0		(7,274)	(7,274)
Total Comprehensive Income and Expenditure	(148)	(2,324)			(2,472)		(7,274)	(9,746)
ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS			(1026)	27	(920)		(1,942)	(2,862)
Net Increase/Decrease before Transfers to/from earmarked reserves	(148)	(2,245)	(1026)	27	(3,392)		(9,216)	(12,608)
Balance at 31 March 2025	(1,386)	(28,903)	(1,415)	(1,759)	(33,462)		(47,332)	(80,795)

Balance Sheet

31 Mar 24 £'000		Note	31 Mar 25 £'000
	LONG TERM ASSETS		
38,779	Property, Plant and Equipment	12	39,998
105	Heritage Assets		105
0	Intangible Assets	14	0
5,513	Long Term Debtors	16	6,446
2891	Net Pension Asset	21	10,561
47,288	TOTAL LONG TERM ASSETS		57,110
	CURRENT ASSETS		
10,000	Investments (Short Term)		5,101
0	Assets Held for Sale	12	0
3,737	Short Term Debtors	17	4,809
11	Inventories		14
21,644	Cash and Cash Equivalents	18	26,514
35,392	TOTAL CURRENT ASSETS		36,438
82,680	TOTAL ASSETS		93,548
	CURRENT LIABILITIES		
(9,711)	Short Term Creditors & Receipts in Advance	19	(6,733)
(1,066)	Provisions	20	(1,227)
(10,777)	TOTAL CURRENT LIABILITIES		(7,960)
24,615	TOTAL CURRENT ASSETS/LIABILITIES		28,478
71,903	TOTAL ASSETS LESS CURRENT LIABILITIES		85,588
	LONG TERM LIABILITIES		
(3,716)	Capital Grants Received in Advance		(4,794)
0	Net Pensions Liability	21	0
(3,716)			(4,794)
68,187	NET ASSETS		80,794
	FINANCED BY:		
30,071	USABLE RESERVES	10	33,460
38,116	UNUSABLE RESERVES	11	47,334
68,187	TOTAL RESERVES		80,794

Ian Smith – CPFA
Director, Finance
30th June 2025

Cash Flow Statement

31 March 2024 £'000		31 March 2025 £'000
5,135	Net Surplus/(Deficit) on the Provision of Services	4,582
	Adjustments for Non-cash items:	
(2,115)	Interest Receivable	(2,191)
550	Depreciation & Amortisation, Impairment	3668
(43)	Pension Liability/(asset)	(478)
(2,149)	Change in Debtors, Creditors and provisions and inventories (excluding collection Fund)	(1,243)
(3,758)	Total Adjustments	(244)
1,377	Net Cash Flows from Operating Activities	4,338
(2323)	Purchase of PPE & Intangibles	(1,864)
(1044)	Change in Long Term Debtors	932
(7,000)	Net Purchase of Investments	4,899
0	Interest Received	0
5,721	Investing Activities	2,103
249	Net Receipt/(application) of Capital Grants	1,079
1,254	Change in Collection Fund agencies, Debtors & Creditors	2,648
1,502	Financing Activities	(1,570)
(8,600)	Net surplus / (decrease) in cash and cash equivalents	4,871
13,044	Cash and cash equivalents at the beginning of the reporting period	21,644
21,645	Cash and cash equivalents at the end of the reporting period	26,514

Note 1 Expenditure & Funding Analysis

The Expenditure and Funding Analysis is complementary to the Movement in Reserves Statement. The latter defines which of the Authorities Reserves align to the categories of 'General Fund and Earmarked', 'Capital Purposes' and 'Pension and Other Purposes'. The 'General Fund and Earmarked' category reflects the financial outturn of the Council in accordance with statutory reporting requirements. The 'Capital Purposes' and 'Pension and Other Purposes' categories reflect the Movements from the Statutory base of accounting to the Full Accounting base required under IFRS. The 'Total Movement in Year' reflects the latter and equates to the Total Income and Expenditure for the year as reported in the Comprehensive Income & Expenditure Account. The overall purpose of the Expenditure and Funding Analysis is to analyse the amounts reported in the Comprehensive Income and Expenditure Account as operating reporting segments across specific purpose headings. * Items represent 'Adjustments between Accounting basis and Funding Basis under regulation.'

2023/24	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Finance & Assets	4,799	(162)	4,637	(1,845)	(134)	6,348
Operational Services	7,587	(2,438)	5,149			5,149
NET COST OF SERVICES	12,386	(2,600)	9,786	1,845	(134)	11,497
Other Operating Expenditure plus Taxation & Grant Income	(13,824)		(13,824)	(319)	(372)	(14,516)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	(1,439)	(2,600)	(4,039)	1,526	(506)	(3,019)
Other Comprehensive I&E				(487)	(4,913)	(5,400)
TOTAL	(1,439)	(2,600)	(4,039)	1,039	(5,419)	(8,419)

2024/25	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Finance & Assets	(8,689)	12,979	4,290	1,845	(322)	5,812
Operational Services	18,105	(10,588)	7,517			7,517
NET COST OF SERVICES	9,415	(2,391)	11,806	1,845	(322)	13,329
Other Operating Expenditure plus Taxation & Grant Income	(16,039)		(16,039)	(319)	639	(15,720)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	(6,624)	(2,391)	(4,233)	1,526	317	(2,391)
Other Comprehensive I&E				(3,093)	(7,124)	(10,217)
TOTAL	(6,624)	(2,391)	(4,233)	1,568	(6,807)	(12,608)

Note 2. Explanation of order of Notes to the Financial Statements

Following on from the Expenditure & Funding Analysis, the Notes to the main Financial Statements are organised in five distinct groups:

- (i) Introductory Notes explaining current context issues (Notes 2 to 7, Pages 26 to 29).
- (ii) Notes directly supporting the prime Financial Statements (Notes 8 to 21, Pages 31 to 47).
- (iii) Notes containing memorandum notes in support of the Accounts (Notes 22 to 30, Pages 48 to 60).
- (iv) Accounting Policies (Note 31, Pages 60 to 70)
- (v) Going Concern Statement (Note 32, Page 70 to 71).

In relation to section (ii) above, the Notes are organised as follows:

- (a) Note 8 in support of the Comprehensive Income and Expenditure Account.
- (b) Note 9 supplementary information in support of the General Fund Statutory Outturn.
- (c) Notes 10 & 11 in support of the Movement in Reserves Statement and the Reserves section of the Balance Sheet.
- (d) Notes 12 to 21, Pages 39 to 46 in support of the Assets and Liabilities sections of the Balance Sheet.

Note 3. Accounting Standards that have been issued but have not yet been adopted.

It is not anticipated that the below amendments will have a material impact on the information provided in the financial statements, i.e., there is unlikely to be a change to the reported information in the reported net cost of services or the Surplus or Deficit on the Provision of Services or in upon the Council's retained Reserves.

The following accounting standards have been issued but not yet adopted:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

Note 4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 31, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- In line with the Code of Practice on local authority accounting in the United Kingdom 2024/25, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, assets held for sale and assets under construction. For all assets subject to valuation, the total value for 2024/25 for Land and Buildings (NBV) is £34.325 million (2023/24; Land and Buildings (NBV) is £34.142 million).
- The Council has taken professional advice from the Pension Fund's actuary, Hymans Robertson LLP, to determine the overall net asset of the fund which is £10.561 million for 2024/25; this has increased by £7.670 million since 2023/24. However:
 - This does not affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 4.
 - The revenue impact of the surplus is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the forthcoming 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non-Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2010.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2025. An estimated provision of £3.028 million has been included in the Collection Fund in respect of successful appeals costs. The Council's share of any such Collection Fund costs is 40% or £1.211 million of the total provision and this is included in the General Fund balance.

Note 5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	All Property is reviewed on a 4 year rolling basis. Where an asset has not been specifically reviewed a "table-top" analytical review is undertaken to determine if the principle valuation indexes show a material change in the current asset's valuation. In addition, an annual impairment review is undertaken to determine if any of the Council's assets have been impaired.	86% of the Council's assets are valued at fair value, so the impact of changes in market is significant. If there was a 1% fall in market value, it is estimated that the value of the Council's property assets would reduce by £0.343 million.
Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about their level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.
Plant and Equipment	Plant and Equipment are valued on an historic cost basis.	There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.
Pensions Asset/ Liability	Estimation of the net asset/liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are	The effects on the net pension's asset/liability of changes in individual assumptions, as provided by the actuary, can be measured. For instance, a:

	projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<ul style="list-style-type: none"> • 0.1% decrease in the discount rate assumption would result in an increase in the pension asset/liability of £0.817 million. • 0.1% increase in the salary increase rate would result in an increase in pension asset/liability of £0.035 million. • 0.1% increase in the pension increase rate would result in an increase in pension asset/liability of £0.805 million.
Provision – Rateable Value Appeals	Appeals by non-domestic ratepayers for a reduction in the rateable value of their premises are outstanding. Appeals are determined by the Valuation Office and are not within the Council's control. However, expert independent advice has been sought in arriving at an estimated provision.	The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NNDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).

Note 6. Material Items of Income and Expenditure

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e., extraordinary). During 2024/25 no such items of income or expenditure were incurred (2023/24 was also nil.)

Note 7. Events after the Balance Sheet Date

The Annual Financial Report, incorporating the Statement of Accounts, was authorised for issue by the Section 151 Officer on 30th June 2025.

With regard to 2024/25:

- **Adjusting Events**

The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2025.

- **Non-Adjusting Events**

The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2025.

Note 8. Expenditure & Income by Nature

2023/24	2023/24	2023/24		2023/24	2023/24	2023/24
General Fund	Other Reserves	Total		General Fund	Other Reserves	Total
9,415	(134)	9,281	Employees (*)	10,031	(322)	9,709
27,013	0	27,013	Other Service Expenses (*)	30,224	0	30,224
0	550	550	Depreciation, Amortisation & Impairment (*)	0	852	852
(667)	667	0	REFCUS (*)	(655)	655	0
141	91	232	Interest payable		(156)	(156)
319	(319)	0	Statutory Minimum Provision	631	(631)	0
3,572	0	3,572	Precept Payments	3,944	0	3,944
(277)	0	(277)	Loss/(Gain) on disposal of non-current assets	30	0	30
39,516	854	40,372	TOTAL EXPENDITURE	44,205	398	44,603
(19,227)	0	(19,227)	Government Grants (Services) (*)	(18,961)	0	(18,961)
(1,583)	0	(1,583)	Government Grants (Central)	(1,671)	0	(1,671)
(6,122)	0	(6,122)	Sales Fees & Charges (*)	(8,496)	0	(8,496)
(2,119)	0	(2,119)	Interest Receivable	(2,191)	0	(2,191)
(7,581)	(90)	(7,671)	Council Tax	(8,112)	154	(8,112)
(6,376)	(294)	(6,670)	Business Rates	(8,347)	629	(7,718)
(43,008)	(384)	(43,391)	TOTAL INCOME	(47,778)	783	(46,994)
(3,491)	470	(3,019)	NET EXPENDITURE	(3,573)	1,181	(2,391)
10,414	1,083	11,497	COST OF SERVICES (*)	12,143	1,185	13,329

Cost of service line made up with items marked by Asterix *

Note 8a. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2023/24		2024/25
£000		£000
	Credited to non-specific income	
(102)	Revenue Support Grant	(109)
(838)	New Homes Bonus	(1,070)
(643)	Rural Services Grant	(493)
(1,583)	TOTAL	(1,671)
	Credited to services	
(12,148)	Benefits	(12,135)
(91)	HB Admin Grants	(106)
(299)	Section 106	(1,415)
(3,913)	Community Infrastructure Levy	(2,750)
(2,096)	Homelessness	(2,150)
(139)	Collection Costs	(116)
0	Sport England	0
(437)	Other	(289)
(19,123)	TOTAL Credited to services	(18,961)

Note 9. Statutory Out-turn**General Fund Balance (Useable Reserve)**

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice under IFRS as presented in these Financial Statements. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

The elements of the General Fund Balance at the Balance Sheet date are as follows:

Other Earmarked	31 March 2023 £'000	Transfers In 23/24 £'000	Transfers Out 23/24 £'000	31 March 2024 £'000	Transfers In 24/25 £'000	Transfers Out 24/25 £'000	31 March 2025 £'000
General Fund Core and Surplus Savings	9,618	2,771	(1,976)	10,413	3,061	(1,859)	11,615
Community Infrastructure Levy	10,654	2,409	(402)	12,661	1,994	(1,500)	13,156
Enterprise Zone NNDR	739	575	(358)	956	299	(20)	1,235
Change Management	232		(174)	58	0	(57)	0
Major Project Development	100			100			100
Affordable Housing	221		(91)	131	11	(52)	90
Vehicle Replacements	74		0	74	0	0	74
Housing	79		(6)	73	0	0	73
Building Control							
Leisure Centre	288		(230)	58	0	0	58
Cambridgeshire Horizons	2,738	0	(201)	2,537	7	(15)	2,529
Historic Homelessness Grant	0			0	371	(101)	270
Other Earmarked	1,130	110	(402)	838	340	(89)	1,089
Total Earmarked	16,257	3,094	(1,864)	17,485	3,022	(1,834)	18,674
TOTAL	25,875	5,864	(3,840)	27,898	6,083	(3,693)	30,289

Note 10a. Useable Reserves other than General Fund

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have been received and yet to be applied for these purposes at the year-end.

Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects yet to take place where there are no obligations for the Council to make repayments in any circumstances.

Note 10b. Un-useable Reserves

Capital Adjustment Reserve

The Asset Historic Cost (Capital Adjustment) Reserve together with the Revaluation Reserve represent the Council's financial interest in its' own assets. The balance of the Reserve is determined by taking account of the Revaluation Reserve requirements defined below.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment arising from the annual valuation process. It is identified at individual asset level.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Depreciation is applied each year whilst any disposed assets are written out in the year. Accumulated gains arising before that date are consolidated into the balance on the Asset Historic Cost (Capital Adjustment) Reserve.

Financial Instruments Adjustment Reserve

The Financial Instruments Adjustment Reserve absorbs the differences between accounting for the fair value of loans given to individuals and organisations, and the actual income credited to the General Fund.

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are received in cash. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for valuating Pension Liabilities for the purpose of producing the Financial Statements and for funding such liabilities in accordance with statutory provisions. Further information is found in Note 22 in respect of Defined Benefit Pension Scheme.

Collection Fund Adjustment Reserve

The Collection Fund Adjustment Reserve identifies the element of the Collection Fund balance that is due to the Council at the Balance Sheet date, but which will be settled to the Council in accordance with statutory General Fund requirements in the next financial year.

Accumulated Absences Adjustment Reserve

The Accumulated Absences Reserve accounts for the financial value of staff entitlements at the financial year end. i.e., annual leave entitlement and accrued flexitime carried forward at 31 March. This accrual is not permitted to the General Fund.

Note 11. Analysis of Capital Reserve Movements & Adjustments Between Accounting Basis & Funding Basis under Regulation

The following definitions are applicable to the subsequently presented Tables of Capital Reserve Movement for the year:

Transfers between Reserves

The Capital Receipts Reserve makes a contribution to the Capital Adjustment Reserve to fund a portion of new Capital Investment.

General Fund (GF) Contribution to Capital

A portion of new Capital Investment is funded by General Fund Contributions. The General Fund does not incur any Depreciation or Impairment charges.

Capital Grant Receipts

These are applied to the Capital Grants Unapplied Reserve when received then transferred to the Capital Adjustment Reserve when utilised for new investment. The overall balance in any one year may therefore be either positive or negative.

Expenditure Grants to Third Parties

The Grants are to provide long term benefit to the recipients therefore they are financed by Capital Grants.

Profit Upon Sale of Assets

Receipts upon Sale are credited to the Capital Receipts Reserve or Deferred Capital Receipts Reserve as appropriate whilst the book value of the Asset at the time of sale is written off to the Capital Adjustment Reserve or Revaluation Reserve as appropriate.

Depreciation

This represents a charge for the diminution of the value of the Asset through use according to a pre-determined schedule. The historic cost element of the charge (calculated in accordance with book value of the asset at 31 March 2025 or the actual incurred cost of subsequent additions or enhancements) is charged to the Capital Adjustment Reserve whilst the remainder (relating to the portion of the upward asset value arising from post 31 March 2025 Annual Revaluations) is charged to the Revaluation Reserve.

Impairment

When Annual Valuation takes place the historic cost base arising from the Depreciation exercise referred to above is further adjusted. The charge or credit shown here reflects that adjustment but only up to the level of the original historic cost base at individual asset level. The overall balance in any one year may therefore be either positive or negative.

Revaluation

When Annual Valuation takes place, some assets are identified as having a value above their historic cost base. The charge or credit shown here reflects the adjustment upon valuation of such assets in the current financial year though in the case of any downward valuations the adjustment is applied only to the extent that the holding balance of the Revaluation Reserve at individual asset level is reduced to zero at the year end. The overall balance in any one year may therefore be either positive or negative.

Movements in 2023/24	Usable Capital Receipts Reserve	Usable Capital Grants Unapplied Reserve	Un-usable Capital Adjustment Reserve	Un-usable Revaluation Reserve	Un-usable Deferred Capital Receipts Reserve	Capital Outturn for the year TOTAL
Transfers between reserves						
GF Contributions to Capital			1,845			1,845
Grants Received		15				15
Expenditure Grants to Third Parties						
Capital Receipts	(276)				45	(231)
Repayment of soft loans	(29)					(29)
Additions			(2,505)			(2,505)
Depreciation			580	108		688
Amortisation			0			0
Revaluation			(138)			(138)
Statutory Minimum			(319)			(319)
Provision						
Disposals			106	78		184
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE - Balance Sheet Side	(305)	15	(431)	186	0	(490)
Revaluation				(487)		(487)
TOTAL RESERVES MOVEMENT	(305)	15	(431)	(301)	45	(977)

Movements in 2024/25	Usable Capital Receipts Reserve	Usable Capital Grants Unapplied Reserve	Un-usable Capital Adjustment Reserve	Un-usable Revaluation Reserve	Un-usable Deferred Capital Receipts Reserve	Capital Outturn for the year TOTAL
Transfers between reserves	74					74
GF Contributions to Capital			(729)			(729)
Grants Received		(1026)				(1,026)
Expenditure Grants to Third Parties						
Capital Receipts	(47)				3	(44)
Repayment of soft loans						0
Additions			(2,057)			(2,057)
Depreciation			779	112		891
Amortisation			0			0
Revaluation			(39)			(39)
Statutory Minimum Provision			(631)			(631)
Disposals			55	15		70
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE - Balance Sheet Side	27	(1026)	(2,622)	127	3	(3491)
Revaluation				83		83)
TOTAL RESERVES MOVEMENT	27	(1026)	(2,622)	(210)	3	(3,409)

11a. Adjustments between Accounting Basis and Funding Basis under Regulation

2023/24		2024/25
£'000		£'000
(490)	Total Capital Items from previous page	(3,491)
91	Net interest on the Pension Liability	(156)
(134)	Current & Past Cost Pension Adjustment	(322)
(43)	Pensions Reserve	(478)
	(see Note 21 for detail)	
(90)	Change in Council Tax Entitlement	154
(727)	Change in Business Rates entitlement	746
433	Change in Renewable Energy NNDR	(117)
(384)	Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)	783
(79)	Other Items	12
(996)	TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION	(3,174)
3,019	SURPLUS/(DEFICIT) UPON PROVISION OF SERVICES	2,391
2,023	GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)	(784)

Adjustments between Accounting Basis and Funding under Regulation refers to those items chargeable to Reserves other than the General Fund. The latter being the budget monitoring vehicle of the Council as defined by Statute. The items charged to Other Reserves as listed above are those required to convert the 'Surplus or Deficit upon the Provision of Services' as shown on the 'Comprehensive Income & Expenditure Statement' to the General Fund Out-turn (including Earmarked items) as defined by Statute.

Note 12a. Property, Plant and Equipment – Council – Prior year

Movement of Property, Plant and Equipment 2023-24	Land & Buildings £'000	Vehicles, Plant, Furniture & £'000	Infrastructure Assets £'000	Community Assets £'000	Total Assets £'000	Assets Held for Sale £'000
Cost or valuation						
At 1 April 2023	35,401	6,122	720	877	43,120	165
Transfers						
Additions in Year	339	2,166			2,505	
Revaluation increases / (decreases) recognised in the Revaluation Reserve	487				487	
Revaluation increases / (decreases) recognised in the CI&ES	138				138	
Accumulated Depreciation & Impairment W/O to GCA	(509)				(509)	
Disposals		(1,357)			(1,357)	
At 31 March 2024	35,856	6,931	720	877	44,384	165
Accumulated Depreciation & Impairment						
At 1 April 2023	(1,906)	(4,777)	(76)	0	(6,759)	0
Depreciation Charge in year	(311)	(377)			(688)	
Transfers						
Depreciation restated to the Revaluation reserve Upon Revaluation						
Accumulated Depreciation & Impairment W/O to GCA	509				509	
Adjustment for disposal		1,337			1,337	
At year end	(1,708)	(3,817)	(76)	0	(5,601)	0
Balance Sheet Value at year end	34,148	3,114	644	877	38,779	0
Balance Sheet Value at year start	33,496	1,345	644	877	36,362	165

* Brought forward balance for land and building is updated to match the new CIPFA asset register system.

Note 12b. Property, Plant and Equipment – Council – Current year

Movement of Property, Plant and Equipment 2024-25	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Right of Use Assets £'000	Total Assets £'000	Assets Held for Sale £'000
Cost or Valuation							
At 1 April 2024	35,856	6,931	720	877	862	45,246	165
Transfers							
Additions in Year	566	686			105	1,357	
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(83)					(83)	
Revaluation increases / (decreases) recognised in the CI&ES	39					39	
Accumulated Depreciation & Impairment W/O to GCA	(233)					(233)	
Disposals	(448)	(75)				(523)	(165)
At 31 March 2025	35,697	7,542	720	877	967	45,802	0
Accumulated Depreciation & Impairment							
At 1 April 2024	(1,708)	(3,817)	(76)	0		(5,601)	0
Depreciation Charge in year	(311)	(545)			(35)	(891)	
Depreciation restated to the Income & Expenditure Account Upon Revaluation							
Accumulated Depreciation & Impairment W/O to GCA	233					233	
Derecognition - Disposals	412	41				453	
Adjustment for disposal							
At year end	(1,374)	(4,321)	(76)	0	(35)	(6,259)	0
Balance Sheet Value at year end	34,325	3,221	644	877	932	39,998	0
Balance Sheet Value at year start	34,148	3,114	644	877	0	38,779	0

Capital Commitments

At 31 March 2025, the authority had a retention amount of £0.018 million with the Pellikaan contract on the Hive Leisure Centre to be paid in 2024/25.

Revaluations

Land and buildings

The Authority carries out a rolling programme that ensures that all Property required to be measured at fair value is revalued at least every four years. All valuations were carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council's current valuers are Wilks, Head & Eve, 6th Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB.

The specific assumptions applied in estimating current values in respect of Land and Buildings by the Council's valuer were as follows:

- that exchange takes place on the date of valuation and after proper marketing,
- that there is a willing buyer and a willing seller, i.e., not forced or compelled,
- that it is an "arm's-length" transaction, i.e., not between parties that have a particular or special relationship, e.g., parent and subsidiary companies,
- and that the parties acted knowledgeably and prudently.

Vehicles, Plant, Equipment and Infrastructure assets are valued at historic cost, as at the date of acquisition and subsequent capital enhancement expenditure less depreciation.

Community Assets and Assets Under Construction are valued at historic cost at the date of acquisition and subsequent capital enhancement. Consequently, there is no on-going revaluation review for these assets.

In addition to the Professional Valuations undertaken, the Authority has conducted any necessary impairment reviews. In the light of these the Authority considers the quoted value of its assets to constitute a fair and objective valuation of future Service Delivery potential. Assets Held for Sale are valued at lower of carrying value and fair value less cost of sale.

Revaluation Profile 2024/25	Land and Buildings £'000	Vehicles Plant & Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Right of Use Assets £'000	Total £'000
Carried at Historic Cost	0	3,221	644	877	932	5,674
Valued at Fair Value as at:						
31st March 2025	22,334					22,334
31st March 2024	3,870					3,870
31st March 2023	8,103					8,103
31 st March 2022	0					0
31 st March 2021	15					15
Total Cost of Valuation	34,322	3,221	644	877	932	39,998

Note 13. Capital Enhancement and Capital Financing

The total amount of capital enhancement incurred in the year is shown in the table below, (including the value of assets acquired under finance leases), together with the resources that have been used to finance these. Where capital enhancement is to be financed in future years by charges to revenue as assets are used by the Council, the spend results in an increase in the Capital Financing Requirement (CFR); a measure of the capital spend incurred historically by the Council which has yet to be financed. The CFR is analysed in the second part of this note.

A net increase in the CFR would reflect the Council's need to borrow to finance capital enhancement. Any borrowing would be repaid from an annual revenue charge (MRP) which reflects the use of the assets over their useful lives.

2023/24		2024/25
£000		£000
10,088	Opening Capital Financing Requirement	10,571
	Capital Enhancement	
2,505	Property, Plant and Equipment	1,254
0	Highways contribution	0
0	Loan to Subsidiary Company	1675
0	Loan to EC CLT	43
667	Revenue Expenditure Funded from Capital under Statute Repayable Advances	655
3,171	TOTAL CAPITAL ENHANCEMENT	3,626
	Sources of Finance	
(158)	Capital receipts	(74)
(595)	Grants and other contributions	(610)
(574)	Direct Revenue Financing – Other	(1,954)
(1,000)	Repayment of loan from subsidiary company	(850)
(43)	Repayment of Loans from Individuals	0
(319)	Minimum revenue provision	(631)
(2,289)	TOTAL SOURCES OF FINANCE	(4,119)
10,571	Closing Capital Finance Requirement	10,078

Note 14. Heritage Assets

Cultural Heritage Assets

The Authority's collection of themed displays is reported in the Balance Sheet at historic cost, which is also used for the insurance valuation.

These heritage assets are located at Oliver Cromwell's House and are held to increase the knowledge, understanding and appreciation of the house and local area during the time when Oliver Cromwell resided in the District. The collection is relatively static, and

acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost.

The displays are themed rooms and include a painting of Oliver Cromwell, as well as reproduction furniture, models, firearms and wall hangings.

The displays are reviewed annually and replaced or renewed, if necessary, as per the three year Business Plan for Oliver Cromwell's House. These would be low cost items. The collection is on display and open to the public throughout the year in the Museum.

Note 15. Intangible Assets

The Council accounts for its software as intangible assets, where the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to software are generally five years.

Note 16. Long Term Debtors

2023/24 £'000		2024/25 £'000
5,000	Loan to Trading Companies	5,875
235	Loan to CLT	227
279	Loans to Individuals & Private Sector	344
5,513	Total	6,446

Interest rate on the loan to the trading company is fixed at 4.5%.

Interest rate on the loan to East Cambridgeshire CLT is fixed at 3.75%

Other long term loans are not charged interest.

Note 17. Debtors

2023/24 £000		2024/25 £000
463	Council Taxpayers	629
670	Non-Domestic Rate Payers	561
1,133	Sub Total Local taxation	1,190
360	Trading Company	0
1,229	Sundry Debtors & Accruals	4,217
1,589	Sub Total Financial Instruments definition	4,217
347	Payments in Advance	376
(912)	Bad Debt Provisions	(892)
353	Local Govt.	0
220	Central Govt. – Customs & Excise	191
1,008	Central Govt. – Other	(272)
1,016	Sub Total	(598)
3,737	TOTAL	4,809

Note 18. Cash and Cash Equivalents

2023/24 £000		2024/25 £000
21,000	Money Market Funds	27,000
644	Bank Account - Operational	(486)
21,644	Total	26,514

Note 19. Creditors

2023/24 £000		2024/25 £000
(307)	Payroll Creditors	(315)
(1,511)	Sundry Creditors	(1,130)
(142)	Trading Company	0
(1,959)	Sub Total Financial Instruments Definition	(1,445)
0	Covid Grant Creditors	0
0)	CTAX Energy Rebate Creditor	0
(2,431)	Local Govt. - Collection Fund Account	(694)
(2,285)	Central Govt. – Collection Fund Account	(1,611)
(1,028)	Other Local Government	0
(707)	Central Govt. – DWP, DCLG	(1,881)
(1,301)	Receipts in Advance	(1,101)
(7,752)	Sub Total	(5,287)
(9,711)	Total	(6,733)

Note 20. Provisions, Contingent Assets and Liabilities**Provisions**

2023/24 £000		2024/25 £000
(16)	Maintenance of Amenity Areas	(16)
(1,050)	Business Rate Appeal	(1,211)
(1,066)	Total	(1,227)

1. Maintenance of Amenity Areas

Amounts received which are used to fund the maintenance of amenity areas over a period of 15 years.

2. NNDR Appeals Provision

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review, a provision for appeals outstanding was estimated to be £3.028 million at the end of 2024/25 of which £1.211 million would have to be met by the Council, and £1.817 million by other Collection Fund participants.

Contingent Liabilities

The Council had no Contingent Liabilities at the 31st March 2025.

Contingent Assets

There were no contingent assets at the 31st March 2025.

Note 21. Pension Fund Net Long Term Liability & Reserve

31 March 2024	Gross Liabilities	31 March 2025
£'000		£'000
(53,122)	Opening Balances as at 1 April	(53,781)
(2,518)	[I] Interest Cost	(2,598)
1,639	[A] Actuarial (losses) /gains from changes in financial assumptions	8,985
(1,423)	[C] Current service cost	(1,306)
	[C] Past Service Cost	
(455)	[N] Contributions from scheme participants	(463)
2,021	[N] Benefits paid	2,061
74	[N] Estimated unfunded benefits paid	68
(53,784)	Closing balance at 31 March	(47,037)

31 March 2024	Gross Assets	31 March 2024
52,057	Opening fair value of scheme assets balance as at 1 April	56,675
2,427	[I] Interest Expense	2,754
(3,274)	[A] Actuarial (losses) / gains from changes in financial assumptions	(1,861)
141	[C] Asset ceiling	
1,624	[C] Contributions by the employer	1,628
74	[C] Contributions for unfunded (Discretionary benefits)	68
455	[N] Contributions by employees into the scheme	463
(2,021)	[N] Benefits paid	(2,061)
(74)	[N] Unfunded (Discretionary benefits)	(68)
56,675	Closing balance at 31 March	57,598
(2,891)	TOTAL NET LIABILITIES / ASSETS	10,561

Net Movement		Net Movement
2023/24		2023/24
1,698	General Fund Charge - Employer Contributions	1,696
(134)	[C] Other items to net cost of services	(322)
91	[I] Interest cost minus return on plan assets to financing income & expenditure	(156)
1,655	Charge to Surplus/(Deficit) upon Provision of Services	1,218
(4,913)	[A] Actuarial Gains/Losses to other income & expenditure	(7,124)
(3,258)	Charge to Comprehensive Income &Expenditure Account for the Year	(5,906)
(1,698)	Less General Fund Charge - Employer Contributions	(1,698)
(4,956)	TOTAL MOVEMENT IN PENSION RESERVE	(7,602)

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Note 22. Defined Benefit Pension Scheme

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments and this needs to be disclosed at the time that employees earn their future entitlement. Employees of East Cambridgeshire District Council may participate in the Cambridgeshire Pension Fund, part of the Local Government Pension Scheme (LGPS). The fund is administered as a defined benefit final salary scheme by Cambridgeshire County Council in accordance with LGPS Regulations 1997, as amended.

Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The last valuation took place as at 31 March 2025.

In 2023/24 the Council paid an employer's contribution of £1.62 million representing 25% of employees' pensionable pay (2023/24 £1.62 million @ 25%) into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Our actuary has allowed for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum for post-April service.

As a consequence of the triennial valuation, the asset value in the intervening period is an estimate calculated by the actuary using a model. Any differences between the estimate and actual figures are adjusted at the next full valuation.

Transactions Relating to Post-Employment Benefits

The Council charges the cost of retirement benefits to the cost of services when they are earned by employees as distinct from when the benefits are eventually paid as pensions. However, the charge the Council is required to make to the General Fund is based on the cash payable in the year. The difference between the two different methods is charged to the Pension Reserve.

Assets and Liabilities in relation to Post-employment Benefits

The Reconciliation of present value of the scheme liabilities in respect of East Cambridgeshire District Council is shown at Note 21 to the Accounts.

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total assets of £10.702 million have an impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contribution expected to be made to the scheme by the Council in the year to 31 March 2026 is £1.602 million.

Basis for estimating Liabilities and Assets

Liabilities, for the purposes of IAS19, have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, longevity etc.. The liabilities have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2025. The results of this valuation were projected forward using approximate methods. The main assumptions used by the actuary are as shown below.

2023/24	County Fund – Main Assumptions	2024/25
3.25%	Rate of increase in salaries	3.25%
2.75%	Rate of increase in pensions	2.75%
4.85%	Rate of discounting scheme liabilities	5.80%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
21.9	Men	21.8
24.5	Women	24.5
	Longevity at 65 for future pensioners	
22.7	Men	22.6
25.9	Women	25.9

Local Government Pension Scheme Assets Comprised:

Pension fund assets consist of the following categories, by value of the total assets held:

31-Mar-24 £'000		31-Mar-25 £'000
1,234	Cash and cash equivalents	974
	Equity instruments by industry:	
648	Consumer	616
660	Manufacturing	623
69	Energy & Utilities	33
632	Financial Institutions	673
532	Health & Care	563
1,248	Information Technology	1387
62	Other	65.2
3850	Sub-total equity	3,960
	Debt Securities:	
4,830	UK Government	5,957
	Private equity:	
6,924	All not in active markets	7,639
	Real Estate	
4,590	Real Estate - UK Property	5,486
0	Real Estate - Overseas Property	0
	Other investment funds:	
8,154	Bonds	8,148
23,160	Equity	21,303
4,073	Infrastructure	4,272
0	Real Estate - UK Property	0
0	Other	0
35,388	Sub-total other investment funds	33,722
56,816	Total Assets	57,739

Sensitivity analysis:

Increase Assumption 31 Mar 24 £000	Impact on the defined benefit obligation in the scheme	Increase Assumption 31 Mar 25 £000
1,000	Decrease in Real Discount Rate by 0.1%	817
2,151	1 Year increase in member life expectancy	1,881
41	Rate of Increase in salaries increase by 0.1%)	35
978	Increase in the Pension Increase Rate (CPI) by 0.1%	805

Further information

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Head of Finance, Cambridgeshire County Council, New Shire Hall, Emery Crescent, Enterprise Campus, Alconbury Weald, Huntingdon, PE28 4YE.

Note 23. Financial Instruments

The financial assets and liabilities included on the Balance Sheet comprise the following categories of financial instruments.

	Current	
	2023/24	2024/25
	£'000	£'000
Measured at Amortised Cost		
Investments and Cash & Cash Equivalents		
Investments in subsidiaries		
Short term Investments	10,000	5,101
Money Market Funds	21,000	27,000
Cash & Cash Equivalents	644	(486)
Loans & Receivables		
Total Investments and Cash & Cash Equivalents	31,644	36,616
Debtors	1,589	4,217
Loans & Investments	0	0
TOTAL FINANCIAL ASSETS	33,233	35,832
Long Term		
Loans & Investments	5,513	6,446
Borrowings	0	0
TOTAL BORROWINGS	0	0
Measured at Amortised Cost		
Creditors	(1,959)	(1,445)
Financial Liabilities at amortised cost		
TOTAL CREDITORS	(1,959)	(1,445)
TOTAL FINANCIAL LIABILITIES	(1,959)	(1,445)

Fair value of assets and liabilities carried at amortised cost.

Financial assets classified as available for sale are carried in the Balance Sheet at fair value taken from the market price.

Financial liabilities and financial assets classified as loans and receivables are recorded on the Balance Sheet at their amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using spreadsheets provided by our advisors or by using the following assumptions:

- There were no long or short term borrowings at the yearend so no estimated rates were needed.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next twelve months the carrying amount is assumed to approximate to fair value.
- The fair value of debtors is taken to be the invoiced or billed amount.

- No changes in the classification of financial instruments were required as part of the implementation of IFRS 9.

The Council's activities expose it to a variety of financial risks:

Risk management is carried out by the Finance Team with due regard to the Annual Treasury Management Strategy approved by the Council.

Credit risk

Credit risk arises from investments with banks and other financial institutions, as well as credit exposures to the Council's customers.

The Council's theoretical maximum exposure to credit risk in relation to its investments in banks and the money markets is equivalent to its total cash holding £36.00 million (2023/24; £31.6 million). However, the true risk cannot be assessed, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to that individual institution. The risk of not being able to recover the principal sums applies to all of the Council's deposits but there was no evidence as at 31 March 2025 that this was likely to occur and there are no investments that as at 31 March 2025 were with institutions that had failed.

In relation to the sums owed by the Council's customers and contractual debtors, the Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts whilst maintaining a robust approach to the collection of debts. The older the debt, the greater is the provision for bad debts. The bad debt provision has taken into account the current economic climate and the increased likelihood of debtors not being able to settle their debts.

The Council does not generally allow credit for its customers, such that £0k (£149k in 2023/24) of the £1,282K (£1,010k in 2023/24) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2024 £000	31 March 2025 £000
Less than three months	861	1139
Three to six months	5	15
Six months to one year	6	9
More than one year	138	119
Total	1,010	1,282

Collateral – During the reporting period the Council held no collateral as security.

Liquidity risk

The Council's current liquidity risk is low, as it has significant cash holdings. The authority has a comprehensive cashflow management system that seeks to ensure that cash is available as needed. However, if unexpected movements happen, the authority has ready access to borrowings from the PWLB and money markets, so there is no significant risk that it will be unable to meet its commitments under financial instruments.

Market risk – Interest Rate Risk

The Council currently has cash surpluses and has no external borrowing. Its interest rate exposure is therefore limited to the interest rate movements on its investments.

Price risk

The Council invests in shares in two wholly owned companies to provide a local service. There is no intention to sell these shares and there is no other source of valuation of them, so the risk is minimal.

Foreign Exchange Risk

The Council does not hold foreign currencies and has no intention of doing so; consequently, it has no exposure to loss arising from movements in exchange rates.

IFRS 9 Disclosure

ECDC's core treasury management investments are not material. The risk of default should be virtually zero and therefore any potential expected credit loss impairment under IFRS 9 should not be required. The Council has reviewed its loan to ECTC and does not expect any credit loss.

Note 24. Trading Operations

From a local authority context, a trading operation is one where a Council is trading and taking operational risks and could, if the economic environment so dictated, expose the Council to a financial loss on the service provided.

The Council owns several industrial sites in the district, the biggest being East Space North in Littleport. The profits (or losses) on these trading operations were as follows:

Trading Operations	2023-24		2024-25	
	Turnover	Surplus/(Loss)	Turnover	Surplus/(Loss)
Business Units	102,336	29,477	97,294	34,544
E Space South	24,600	11,639	22,023	15,646
E Space North	261,386	137,013	286,417	9,681
Building Control	270,556	35,769	241,360	(119,477)
Total	658,878	213,897	647,095	(59,606)

Note 25. Members' Allowances

The Authority paid the following amounts to Members of the Council during the year:

2023/24		2024/25
£		£
249,328	Allowances	323,575
4,981	Expenses	3,482
254,309		327,057

Note 26. Senior Officer and Staff Remuneration over £50,000

The number of employees whose remuneration in the year was £50,000 or more is shown in the table below. It includes pay, redundancy payments and other employee benefits but not employer's pension contributions.

2023/24			2024/25		
1	50,000	but less than	55,000		9
9	55,000	but less than	60,000		5
3	60,000	but less than	65,000		3
1	65,000	but less than	70,000		1
0	70,000	but less than	75,000		1
0	75,000	but less than	80,000		0
0	80,000	but less than	85,000		0
4	85,000	but less than	90,000		0
0	90,000	but less than	95,000		3
0	95,000	but less than	100,000		0
1	100,000	but less than	105,000		0
0	105,000	but less than	110,000		1
1	110,000	but less than	115,000		0
0	115,000	but less than	120,000		1
0	120,000	but less than	125,000		1
0	125,000	but less than	130,000		0
0	130,000	but less than	135,000		0
0	135,000	but less than	140,000		0
0	140,000	but less than	145,000		0
0	145,000	but less than	150,000		0
1	150,000	but less than	155,000		0
0	155,000	but less than	160,000		0
21					25

Included in the banding table above are those Senior Officers who are separately disclosed in the following Remuneration of Senior Employees table.

The remuneration of Senior Employees is shown in the table below.

2023/24	Salary including allowances	Additional Payments	Benefits and fees	Total remuneration	Employer Pension contributions	Remuneration including pension contributions
Post Holder	£		£	£	£	£
Chief Executive- John Hill	146,562		6,828	153,390	25,502	178,892
Director Operations	100,471		1,239	101,710	17,482	119,192
Director Commercial	105,863	9,000		114,863	19,986	134,849
Director Legal Services	86,644			86,644	15,076	101,720
Director Finance	86,644		380	87,024	15,076	102,100
Director Community	86,644			86,644	15,076	101,720

Key – 2023/24

Note 1 All staff detailed above were in post throughout the 2023-24 financial year.

2024/25	Salary including allowances	Additional Payments	Benefits and fees	Total remuneration	Employer Pension contributions	Remuneration including pension contributions
Post Holder	£		£	£	£	£
Chief Executive – John Hill	118,465		6,910	125,375	20,613	145,988
Director Operations	107,153		1,239	108,392	18,860	127,252
Director Commercial	107,153	9,000		116,153	20,211	136,364
Director Legal Services	92,555			92,555	16,105	108,660
Director Finance	92,555		391	92,946	16,173	109,119
Director Community	92,555			92,555	16,105	108,660

Key – 2024/25

Note 1 All staff detailed above were in post throughout the 2024-25 financial year

*The Chief Executive moved to reduced hours, through flexible retirement, from 8th April 2024.

The numbers of exit packages committed in the year with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

2023/24				2024/25		
Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed		Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed
	0	0	£0 to less than £20,000	2	0	0
	0	0	£20,000 to less than £40,000	0	0	0
0	0	0	TOTAL	2	0	0
		Cost £000				Cost £000
	0	0	£0 to less than £20,000	2	0	0
	0	20	£20,000 to less than £40,000	0	0	0
	0	20	TOTAL	2	0	0

Note 27. External Audit Related Costs

These figures show the amounts included in the accounts which include any adjustments made for previous years.

2023/24 £'000		2024/25 £'000	
147	External Audit	162	
	PSAA Increased Cost	0	
38	Grant Claim Certificate	41	
185		203	

Note 28. Related Parties

The Council must disclose in the accounts any material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently.

Central Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides a significant amount of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties, for example Council Tax bills.

Grants received from Government departments are set out in the analysis in Note 8a on "Grant Income".

The Council has a significant operational relationship with Cambridgeshire County Council. The County Council is the administering authority for the East Cambridgeshire's pension fund, and many of the Council's services work with County Council services on a day-to-day basis, for example, the Council is the statutory waste collection authority whereas the County Council is the statutory waste disposal authority, but each of the Councils has to pay the other in respect of certain types of waste.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 25. Some Council members are also:

1. Elected members of other Councils, including the County Council, Parish and Town Councils.
2. Nominated representatives of Cambridgeshire County Council on various organisations.

In respect of 2024/25, there was one transaction with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

One Councillor's relative represented Littleport Leisure Centre and ECDC paid revenue funding to allow physical activity programme.

Entities Controlled or Significantly Influenced by the Authority

The Council fully owns East Cambs Trading Company Limited and East Cambs Street Scene Ltd

East Cambridgeshire Trading Company Ltd

East Cambridgeshire Trading Company (ECTC) Ltd formally started trading on the 1st April 2016. ECTC has two functional divisions: Commercial Services and Property and CLT Development.

The Commercial Services arm of the Trading Company manage the Ely markets on behalf of the Council and undertake grounds maintenance works for ECDC and other external customers within the district.

The Property and CLT Development arm, known as Palace Green Homes, are responsible for progressing the development of small scale house building, including the development of CLTs, within the district.

Payments from ECTC to ECDC £1,396K,

Payments from ECDC to ECTC £1,443K

East Cambs Street Scene Ltd

East Cambs Street Scene is responsible for the delivery of the waste and street cleansing service.

Payments from ECSS to ECDC £2,007K

Payments from ECDC to ECSS £6,381K

Group Accounts have been produced as the figures for both the above companies are material to the overall accounts of the Council. The Council's financial relationship with the companies is shown in the Group Accounts section of the Financial Statements.

Anglia Revenue Partnership

The Council became a partner in the Anglia Revenue Partnership (ARP) on 13 October 2010. Breckland Council, East Cambridgeshire District Council, Fenland District Council, East Suffolk Council and West Suffolk Council, work together to provide their Revenues and

Benefits services through the ARP. The Council pays ARP for the services it provides; this payment is included in the service costs in the CI&E Account.

Note 29. Leases – Right of Use Assets

Council as Lessee

Finance Leases

The following amounts have been included in the Property, Plant and Equipment balance for the right-of-use assets acquired under these leases:

2024/25		2024/25
£000		£000
365	Public Conveniences, Car Park, Open Space	360

The Authority was committed to making minimum payments under these leases through the service payment to the main contractor in settlement of the effective long-term liability for the interest in the vehicles. The minimum lease payments are made up of the following:

2023/24		2024/25
£000		£000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
17	Current	14
23	Finance costs payable in future years	9
40	Minimum lease payments	23

There will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently, the minimum rentals are directly equal to the Finance Lease liability above. As these amounts are immaterial, they have not been included in the Comprehensive Income & Expenditure Statement.

Operating Leases

The Authority has no material operating leases as lessee.

Council as Lessor

Finance leases

The Council has no finance leases as lessor.

Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

- for the provision of public open space, recreation and public conveniences
- to encourage small businesses
- and other minor items.

The future minimum lease payments receivable under non-cancellable leases in future years are:

2023/24		2024/25
£000		£000
9	Not later than 1 year	9
381	Later than 1 year and not later than 5 years	275
108	Later than 5 years	297
498		581

The minimum lease payments receivable includes rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2024/25 £0 contingent rents were receivable by the Authority (2023/24 £0).

IFRS 16 (Leases) effective from 1 April 2024 IFRS 16 has been effective since 1 January 2019 for the private sector. However, CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2024. From 1 April 2024 the Council adopts IFRS16 and ensure that the Council's accounts and group accounts will converge as both will be subject to IFRS16. The new standard amends the accounting for lessees, removing the distinction between recognising an operating lease (off balance sheet) and a finance lease (on balance sheet). The new standard requires recognition of all qualifying leases on balance sheet. This will result in a number of vehicle and property leases currently classified as operating leases to be brought onto the balance sheet. Upon transition, the Council shall recognise the cumulative effects of initially applying IFRS 16 recognised at the date of initial application as an adjustment to the opening balances of reserves. IFRS 16 defines a lease as a contract that 'conveys the right to control the use of an identified asset for a period of time in exchange for consideration.' This definition applies both to lessees and lessors. Therefore, in order to contain a lease, a contract must:

Depend on the use of an identified asset and provide the lessee with the right to control the use of that identified asset the Council defines the lease term as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both (i) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (ii) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The Council will apply the following for leases previously classified as operating leases:

No adjustments for leases for which the underlying asset is of low value (less than £10,000) No adjustment for leases for which the lease term ends within 12 months of initial application

Note 30. Interest received

The Council benefited from improved interest rates on its treasury investments

Interest received during the financial year was £2,190,932, this figure was made up of £1,931,082 from investment in money markets and other short, fixed term investments and £259,850 from the loan to ECTC.

Note 31. Accounting Policies**Accounting Policies in respect of Concepts and Principles****General Principles**

The Statement of Accounts summarises the Council's transactions for the **2024/25** financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom **2024/25** and the Service Reporting Code of Practice **2024/25**, supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

Council being a 'going concern' – all operations continuing.

- Accrual of income and expenditure – placing items in the year they relate, rather than the year the cash transaction takes place.
- Primacy of legislative requirements – legislation overrides standard accounting practice.

The accounting statements are prepared with the objective of presenting a true and fair view of the financial position and transactions of the Council.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounting policies are reviewed on an annual basis to ensure that they are appropriate, compliant with accepted accounting practice and relevant to the Council's ongoing business activity.

Changes in Accounting Policies, Prior Period Adjustments, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, if material, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Exceptional Items

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Accruals of Income and Expenditure as shown in Comprehensive Income and Expenditure Account

Income and expenditure are accounted for in the year in which resources are consumed or when entitlement arises. The principles applied are as follows:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where the Council is acting as an agent for another party (e.g., in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services provided or the Council incurs expenses directly on its own behalf in providing the services.
- Government Grants are recorded as Income when they are received provided there is reasonable assurance that the conditions of receipt are complied with or at a later date should the conditions be met at that later date.
- In relation to the Local Government Pension scheme the liability that the Authority has for meeting the future cost of retirement benefits arising from service provided by employees up to the Balance Sheet date net of the contributions paid into the fund and the investment income generated.
- Changes in fair values of Investment Properties are recognised.

- The Statutory basis of accounting for the Council differs from that reported in the Comprehensive Income & Expenditure Account as required under IFRS. Details are provided on the following page:

The differences between the Statutory Basis of Accounting and the IFRS Accounting base are as follows:

Income or Expense	Basis of Statutory Charge to General Fund	Basis of Accounting Charge or Credit	Other Funds utilised to represent enhancement from Statutory Outturn to Accounting Outturn
Consumption or usage of Long Term Assets	Contribution to the reduction in borrowing requirement in accordance with statutory guidance.	Full accrual principle determined by Depreciation, Amortisation & Impairment	Capital Adjustment Account with small portion to Revaluation Reserve in relation to Current Cost Element of Depreciation
Grant receipts relating to Long Term Assets	None	All Grants received in year providing no conditions are attached and/or conditional grants from prior years that were applied in year.	Unapplied Capital Grants Reserve
Disposal Receipts or entitlements relating to Long Term Assets	None	Net Profit	Capital Receipts Reserve (deferred if cash not received) minus Capital Adjustment Account (or Revaluation Reserve) in relation to holding value of asset at time of sale.
Financing of new Capital Investment	Contributions made where otherwise not funded by Capital Receipts or designated Capital Grants	None	Capital Adjustment Account
Upward Valuation of Assets	None	Credited	Revaluation Reserve or, where reinstating past Impairment, Capital Adjustment Account
Pension Scheme Costs	Direct amounts paid in relation to the scheme	Full accrual principles including actuarial valuation	Pension Reserve
Staff Costs	Direct amounts paid	Accrual made for leave entitlement deferred forwards	Accumulated Absences Adjustment Account
Council Tax Receipts & Business Rates	Pre-planned demand plus prior year surplus	Full accrual income principle	Collection Fund Adjustment Account
Revenue Expenditure Financed by Capital Under Statute	None	Full accrual principles	Capital Adjustment Account

Minimum Statutory Provision for Capital Debt Repayment	Charge as required under statute	None	Capital Adjustment Account
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Reserves

The Council's Reserves represent the accumulation of surpluses (and deficits) upon the Comprehensive Income & Expenditure account overall years up to and including the Balance Sheet Date. It also equals the Total Value of the Council's assets less its' liabilities. Reserves are classified into Useable (when currently available for application) and Un-useable (when there is no current liquidity).

The Notes to the Accounts upon the Reserves explains fully the purpose of each Reserve and the uses to which they are applied.

Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes, detailing the nature of the event and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Accounting Policies in respect of Non-Current Assets

Property, Plant and Equipment (IAS 16)

Assets that have physical substance and are held for use in the provision of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Spend on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. There is a de minimis level of £10,000 however, where the cumulative value of individual assets is greater than £10,000 and they meet the criteria for recognition they will be capitalised.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

Assets are then carried in the Balance Sheet using the following measurement bases:

- Fair Value: Land and Buildings, Investment Properties and Donated Assets
- Depreciated Historic Cost: Vehicles, Plant and Equipment, Infrastructure, Intangibles
- Historic Cost: Community Assets, Assets Under Construction, Assets Held for Sale

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued regularly to ensure that their carrying value is not materially different from their fair value at the yearend, but as a minimum every four years.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Components

The Council will separately account for components where the cost of the component is significant in relation to the overall total cost of the asset, and the useful economic life of the component is significantly different from the useful economic life of the asset. Individual components with similar useful lives and depreciation methods will be grouped.

For this purpose, a significant component cost would be 10% of the overall total cost of the asset but with a de-minimis component threshold of £100,000.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where there is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

The incidence of charge to the Capital Adjustment and Revaluation Reserve is detailed above.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a

subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement)

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by allocating the value of the asset over its useful live. An exception is made for assets where the finite useful life cannot be determined, (i.e., land and Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated as follows:

Asset Type	Depreciation basis	Useful Economic Life
Operational Buildings	Straight-line allocation over the estimated life of the building or component where identified separately	5 years to 99 years
Community Assets	Straight line allocation over the estimated life of the asset	16 years to 99 years
Intangible Assets	Straight line allocation over the estimated life of the asset	1 year to 5 years
Vehicles, Plant, Furniture & Equipment	Straight line allocation over the estimated life of the asset	1 year to 48 years
Infrastructure	Straight line allocation over the estimated life of the asset	5 years to 99 years

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

Revaluation gains are also 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.

The residual value of the assets is reviewed at least every four years and the depreciation adjusted to match any change in the life of the asset.

Year of depreciation charge

The depreciation charge will generally commence in the year of the addition of the asset.

Heritage Assets

Heritage Assets (those Assets of cultural, environmental or historic importance) are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to heritage assets.

Intangible Assets

Expenditure, on an accrual's basis, for assets that do not have physical substance but are identifiable and controlled by the Council (e.g., software licences) are capitalised where they will bring benefit for more than one year. The balance is amortised (charged) to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

A right of use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Council is reasonably certain to exercise; penalties for early termination if the lease term reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment. Leases of low value assets (value when new less than £10,000) and short-term leases of 12 months or less are expensed to the Comprehensive Income and Expenditure Statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal whilst an appropriate debtor balance is created to reflect the amount owed to the Council.

Operating Leases.

Where the Council grants an operating lease over a property the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

Current Value Measurement (IFRS 13)

Previously, all assets and liabilities were valued under the principle of "fair value" which was defined as "the amount for which an asset could be exchanged, or liability settled between knowledgeable, willing parties in an arm's length transaction".

Although "fair value" remains as the approach to valuation for a number of assets and liabilities, in respect of Operational Assets IFRS 13 introduces "current value". This means such assets have to be measured in a way that recognises their "service potential".

Accounting Policies in respect of Employee Benefits

Benefits payable during employment.

To the extent that the Council has an outstanding liability for these at the Balance Sheet Date, the amount is shown in the Accumulated Absences Reserve.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Termination benefits are charged to the appropriate service line in the Comprehensive Income and Expenditure Account when the Council can demonstrate that it is committed to either terminating the employment of an officer or has made an offer of voluntary redundancy even if the officer has not left the Council by 31 March.

Post-Employment Benefits (Pensions)

Employees of the Council are members of the Local Government Pensions Scheme (LGPS), administered by Cambridgeshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Accounting Policies in respect of Financial Instruments

Financial Instruments

A financial asset or liability is recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the instrument. This will normally be the date that a contract is entered into but may be later if there are conditions that need to be satisfied. Financial assets are recognised by the Council on the Balance Sheet only when the goods or services have been provided or rendered to a third party. Financial liabilities are recognised when the goods or services ordered from a third party have been received by the Council and the third party has performed its contractual obligations.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost.
- fair value through profit or loss (FVPL),
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principle and interest (i.e., where the cash flows do not take the form of a basic debt instrument).

- **Financial Assets Measured at Amortised Cost**
Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument, are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for

interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principle receivable. The Interest credited to the Comprehensive Income and Expenditure Statement for the loans is the amount receivable for the year in the loan agreement. Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investments income and expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Liabilities

- Financial liabilities are initially measured at fair value and are subsequently carried at their amortised cost.
Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most borrowing that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principle repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income or Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Provisions and Contingent Liabilities

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires a financial settlement and a reliable estimate of the obligation can be made. Provisions are debited to the Comprehensive Income and Expenditure Statement and are measured at the best estimate of the expenditure that is likely to be required. When payments are made, they are charged to the provision.

Contingent Liabilities

A contingent liability arises from an event which is too uncertain, or the amount of the obligation cannot be reliably estimated. The liability is disclosed as a contingent liability within the notes to the accounts. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow

of resources will be required, or the amount of the obligation cannot be measured reliably.

Note 32. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In conducting its assessment that this basis is appropriate, in relation to the going concern period up to 31st March 2026, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31 st March 2025	£1.385	£15,955

Figures from the 2025/26 budget approved by Full Council on the 20th February 2025, predicted a balance of £1.426 million in the General Fund and £10.558 million in other Earmarked Reserves (excluding CIL). [This remains in line with our minimum level of General Fund balance, i.e., 10% of the net operating budget as set in the budget report by the Chief Finance Officer.] These figures are before the underspend in 2024/25 was known and fully reflected in the calculation.

Our cash flow forecast and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, with no expectation of the need for external borrowing.

The current forecast (including the 2024/25 underspend) is that after allocations from the Surplus Savings Reserve in 2025/26 there will still be over £8.416 million in this reserve as at the 31st March 2026. It is therefore strongly believed that any pressures will be able to be absorbed within this balance, if required, up until this time.

The key assumption within this forecast is that the Council will come in on budget in 2025/26 and 2026/27. It should be noted that the budget for 2025/26 was approved with continuing income reductions in relation to car parking and the leisure centre management fee, reflecting the continuing impacts of the Covid-19 pandemic in these areas. And the budget for both years have been set taking into account the inflation in the economy and consequential expected increases in employee pay.

On this basis, the Council has an expectation that it will have adequate resources to continue in operational existence throughout the going concern period up until 31st March 2026, maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

Beyond March 2026, with Local Government Reorganisation high on the Government's agenda, the expectation is that East Cambridgeshire District Council will be consumed into a larger unitary authority from April 2028.

Ian Smith
Director, Finance
East Cambridgeshire District Council
30th June 2025

Collection Fund

2023/24			2024/25		
Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000	Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000
Income					
	(69,881)	(69,881)		(75,156)	(75,156)
(23,494)		(23,494)			(26,183)
(2,621)		(2,621)	(26,183)		(783)
			(783)		
(26,115)	(69,881)	(95,996)	(26,966)	(75,156)	(102,122)
Expenditure					
Repay Previous Years Surplus / Deficit					
(172)	0	(172)			
			1,119	0	1,119
(137)	37	(100)	959	154	1113
(31)	235	204	216	1004	1220
0	41	41	0	177	177
(3)	12	9	24	52	76
0	0	0		8	8
(343)	325	(18)	2,398	1,395	3,793
Precepts and Demands					
11,373		11,373	12,077		12,077
9,186	7,544	16,730	9,750	7,958	17,708
2,067	49,318	51,385	2,194	53,409	55,603
	8,711	8,711		9,413	9,413
229	2,555	2,784	244	2,712	2,956
				1,187	1,187
22,855	68,512	91,367	24,265	74,679	98,944
Charges to Collection Fund					
0	(385)	(385)	(282)	(142)	(424)
158	584	742	122	623	745
40		40	403		403
99		99	101		101
1,008		1,008	1,227		1,227
480		480	597		597
(1,785)	199	(1,984)	2,168	481	2,649
24,297	69,036	93,333	28,831	76,555	105,386
(Increase) / Decrease in Collection Fund Balance					
(1,818)	(845)	(2,663)	(1,865)	1,399	3,264
Fund Balance - (Surplus) / Deficit at 1 April					
(1,059)	(967)	2,024	(2,877)	(1,812)	(4,689)
Fund Balance - (Surplus) / Deficit at 31 March					
(2,877)	(1,812)	(4,689)	(1,012)	(413)	(1,425)

Notes to the Collection Fund

1. Purpose of Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for the Council as a billing authority to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Until it is distributed, the tax collected is held in a statutory Collection Fund which is separate from the General Fund of the Council. The accounts are however, consolidated into the Council's accounts. They have been prepared on an accrual's basis.

Parish and Town Council precepts are transferred to the General Fund before being paid to the Parish or Town Council. Interest is not payable / chargeable to the Collection Fund on cash flow variations between it and the General Fund.

There is no requirement for a separate Collection Fund Balance Sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between East Cambridgeshire District Council and the major preceptors in proportion to their demand on the fund for the year. The major preceptors' share of the assets and liabilities of the Collection Fund are shown as a debtor in East Cambridgeshire District Council's accounts. East Cambridgeshire District Council's share of the assets and liabilities are held in the Collection Fund Adjustment Account reserve.

2. Council Tax

Tax Base at 31 March 2025					
Tax Band	Properties	Exemptions & Discounts	Chargeable Dwellings	Band D Multiplier	Band D equivalent
A-	9.3	2.6	6.7	5/9	3.7
A	4,105.6	841.2	3,264.4	6/9	2,176.3
B	10,359.2	1,145.6	9,213.6	7/9	7,166.1
C	7,843.4	333.7	7,509.7	8/9	6,675.3
D	7,037.0	139.2	6,897.8	9/9	6,897.8
E	4,767.3	53.4	4,713.9	11/9	5,761.4
F	2,309.2	14.1	2,295.1	13/9	3,315.1
G	757.8	2.2	755.6	15/9	1,259.3
H	82.4	0.4	82.0	18/9	164.0
Total	37,271.2	2,532.4	34,738.8		33,419.1

Council Tax charge per band D property for 2023/24 £2,143.32

Council Tax charge per band D property for 2023/24 £2,246.91

3. Non Domestic Rates (NDR)

The standard business rate multiplier set by the Government for 2024/25 was 54.6p (2023/24 51.2p). The small business multiplier, for business with a rateable value of under £18,000 was 49.9p (2023/24 49.9p)

4. Non Domestic Rates Appeals

The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).

5. Collection Fund Balance Sheet

Non Domestic Rates 31 Mar 24 £'000	Council Tax 31 Mar 24 £'000	TOTAL 31 Mar 24 £'000		Non Domestic Rates 31 Mar 25 £'000	Council Tax 31 Mar 25 £'000	TOTAL 31 Mar 25 £'000
4,569	1,661	6,230	Cash held by ECDC	3,222	(537)	2,685
2,520	3,826	6,346	Debtors	2,124	4,659	6,783
(861)	(1,778)	(2,639)	Receipts in Advance	(740)	(1,328)	(2,068)
(727)	(1,899)	(2,626)	Impairment Provision	(566)	(2,381)	(2,947)
(2,625)	0	(2,625)	Appeals Provision	(3,028)	0	(3,028)
(2,876)	(1,810)	(4,686)	Fund Surplus	(1,012)	(413)	(1,425)
0	0	0	TOTAL	0	0	0

6. Collection Fund Representation of Debtor, Creditor & Appeals Balances in ECDC Accounts

The Debtor, Creditor and Provisions entries are recorded in the Council's Accounts in accordance with the proportion of the fund attributable to East Cambridgeshire for its own purposes. The relevant proportions are 40% for Non-Domestic Rates and 10.6% for Council Tax. The entries are therefore as follows:

Non Domestic Rates 31 Mar 24 £'000	Council Tax 31 Mar 24 £'000	TOTAL 31 Mar 24 £'000		Non Domestic Rates 31 Mar 25 £'000	Council Tax 31 Mar 25 £'000	TOTAL 31 Mar 25 £'000
1,008	407	1,415	Debtors	850	497	1,346
(344)	(189)	(533)	Receipts in Advance	(296)	(142)	(438)
(290)	(202)	(492)	Impairment Provision	(227)	(254)	(481)
(1,050)	0	(1,050)	Appeals Provision	(1,211)	0	(1,211)
(287)	(1,599)	(1,886)	Creditors - Local Government	(322)	480	158
(2,284)	0	(2,284)	Creditors - Central Government	(1,611)	0	(1,611)
(1,151)	(198)	(1,349)	Fund Surplus to Collection Fund Adjustment Account	(405)	(44)	(449)
(4,398)	(1,781)	(6,179)	TOTAL	(3,222)	537	(2,685)

7. Collection Fund Adjustment Reserve

The Collection Fund Adjustment Reserve identifies the element of the Collection Fund balance that is due to this Council.

2023/24 £'000	Collection Fund Adjustment Account	2024/25 £'000
(965)	Opening Balance	(1,349)
(384)	Movement in Year	783
(1,349)	Closing Balance	(566)
	Movement	Closing Balance
(198)	Council Tax	(154)
(1,151)	Non Domestic Rates - Core	746
0	Non Domestic Rates - Renewable Energy	(117)
		(566)

GROUP Comprehensive Income & Expenditure Account

2023/24				2024/25		
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
26,019	(18,922)	7,097	Finance & Assets	26,583	(20,039)	6,544
13,443	(8,294)	5,149	Operational Services	14,784	(7,273)	7,512
39,462	(27,216)	12,246	Cost of Services	41,367	(27,312)	14,055
3,295	(4)	3,291	Other Operating Costs	3,974	(7)	3,967
173	(1,850)	(1,677)	Financing & Investment Items	(443)	(1,904)	(2,347)
0	(15,963)	(15,963)	Taxation & Grant Income		(17,337)	(17,337)
42,930	(45,032)	(2,103)	Net Surplus/Deficit on provision of services	44,898	(46,559)	(1,661)
0	(5,400)	(5,400)	Other comprehensive income & expenditure	0	(10,217)	(10,217)
42,930	(50,432)	(7,503)	TOTAL	44,898	(56,776)	(11,878)

GROUP Movement in Reserves Statement

2023/24				2024/25			
Opening Balance Group £'000	Adjust between Account basis and fund basis £'000	Other Income & Expenditure £'000	Closing Balance £'000		Adjust between Account basis and fund basis £'000	Other Income & Expenditure £'000	Closing Balance £'000
25,886	(996)	2,380	27,270	General Fund	0	1,661	28,931
1,481	305	0	1,786	Capital Receipts Reserve	(27)	0	1,759
404	(15)	0	389	Capital Grants Unapplied	1026	0	1,415
27,771	(706)	3,019	29,445	Total Useable	999	1,661	32,104
20,080	431	0	20,511	Capital Adjustments Account	2,622	0	23,134
12,977	(186)	487	13,278	Revaluation Reserve	(360)	150	13,069
(1,047)	460	4,914	4,327	Other Unusable	(320)	7,124	11,130
32,287	706	5,124	38,116	Total Unusable	1,942	7,274	47,334
60,058	0	7,503	67,561	TOTAL	2,941	8,935	79,438

Group Balance Sheet

31 Mar 24		31 Mar 25
£'000		£'000
38,890	Property, Plant and Equipment	40,087
105	Heritage Assets	105
0	Intangible Assets	0
0	Trade & Other receivables	0
513	Long Term Debtors	621
2,891	Net Pension Asset	10,561
42,396	TOTAL LONG TERM ASSETS	51,374
10,000	Investments (Short Term)	5,101
0	Assets Held for Sale	0
4,871	Short Term Debtors	3,995
3,379	Inventories	3,497
	Trade & other receivables	1,183
22,403	Cash and Cash Equivalents	28,060
40,653	TOTAL CURRENT ASSETS	41,836
(10,429)	Short Term Creditors & Receipts in Advance	(7,688)
(1,194)	Provisions	(1,227)
(149)	Borrowings	
(11,772)	TOTAL CURRENT LIABILITIES	(8,915)
0	Borrowings	0
(3,716)	Capital Grants Received in Advance	(4,795)
0	Net Pensions Liability	0
(3,716)	LONG TERM LIABILITIES	(4,795)
67,561	NET ASSETS	79,502
	FINANCED BY:	
29,445	USABLE RESERVES	33,462
38,116	UNUSABLE RESERVES	46,040
67,561	TOTAL RESERVES	79,502

Ian Smith - CPFA

Director, Finance

East Cambridgeshire District Council

30th June 2025

Group Cash Flow Statement

Group		Group
31 March 2024		31 March 2025
£'000		£'000
4,294	Net Surplus / (Deficit) on the Provision of Services – (i)	3,805
(1,878)	Interest receivable	(1,944)
	Adjustments for Non-cash Items:	
589	Depreciation & Amortisation	3,716
	Impairment	
(43)	Pension Liability	(478)
1,500	Change in Inventories	37
(1,721)	Change in Debtors & Creditors	(367)
1,184	Total Adjustments (ii)	964
2,740	A - Net Cash Flows from Operating Activities (i)+(ii)	4,769
(2,390)	Purchase of Property, Plant & Equipment	(1,884)
(1,044)	Change in Long Term Debtors	(932)
(7,000)	Change in Short term Investments	4,899
14	Interest Received	12
(5,668)	B - Investing Activities	2,095
249	Net receipt / (application) of Capital Grants	1,079
	Change in Collection Fund agencies	
124	Debtors & Creditors	2,648
0	Loans Advanced	676
(1,255)	Loans Repaid	(265)
0	Leasing Liabilities Proceeds	0
(55)	Leasing Liabilities Repayment	(48)
0	Interest Paid	0
(192)	C - Financing Activities	(1,207)
8,600	Net (decrease) in cash and cash equivalents (A+B+C)	5,657
13,804	Cash and cash equivalents at the beginning of the reporting period	22,404
22,404	Cash and cash equivalents at the end of the reporting period	28,061

Notes to Group Accounts

G1 The Council has two Trading Companies East Cambs Trading Company Limited and East Cambs Street Scene. As a result, a set of Group Accounts for the group as a whole are produced. The accounts have been consolidated on a line by line basis, as per IFRS10.

The impact of the Companies activities upon the Reserves of the Group are as follows.

	31 March 2024 £'000	In Year Movement 2024/25 £'000	31 March 2025 £'000
Surplus Savings Reserve - Profit & Loss Account	(897)	104	(793)
Total Company Reserves portion of Group Balance Sheet	(897)	104	(793)
Represented by:			
East Cambs Trading Company Profit & Loss	(897)	104	(798)
East Cambs Street Scene Profit & Loss	0	5	5

G2 The Assets & Liabilities of the Company's at the Balance Sheet Date are as follows:

	Trading Company	Street Scene	Inter Company	Total Change upon Council
Property Plant & Equipment	55	31		86
Long Term Debtor/Loan	(5,825)	0	5,825	0
Debtors & Cash	1,735	944	(144)	2,585
Inventories	3,413	13		3,426
Borrowings	0			0
Creditors	(752)	(1,017)	670	(1,099)
TOTAL ASSETS NET OF COUNCIL SHARE	(1,374)	21	6,351	4,998

The Group Balance Sheet has moved from a position at 31st March 2024 of £67.561 million to £79.639 million at 31 March 2025.

ECTC's non-current assets have reduced primarily because of the depreciation associated with the PPE.

Trade & other receivable is c800£k lower this year following the repayment of the third of four instalments on the Kennett land promotion.

Trade payables have decreased as work on the Eden Square development has now finished and the creditors have been paid.

Non-current liabilities have increased by £800k following a further drawdown from ECDC.

G3 East Cambs Trading Company and East Cambs Street Scene report leases under IFRS16 for 2023/24 but for group consolidation this has been rolled back to IAS17.

G4. Group Audit Fees

	2023/24	2024/25
ECDC	£185,000	£203,000
ECTC	£44,000	£46,300
ECSS	£26,300	£27,600
Total Audit Fees	£255,300	£276,900

Glossary of Terms and Abbreviations

Glossary of terms

Accrual

The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

Actuarial Assumptions

These are predictions made for factors that will affect the financial condition of the pension scheme.

Amortisation

The gradual write-off of the initial cost of assets.

Asset

An item having value to the Council in monetary terms.

Capital Enhancement

Enhancement on the acquisition of non-current assets which will be used in providing services beyond the current accounting period or spend on non-current assets.

Capital Receipts

Income received from selling non-current assets.

Carrying amount

The value of an asset or liability in the Balance Sheet.

CIPFA

This is the Chartered Institute of Public Finance and Accountancy which is an institute that represents accounting in the Public Sector.

Collection Fund

A separate fund that records the income and expenditure relating to council tax and non-domestic rates.

Community Infrastructure Levy (CIL)

An amount payable by developers (commercial and domestic) in respect of new buildings created within the District. The Levy must be used to provide infrastructure; decisions on which are taken by District and Parish Councils.

Contingent Liabilities

These are amounts that the Council may be, but is not definitely, liable for.

Council Tax

A tax paid by residents of the District that is based on the value of the property lived in and is paid to the Council and spent on local services.

Creditors

These are people or organisations which the Council owes money to for goods or services which have not been paid for by the end of the financial year.

Current Assets

These are assets that are held for a short period of time, for example cash in the bank, inventories and debtors.

Debtors

Sums of money owed to the District Council but not received by the end of the financial year.

Earmarked Reserves

Money set aside for a specific purpose.

Exceptional Item

A material item in the Comprehensive Income and Expenditure Statement that falls within the ordinary activities of the Council, but which needs to be disclosed separately by virtue of its size to give a fair presentation of the accounts.

Fair value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arms-length transaction.

Finance Lease

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. A finance lease transfers substantially all of the risks and rewards of ownership of an item of property, plant and equipment to a lessee.

Impairment of debts

This recognises that the real value of debt is less than the book value.

Intangible Assets

A non-physical item which provides future economic benefits. This Council's intangible assets comprise computer software licences.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Liquid Resources

Current asset investments held as readily disposable stores of value, either readily convertible into cash, or traded in an active market.

Minimum Revenue Provision (MRP)

The minimum amount that must be charged to the revenue account each year to provide for the repayment of monies borrowed by the Council.

Non Domestic Rates

Rates which are levied on business properties. From 1st April 2013, as a consequence of The Local Government Finance Act 2012, a local Non Domestic Rating regime was introduced that included the business rates retention scheme. See also **Tariff** and **Safety Net**.

Operating Leases

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. An operating lease is where the ownership of the non-current asset remains with the lessor.

Precept

A payment to the Council's General Fund, or another local council, from the Council's Collection Fund.

Prior Year Adjustments

These are material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors.

Property, Plant and Equipment

Non-current assets that give benefit to the District Council and the services it provides for more than one year.

Provisions

Monies set aside for liabilities or losses which are likely to be incurred but where the exact amounts or dates on which they will arrive are uncertain.

Reclassification

Where comparative (prior year) figures are reclassified into new categories of income or expenditure, and the change has not been the result of a material error or accounting policy, but the amount is "material" then this is a reclassification.

Responsible Financial Officer

The designated post within the Council, as determined by the Accounts and Audit Regulations 2011, which holds the statutory S.151 responsibility (Local Government Act 1972). This responsibility is in respect of ensuring the proper administration of the Council's financial affairs. This post was formerly known as Chief Financial Officer.

Restated

Where there has been a material error in the accounts or a new accounting policy has been applied, then the comparative (prior year) figures have to be "restated" as if the correction or policy had been in place as at the end of the previous financial year.

Revenue Expenditure Funded from Capital under Statute

Spending on items normally classed as revenue but which are defined by statute as capital e.g., improvement grants.

Revenue Support Grant

A grant from Central Government towards the cost of providing services.

Safety Net

The scheme for localising Non Domestic Rates (NDR) includes a safety net provision. Where the actual NDR after Tariff is less than 92.5% of the funding baseline, Central Government makes a safety net payment to the Council equal to the difference between the actual NDR and the funding baseline.

Section 106

Under planning regulations developers can be requested to make contributions to on and off-site facilities required as a result of their development.

Tariff

The scheme for localising Non Domestic Rates (NDR) includes baselines for both the amount of NDR the Council receives and the amount of Council funding from NDR. The Council pays Central Government a Tariff equal to the difference between the two baselines.

True and Fair View Override

As required by the Accounts and Audit Regulations 2011, paragraph 8.2, the Responsible Financial Officer is required to certify that the Statement of Accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the “true and fair view override”. This means, where the Responsible Financial Officer considers that to give a true and fair view would require the Council to provide misleading information i.e., to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the “true and fair view” is appropriately acknowledged in the notes to the accounts.

ABBREVIATIONS

CFR	Capital Financing Requirement
CIES	Comprehensive Income and Expenditure Statement
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy
CPFA	Chartered Public Finance Accountant
DCLG	Department for Communities and Local Government
DRC	Depreciated replacement cost
FTE	Full Time Equivalent
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LEP	Local Enterprise Partnership
LGPS	Local Government Pension Scheme
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
NBV	Net Book Value
NDR	Non Domestic Rates
NHB	New Homes Bonus
NNDR	National Non Domestic Rates (Business Rates)
PWLB	Public Works Loans Board
RICS	Royal Institution of Chartered Surveyors
RSG	Revenue Support Grant
S106	Section 106
SOLACE	Society of Local Authority Chief Executives

TITLE: Internal Audit Progress Report

Committee: Audit Committee

Date: 15th July 2025

Author: Chief Internal Auditor

Report number: AA38

Contact officer:

Rachel Ashley-Caunt, Chief Internal Auditor

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1.0 Issue

- 1.1. To advise the Committee of the work of Internal Audit completed during the financial year to date, and the progress against the Internal Audit Plan.

2.0 Recommendations

- 2.1. That the Committee notes the progress made by Internal Audit in the delivery of the Audit Plan and the key findings.

3.0 Background/Options

- 3.1. The role of Internal Audit is to provide the Audit Committee, and management, with independent assurance on the effectiveness of the internal control environment. Internal audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve its objectives.
- 3.2. At the time of reporting, fieldwork on all Quarter 1 assignments within the plan are either complete or in progress and work has commenced on an audit scheduled for Quarter 2. Since the last progress report, five audit reports have been finalised from the 2024/25 audit plan and the key findings are summarised in Appendix 1.
- 3.3. Since the last Audit Committee update, ten actions arising from audit reports have been implemented by officers. There is one overdue action.

4.0 Arguments/Conclusions

- 4.1. The attached report (Appendix 1) informs the Committee on progress to date against the Audit Plan.

5.0 Additional Implications Assessment

- 5.1 In the table below, please put Yes or No in each box:

Financial Implications	Legal Implications	Human Resources (HR) Implications
No	No	No
Equality Impact Assessment (EIA)	Carbon Impact Assessment (CIA)	Data Protection Impact Assessment (DPIA)
No	No	No

6.0 Appendices

Appendix 1: Internal Audit Progress report – July 2025

7.0 Background documents

Internal Audit Plan 2025/26



Internal Audit Progress and Performance Update

July 2025

1. Introduction

- 1.1 The Internal Audit service for East Cambridgeshire District Council provides 210 days to deliver the 2025/26 Annual Audit Plan.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit Committee to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting and an overview of the performance of the audit team.

2. Performance

Delivery of the 2025/26 Audit Plan

- 2.1 At the time of reporting, all assignments scheduled for the first quarter of the financial year are either complete or in progress and an audit scheduled for the second quarter has commenced. The Internal Audit service has a target to deliver at least 90% to draft report stage by 31st March, which has been met. Progress on individual assignments is shown in Table 1.

Are clients satisfied with the quality of the Internal Audit assignments?

- 2.2 To date, no survey responses have been received in relation to feedback on completed assignments for the 2025/26 audit plan. All feedback on 2024/25 assignments is included in the Annual Report.

Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?

- 2.3 Since the last Audit Committee update, the Internal Audit team has finalised three audit reports. The key findings were as follows:

Accounts payable

Accounts payable refers to money that the Council owes to its suppliers (creditors) for goods and services provided. Effective systems for the ordering, receipting and payment of goods and services, and the maintenance of accurate supplier records, particularly bank account details, are vital to the Council's financial control framework. This audit sought assurance over the design of, and compliance with, the key controls for raising requisitions, checking goods received and approving orders and invoices, as well as the controls for the creation and amendment of supplier data.

In summary, the audit found that separation of duties for raising requisitions, receipting goods, and approving orders and invoices is in place. Testing of a sample of twenty-five invoices and five credit notes confirmed that the controls were operating as intended and all expenditure was approved in accordance with the authorisation limits set out in the Financial Procedure Rules. Copies of all purchase orders, invoices and credit notes had also been retained in the financial management system, Agresso.

Supplier data is maintained by Finance officers, including setting up new supplier records and processing changes to existing supplier details. Testing of a sample of five new supplier records from 2024/25 found that new supplier forms had been completed, and bank details had been provided on letter headed paper in accordance with procedure. All bank account details had been accurately recorded on Agresso and supporting documentation had been retained.

Similarly, testing of a sample of five changes to existing supplier records in 2024/25 found that supporting documentation had been retained in the majority of cases and notes had been added to the supplier records to confirm the changes made, with the only exception relating to an email address amendment. However, when the change relates to altering bank account details, the note should include details of how the account details were verified to ensure that there is an audit trail of action taken, and in one such case tested there was no information in the note to confirm how the details had been verified.

Supplier data should also be periodically reviewed to remove obsolete and duplicate records from the system. However, no recent checks have been completed. It would be beneficial for officers to explore options to carry out an archive exercise to ensure that records are kept up to date.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion	
Control Environment	Substantial (Green)
Compliance	Good (Green)
Organisational Impact	Low (Green)

Accounts receivable

The audit of the accounts receivable system forms part of the 2024/25 suite of annually performed key financial system reviews and is undertaken to inform the Chief Internal Auditor's overall opinion on the financial control environment, which supports the Annual Governance Statement. All debtor invoices raised are processed through the Unit4 Finance System and administered by the Finance Team. The objective of the audit was to review the design of, and compliance with, key controls within the debtors system, and to provide assurance over the controls to prevent and detect fraud and error. The scope for the 2024/25 audit focused on the standard operating procedures, and examined compliance for raising invoices, issuing credit notes, allocating payments, sundry debtor reconciliations, and the suspense account.

The audit reviewed a sample of 25 debtor invoices which demonstrated a good level of compliance with Council procedures and best practice. Sundry debtor invoices were consistently generated in a timely manner and demonstrated accuracy. However, amongst the five credit notes tested, two were found to be missing evidence of the required level of approval.

Debt recovery procedures and write off authorisation levels are clearly outlined within the Council's Financial Procedure Rules. Standard Operating Procedures are in place, however, they provide summary information and lacked detailed instructions on how to perform each task effectively. There is scope for some instructions to be formalised and version control should be applied.

Sundry debtor reconciliations are performed in a timely and accurate manner, however in one case there was no evidence of an independent review, and in another, the review of the reconciliation was not dated. Officers should ensure that reviews are consistently documented and dated to ensure compliance with Council procedures and best practice.

The suspense account is reviewed regularly, with appropriate action taken to allocate entries promptly. Additionally, daily checks are performed to reconcile income transactions received with transactions posted, ensuring accuracy and completeness.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion	
Control Environment	Good (Green)
Compliance	Good (Green)
Organisational Impact	Low (Green)

Procurement compliance

The Council's Contract Procedure Rules (CPRs) are designed to ensure probity and value for money when procuring goods, works or services that meet the Council's needs and comply with legal requirements. Inconsistencies in procurement documentation have been reported by Internal Audit in previous years and testing has included following up on recommendations from the 2023/24 audit. The audit was carried out to provide assurance that officers are complying with the approved rules and practices.

To comply with the Local Government Transparency Code, the Council publishes all expenditure over £500 on its website together with a link to the online contract register. In November 2024, the Council launched a new website. Work to transfer contract information on to the new version of the contracts register is now complete and is compliant with the regulations.

Testing of payments included in the expenditure reports with a cumulative value with a single supplier of over £40k (during 2024/25 to October) identified a number of discrepancies where spend could not be matched to a register entry. Based on the audit findings, there is a need for a wider review of the arrangements whereby contracts are consistently and promptly added on to the Council's contract register. In two cases selected, goods or services had been procured above this threshold, but no corresponding contract register entry could be found and it is understood that contracts have not been produced in either case. The lack of formal contract represents a risk

and non-compliance with procedure rules. In one case it was asserted that the Legal team had been instructed by the service area in March 2024 with regard to drafting a contract, but no contract had been produced as at February 2025. Concerns regarding the drafting of contract documents in a timely manner had been raised as part of the 2023/24 audit and based on these findings, there remains scope for improvement in this area.

An audit sample was selected to cover all departments and a range of financial thresholds where possible. Compliance testing was carried out on a sample of seven contracts awarded during 2024/25. The sample contained five contracts awarded on the basis that they were exempt from CPR requirements. The five exemptions applied had been duly approved with justification documented. One of the contracts selected was confirmed to have been awarded in accordance with CPR requirements and the remaining case related to insurance and no formal approval for the procurement to take place could be evidenced.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion	
Control Environment	Moderate (Amber)
Compliance	Moderate (Amber)
Organisational Impact	Medium (Amber)

Housing allocations and homelessness

The 'Allocation of Accommodation: Guidance for Local Authorities in England' is the statutory guidance issued in 2012 to Local Authorities in England (Section 169 of the Housing Act 1996). Housing Authorities are required to have regard to it in exercising their functions under Part VI of the Housing Act 1996. Section 166A of the Housing Act 1996 provides that authorities must also have regard to their homelessness strategies when framing their allocations policy.

East Cambridgeshire District Council is a member of the Home Link choice-based lettings scheme, which covers the Cambridgeshire and West Suffolk area. The management of the district's housing register was brought in house on 1st November 2024. This audit was to provide assurance over the consistent and fair application of the housing allocations and homelessness policy and procedures so that qualifying applicants are given an appropriate level of priority.

The Council has a clear Lettings Policy in place, outlining the requirements for the fair and consistent allocation of housing and homelessness support. Guidance is readily available to the public on how to apply for housing, and sample testing demonstrated strong compliance with the Lettings Policy. The officer responsible for processing application is highly experienced, having previously worked for the external company that managed housing applications before the process was brought in house. They are now rolling out training to other team members to build resilience and ensure knowledge transfer. However, the audit identified that there are no documented

standard operating procedures in place and there is no formal process for management oversight of housing application decisions.

Appeals and reviews are handled appropriately but there is no log maintained to track their status or progress which could impact transparency and timely resolution. Furthermore, the financial threshold for housing applications is set at £60k however this is not explicitly stated in the Lettings policy or any internal procedures or guidance, which may lead to a lack of clarity for both staff and applicants.

The Council has a Homelessness and Rough Sleeper Strategy in place outlining effective measures for prevention, relief and long-term support. The strategy includes specific initiatives tailored for vulnerable groups ensuring alignment with statutory requirements and best practices. It is regularly reviewed and kept up to date to reflect changing needs and legal obligations.

Additionally, the Council provides a wealth of information and guidance on its website for individuals facing homelessness ensuring accessibility to support services. Sample testing of homelessness referrals confirmed that appropriate assistance is being provided and that documentation is being retained to verify decisions where required, demonstrating strong compliance with policies and legal requirements.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion	
Control Environment	Moderate (Amber)
Compliance	Good (Green)
Organisational Impact	Low (Green)

Planning service review

The Planning Service Review (PSR), also known as the Planning Ways of Working (WOW) Project, was initiated under the Council's Corporate Plan to improve the efficiency, quality, and timeliness of planning decisions, including reducing reliance on Extensions of Time (EoTs).

The audit reviewed governance, implementation, and monitoring arrangements across both phases of the project. Phase 1 focused on foundational improvements, while Phase 2 aims to embed and expand these changes. Governance structures were found to be sound, with clear roles, regular oversight, and collaborative tools, such as MS Teams, supporting project delivery. Progress was well-documented, and leadership engagement was consistent throughout the project lifecycle.

Key improvements from Phase 1 included a revised department structure, enhanced digital tools, and a new negotiation protocol. Records of Extensions of Time (EoTs) indicate a reduced usage from 2023 to 2024, in line with intended outcomes – however, audit sample testing highlighted that documentation of second extensions requires improvement.

There is currently no formal mechanism in place to collect customer feedback or assess satisfaction with the service. Adopting such mechanisms may provide greater insight into the areas of strength and those for potential further improvement.

Phase 2 of the review is progressing with clear objectives and stakeholder involvement. There is scope for a reflection on the outcomes of Phase 1 and any lessons learnt which can inform Phase 2.

Overall, the audit provides good assurance that the Planning Service Review is being effectively managed, with a strong foundation for ongoing service enhancement and evidence of delivery on intended benefits to date.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion	
Control Environment	Good (Green)
Compliance	Good (Green)
Organisational Impact	Low (Green)

2.4 Implementation of audit recommendations by officers

Where an Internal Audit review identifies any areas of weakness or non-compliance with the control environment, recommendations are made and an action plan agreed with management, with timeframes for implementation.

Since the last Audit Committee meeting, ten agreed actions have been implemented by officers. An overview is provided in Table 2.

At the time of reporting, there is one action which is overdue for implementation – which is less than three months overdue.

Table 1 - Progress against 2025/26 Internal Audit Plan

						Assurance Opinion			
Assignment		Planned start	Status		Assurance sought	Control Environment	Compliance	Org impact	Comments
Key financial systems									
Bank reconciliations		Q4	Not started						
Payroll		Q3	Not started						
Accounts payable		Q4	Not started						
Accounts receivable		Q4	Not started						
Key policy compliance									
Information requests		Q2	Fieldwork underway						
Procurement compliance		Q4	Not started						
Risk based audits									
Major project – Bereavement Centre		TBC	Not started						
Asset management		Q1	Fieldwork underway						
Disaster recovery		Q1	Draft report issued						

						Assurance Opinion			
Assignment		Planned start	Status		Assurance sought	Control Environment	Compliance	Org impact	Comments
Staff engagement and support		Q3	Not started						
Governance of the trading companies		Q3	Not started						
Net Zero		Q3	Not started						
Preparedness for changes in waste regulations		Q3	Not started						
Governance and Counter Fraud									
Counter Fraud support / promotion / policies		TBC	As required		Not applicable – consultancy work.	Daily monitoring of Report Fraud mailbox			
National Fraud Initiative		TBC	As required		Not applicable – consultancy work.				
Risk management support and real time assurances		Q1 – Q4	Ongoing		Ongoing assurances over the controls listed in the Risk Register and supporting embedding of risk management.	Assurances provided on risk entries throughout the year.			
Annual Governance Statement support		Q1	Complete			N/A			

Table 2 - Implementation of agreed management actions

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented since last Committee meeting	-	-	4	80%	6	100%	10	91%
Actions overdue by less than three months	-	-	1	20%	-	-	1	9%
Actions overdue by more than three months	-	-	-	-	-	-	-	-
Totals	-	-	5	100%	6	100%	11	100%

Glossary

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that the Committee might expect to receive.

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
Substantial	There is a sound system of internal control to support delivery of the objectives.	The control environment is operating as intended with no exceptions noted which pose risk to delivery of the objectives.
Good	There is generally a sound system of internal control, with some gaps which pose a low risk to delivery of the objectives.	The control environment is generally operating as intended with some exceptions which pose a low risk to delivery of the objectives.
Moderate	There are gaps in the internal control framework which pose a medium risk to delivery of the objectives.	Controls are not consistently operating as intended, which poses a medium risk to the delivery of the objectives.
Limited	There are gaps in the internal control framework which pose a high risk to delivery of the objectives.	Key controls are not consistently operating as intended, which poses a high risk to the delivery of the objectives.
No	Internal Audit is unable to provide any assurance that a suitable internal control framework has been designed.	Internal Audit is unable to provide any assurance that controls have been effectively applied in practice.

Organisational Impact	
Level	Definition
High	The weaknesses identified during the review have left the Council open to a high level of risk. If the risk materialises it would have a high impact upon the organisation as a whole.
Medium	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a medium impact upon the organisation as a whole.
Low	The weaknesses identified during the review have left the Council open to low risk. This may have a low impact on the organisation as a whole.

Limitations and responsibilities

Limitations inherent to the internal auditor's work

Internal Audit is undertaking a programme of work agreed by the Council's senior managers and approved by the Audit Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers.

There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention.

Internal control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

Future periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

TITLE: Internal Audit External Quality Assessment 2025

Committee: Audit Committee

Date: 15th July 2025

Author: Chief Internal Auditor

Report number: AA39

Contact officer:

Rachel Ashley-Caunt, Chief Internal Auditor

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1.0 Issue

- 1.1. To advise the Committee of the outcome of the external quality assessment of the Internal Audit service.

2.0 Recommendations

- 2.1. That the Committee considers and notes the outcome of the external quality assessment and action plans.

3.0 Background/Options

- 3.1. The role of Internal Audit is to provide the Audit Committee, and management, with independent assurance on the effectiveness of the internal control environment. Internal audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve its objectives.
- 3.2. Under the Public Sector Internal Audit Standards (PSIAS) and the new Global Internal Audit Standards (GIAS), which came into effect for local government in April 2025, the Internal Audit service must be subject to an external quality assessment at least once every five years. The assessment must be conducted by a suitably qualified and experienced assessor.
- 3.3. The North Northamptonshire Council internal audit service was established on 1st April 2022 and East Cambridgeshire District Council's internal audit service provision was delegated to be delivered by this service, along with a number of other local authorities. Since this time, annual self-assessments have been completed by the Chief Internal Auditor and an evidence base has been actively collected to inform the first external quality assessment.
- 3.4. The new Global Internal Audit Standards come into force for local government in April 2025. As such, an assessment in February 2025 provided an opportunity to confirm compliance with the relevant standards during the 2024/25 financial year but also to pro-actively seek external, professional insight into areas for further development to align with the new standards for 2025/26.

Form of assessment

- 3.5. External assessments can be in the form of a full external assessment, or a self-assessment with independent validation:

- Full assessment involves the assessment team undertaking a full review against each of the PSIAS attributes.
 - Validated self-assessment requires the Chief Audit Executive (Chief Internal Auditor) to prepare a self-assessment against the PSIAS attributes, which the assessment team independently validate.
- 3.6. Following consultation with the Executive Director of Finance and the Chair of the Audit and Governance Committee at North Northamptonshire Council, it was agreed that an External Quality Assessment should be commissioned in the form of a self-assessment validation, using an independent and experienced assessor through an external provider, supplemented by additional support on aligning against the new Global Internal Audit Standards.
- 3.7. Since the Internal Audit service was established in April 2022, annual self-assessments have been completed by the Chief Internal Auditor which has allowed the team to assess and gather evidence of their compliance against the standards. This evidence was presented to the assessor to supplement the assessor's own review of files and feedback sought from stakeholders.
- 3.8. An external assessor was selected, following requests for quotations in accordance with the Council's Contract Procedure Rules, based on experience, qualifications and price.

The assessor

- 3.9. The external assessment was conducted by Business Risk Solutions, which was established in 2019 delivering 'risk and assurance-based services to those requiring assistance with internal audit, risk management, and governance at a strategic governance level or within operational service activity'.
- 3.10. The assessor was Robin Pritchard who has 45 years internal audit experience and is an experienced External Quality Assessor (EQA) who was an appointed member of the Institute of Internal Auditors (IIA) Expert Panel. Robin is an Associate Member of the IIA (AIIA) and CIPFA qualified. Robin has delivered assessments to a wide range of public and private sector internal audit teams. The range of organisations to which Robin has provided EQA assessments to includes:

Sector	Number
Private and financial services	11
Housing	2
Education	1
Local government	56
Central government	4

The assessment

- 3.11. The assessor was provided with a copy of the Chief Internal Auditor's latest self-assessment document, together with the supporting evidence, to inform the review. This evidence included a copy of the Audit Manual, evidence of reporting mechanisms, customer feedback, performance measures, client engagement and promotion of the service, training and continuous professional development records

for team members, staff supervision records and the Quality Assurance and Improvement Plan.

- 3.12. The assessor selected and reviewed a sample of audit files for assignments covering all clients, to assess compliance with the Standards and consistent application of the Audit Manual. Feedback was also sought directly by the assessor from all five audit committee chairs, Chief Executives, Directors responsible for Internal Audit, wider Directors and a range of audit clients.

Outcome of the assessment

- 3.13. The conclusion of the assessment is that 'The North Northamptonshire Council internal audit service (NNCIAS) is delivering to a standard that generally conforms with the Public Sector Internal Audit Standards'. This is the highest rating given from the assessments and all areas were assessed as either 'established' or 'excelling'.
- 3.14. Benchmarking across all sectors within the report indicates that the service has been scored higher than the average internal audit service reviewed by the assessor in local government, housing and the private sector for both competency and delivery. Furthermore, the scoring given is the highest in all areas on the industry benchmarking against the average local government internal audit services.
- 3.15. The report summarises a number of areas of good practice noted and a strong level of satisfaction based on stakeholder feedback received by the assessor.
- 3.16. The report helpfully provides a number of recommendations for further development, particularly to ensure alignment with the new Global Internal Audit Standards requirements. These will be taken forward by the Chief Internal Auditor as part of the Quality Assurance and Improvement Programme and responses are captured in Appendix 2 and Appendix 3 to this report.

4.0 Arguments/Conclusions

- 4.1. The attached report (Appendix 1) informs the Committee on the outcome of the assessment.

5.0 Additional Implications Assessment

- 5.1 In the table below, please put Yes or No in each box:

Financial Implications No	Legal Implications No	Human Resources (HR) Implications No
Equality Impact Assessment (EIA) No	Carbon Impact Assessment (CIA) No	Data Protection Impact Assessment (DPIA) No

6.0 Appendices

Appendix 1: External Quality Assessment
Appendix 2: Action plan
Appendix 3: Areas for enhancement

7.0 Background documents

None

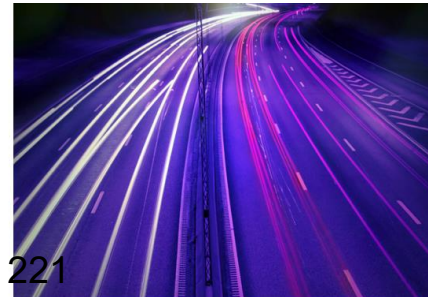
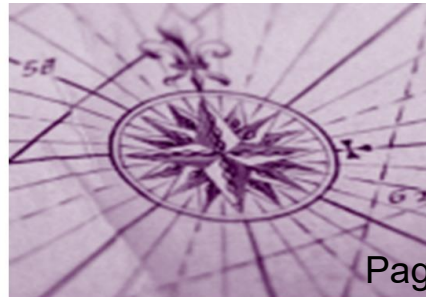
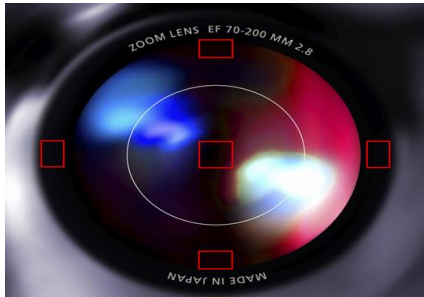


North
Northamptonshire
Council

External Quality Assessment

Internal Audit Services

Executive report – March 2025



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External Quality Assessment

North Northamptonshire Council

Opinion: The North Northamptonshire Council internal audit service is delivering to a standard that **generally conforms** with the Public Sector Internal Audit Standards.

Key matters arising from the review:

- Increasing integration of the use by internal audit of risk-based techniques with the risk impact definitions of each Council particularly in terms of planning at a strategic and engagement level would be mutually beneficial, particular as the team address the requirements of the new Global Internal Audit Standards.
- Enhance focus on identifying significant risk and key controls within the scope of the engagement
- Consideration should be given to the revision of the basis for expressing internal audit recommendations and opinions in line with risk impact definitions recognised by clients within risk management policies.
- Review the narrative used within the Annual Opinion in the Head of Internal Audit Annual Report to reflect continuous planning and knowledge of both significant risks and other sources of assurance that are available and upon which reliance has been/could be placed. This will need to enhance the existing recognition of assurance to reflect external and internal assurance including that documented with the risk management system, as a formal aspect of the internal audit approach.

Good Practice identified during the review

- An Internal Audit Charter setting out the role and responsibilities of Internal Audit is supported by a detailed Internal Audit Manual which guides delivery and establishes the basis of Internal Audit recommendations and the Annual Opinion.
- The service has developed a documented internal audit methodology and supporting templates using automated software that delivers and evidences a consistent service.
- Robust communication protocols exist throughout internal audit delivery and in terms of promoting the service.
- Routine reporting informs clients and the Audit & Governance Committee(s) regarding progress regarding completion of the internal audit plan, findings and the follow up of recommendations.
- The Team receives favourable feedback from clients who are appreciative of the approachable, flexible and client focused support that is provided. Some feedback has been received within the EQA client survey which may help focus communication and planning in future.

Executive summary

North Northamptonshire Council internal audit services (NNCIAS) is delivered by an in-house team comprising of nine FTE staff, although a vacancy currently exists in relation to a Principal Auditor (IT) position. This has been managed to minimise the potential impact on the team's ability to deliver services. The team now work in a hybrid manner, including visits to client locations on an as required basis. In addition, to providing services to the Council, the team also provide services under Delegation Agreements to Rutland County Council, Melton Borough Council, East Cambridgeshire District Council and Harborough District Council.

The Council's in-house internal audit service was established in 2022, since when services have been managed by Rachel Ashley-Caunt, as Chief Internal Auditor, who assumes the role of Chief Audit Executive (CAE) for the purposes of this review. The service has established itself and responded to the changes of focus in professional standards by continuing to develop a risk-based approach with regard to planning and the completion of assignment work. This utilises the client Risk Management Frameworks, where possible, as a basis for categorising risks, within which the team identifies what it considers to be the significant risks in consultation with management. The Internal Audit Charters are updated annually, and the Internal Audit Manual is comprehensive, reflecting the requirements of the Public Sector Internal Audit Standards (PSIAS), further review will be required in 2025 following introduction of the Global Standards for Internal Audit (GSIAS).

From an internal audit perspective, considerable advantage is to be gained from increasingly recognising client Risk Management processes and the effectiveness with which they operate. The degree to which risk registers identify and articulate significant risks and those key controls which management feel reduce risk to an acceptable level (risk appetite) appears variable along with the level to which assurance is recognised; consequently, planning is heavily dependent on discussions with management throughout planning phases. Alignment of internal audit definitions relating to recommendations and opinions could be more closely aligned with each Councils risk impact definitions.

It would be beneficial for NNCIAS to identify specific 'managements objectives' in each review area (rather than critical objectives/background which are currently identified) and arising from which recognise what constitutes 'significant risk' to achievement of management's objectives: this will enable internal audit plans and assignments to focus on what matters most; the value of considering 'Control Risk' and thereby increasingly the most significant issues would enhance the assurance provided. Increased recognition of assurance including other independent sources would lead to a more comprehensive assurance framework, therefore supporting an Annual Assurance Opinion in relation to risk management, governance and control. This would provide increased alignment with the Annual Governance Statement.

Current services are assessed to '**generally conform**' with the PSIAS standards, comparing favourably within the sector and wider provision. A series of specific recommendations are made in the report that follows to reflect building on the existing strengths in relation to resources, competency and delivery in order to enhance future services and demonstrate compliance with the new Global Standards.

Basis for overall opinion

Generally Conforms means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

Partially Conforms means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual *Standard* or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organisation.

Does Not Conform means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual *Standard* or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board. Often, the most difficult evaluation is the distinction between general and partial. It is a judgment call keeping in mind the definition of general conformance above. Carefully read the *Standard* to determine if basic conformance exists. The existence of opportunities for improvement, better alternatives, or other successful practices do not reduce a generally conforms rating.

Overall assessment

1	RESOURCES		Excelling – Processes in this area are embedded within every-day practices and mostly reflect best practice that is consistent with PSIAS expectations.
2	COMPETENCY		Established – Processes in this area are embedded within every-day practices and mostly reflect best practice that is consistent with PSIAS expectations. The EQA has identified areas where further development would be beneficial to delivery as well as contribute towards compliance with GIAS.
3	DELIVERY		Excelling – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices.

Summary of good practice identified within EQA

Standard	Good practice identified	Observation
1000	An Internal Audit Charter has been established and agreed with management and the Audit and Governance Committee (AGC) or equivalent.	The combination of the Charter and the Internal Audit Manual is comprehensive and establishes an appropriate framework against which internal audit services can be delivered in accordance with the PSIAS. Additionally, the NNCIAS team has produced material which supports the promotion of its services within clients.
1100	Independence and objectivity	A process is in place regarding the identification and management of potential conflicts and/or declarations of interest.
1311	The service has conducted internal assessment exercises regarding its performance.	Performance review is embedded within quality control procedures and supported by a staff appraisals process which identifies and supports performance development needs.
2020	Active engagement at Member and senior management level	Represents the establishment of a good understanding of key issues through routine interaction with management at all levels and Members.
2030	The need for appropriate internal audit resources has been recognised.	The concept of continuing to develop an in-house team supported by an external resource when appropriate provides for both sufficient resources and those of a technical or specialist nature.
2060	Reports are produced using a standard format which is consistently applied. Customer feedback is routinely requested.	Demonstration of a consistent approach to communication which is well received by management and the AGC – effective follow-up ensures issues are not lost.
2300	Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.	Effective supervision and review of progress ensures a consistent approach and delivery of the approved methodology.
2400	Internal auditors must communicate results of engagements.	The internal audit team routinely conducts clearance meetings which are documented with regard to the findings emerging from engagements.

Part one



Compliance with the Public Sector Internal Audit Standards

Business Vision and Mission, Governance arrangements, Recognition of standards, Charter, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

	Issue identified	Recommended action
1.	<p>Internal Audit Charter (IAC)</p> <p>The IAC states “6.1 The audit plan guides the work of the service during the year. The planning principles are:</p> <ul style="list-style-type: none"> • Focusing assurance effort on the most important issues, the key obligations, outcomes and objectives, critical business processes and projects, and principal risks; pitching coverage therefore at both strategic and key operational aspects; • Maintaining up to date awareness of the impact of the external and internal environment on control arrangements; • Using a risk assessment methodology to determine priorities for audit coverage based as far as possible on management’s view of risk in conjunction with other intelligence sources e.g. corporate risk register, audit risk scores; • Taking account of dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs, but recognising in a resource constrained environment there will be situations when not all needs can be met which is where risk management is key” <p>This is compliant with the PSIAS as based on risk and discussions with management it provides a robust basis for provision of the Annual Assurance Opinion in the Head of Internal Audit Annual report.</p>	<p>The Internal Audit Charter will need to be revised to meet the new requirements of the Global Internal Audit Standards, consequently take the opportunity to consider the value of including a statement to align the continuous development of successive internal audit plans with the provision of an annual opinion reflecting reliance on previous years internal audit work, the changing risk environment and the longer-term assurance needs of each client within perhaps a three-year planning horizon.</p> <p>Forming an independent assurance opinion in this way is aligned to later comments relating to development of a comprehensive Audit Universe in which sources of assurance are appropriately mapped and as a result designed to support the Governance Statement.</p> <p style="text-align: right;">PSIAS 1000</p>

	Issue identified	Recommended action
2.	<p>Quality Assurance Improvement Program (QAIP)</p> <p>NNCIAS has developed a QAIP process which itemises development and supervisory processes that contribute towards maintaining and evidencing appropriate review of the delivery of a quality service.</p> <p>The IAC states that this consists of:</p> <ul style="list-style-type: none"> • ongoing performance monitoring; • an annual self-assessment of the service and its compliance with the UK PSIAS; • an external assessment at least once every five years by a suitably qualified, independent assessor; • a programme of Continuous Professional Development (CPD) for all staff to ensure that auditors maintain and enhance their knowledge, skills and audit competencies; • the Chief Internal Auditor holding a professional qualification (current Chief Internal Auditor is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA)) and being suitably experienced; and • encouraging, and where appropriate acting upon, customer feedback. <p>The standards require a summary of the completion of the process and development opportunities to be recorded in the Head of Internal Audit Annual Report.</p>	<p>Consider:</p> <ol style="list-style-type: none"> Introducing a formal QAIP policy outlining the processes which support the statement in the Internal Audit Charter, Introducing a more detailed statement in the Head of Internal Audit Annual Report in which: <ul style="list-style-type: none"> - Confirmation that all measures contained in the process have been completed, - Performance data is continued to be summarised along with client feedback, and - How any significant deviations or development needs that have been identified will be resolved. This will include any revision of the services provided to comply with GIAS. <p>An example QAIP policy has been provided.</p> <p style="text-align: right;">PSIAS 1300</p>

	Issue identified	Recommended action
1.	<p>Audit Universe</p> <p>A stated previously, the current internal audit planning model is based on a risk assessment, identifying business objectives, key risks impacting those objectives and taking into consideration input from management and other key stakeholders</p> <p>Further development of this approach based upon the client's view of significant risk at both a strategic and operational level would enhance internal audits' ability to demonstrate a commitment to helping clients achieve objectives .</p>	<p>Whilst it is recognised that the maturity of client risk management processes is variable, it would be beneficial to increasingly align development of the internal audit planning system with each Councils risk management processes in order to ensure that resources were consistently focused on areas where assurance is required regarding the operation of policies, procedures and controls that mitigate the significant risks to which each Council is exposed at an inherent level.</p> <p>Global Internal Audit Standards anticipate alignment of risk registers with the internal audit universe.</p> <p style="text-align: right;">PSIAS 2000/2010</p>
2.	<p>Governance</p> <p>The standards require the CAE to provide an annual opinion regarding the effectiveness of governance arrangements, which is recognised within the IAC.</p> <p>Current planning includes various aspects of the governance process including Ethics, Conflicts of Interests and Members expenses.</p>	<p>In Local Government, each Council establishes a Code of Governance in accordance with CIPFA SOLACE – it would be beneficial to further map internal audit activity to the content of the Code within the Internal Audit Planning process in order to provide assurance at a level across all aspects of the Local Code of Governance within a defined planning period. This would contribute directly to the Annual Governance Statement through the assurance opinion in the Head of Internal Audit Annual Report.</p> <p>Consider also extending the explanation regarding the internal auditor's responsibility regarding assurance on Governance processes in the introduction of the IAC to define how the opinion is derived in practice.</p> <p style="text-align: right;">PSIAS 2110</p>

Competency continued

	Issue identified	Recommended action
3.	<p>Assurance mapping</p> <p>The CAE has recognised the need to “Undertake an assurance mapping exercise against the risks identified within client risk registers in order to highlight any gaps in the assurance framework”, as part of future audit planning.</p> <p>The NNC Strategic Risk Register currently analyses sources of assurance, although we understand that this is not the position at all clients particularly at an operational level.</p> <p>Internal Audit practice currently also identifies key controls and sources of assurance at an operational level, although this is not formally recognised, it is a function required of internal audit within PSIAS 2050 when planning internal audit activity.</p>	<p>Consider developing the internal audit methodology by formally documenting the sources of assurance available to internal audit within each engagement as part of routine planning processes at a strategic and engagement level. Assurances may be both internal and external.</p> <p>Use the accumulated knowledge gained to support the Annual Assurance opinion in the Head of Internal Audit’s Annual Report as is required by GIAS.</p> <p>PSIAS 2050</p>
4.	<p>Management Objectives</p> <p>Current NNCIAS practice is to define ‘Critical objectives for the area under review’ within the APR for each engagement. These are then supported by an analysis of ‘Risks and Control areas’ which will form the basis of the review.</p> <p>Consideration of ‘Managements Objectives’ is required by PSIAS 2201 if identified is likely to support a better understanding of the area to be reviewed along with a focus on the significant risks to the achievement of the stated objectives as agreed with management.</p>	<p>Consider reviewing the terminology used within the APR to reflect Management’s Objectives within the area for review. Consequently, base identification and discussion of risks in relating to the achievement of the agreed objectives.</p> <p>Consider introducing a ‘Heat Map’ process to then determine which are significant risks (as defined within the clients Risk Impact and Likelihood gradings) to agree those which will become the scope of the review, rather than extend the audit to a wider range of control areas.</p> <p>In each area to be reviewed, identify actual controls and the existing assurances that are available, this will assist in the development of assurance mapping and support the Annual opinion</p> <p>PSIAS 2201</p>

Competency continued

Issue identified

Recommended action

6. Grading of recommendations

The grading of recommendations currently reflect substantial, significant or operational risks identified within an engagement, without consistently reflecting the significant risk to the achievement of objectives at a recommendation or overall opinion level.

Category	Definition
High	Requires actions to avoid exposure to substantial risks in achieving objectives for the area.
Medium	Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Low	Action recommended to enhance control or improve operational efficiency.

The Internal Audit Team currently grades recommendations at three levels of risk - High, Medium and Low risk, as shown above.

As stated earlier, a significant feature of the PSIAS is a focus on significant risk and therefore aligning internal audit terminology with 'client speak' in terms of risk impact definitions may improve communication regarding findings, recommendations and opinions.

It would be beneficial to align future recognition of significance at planning and reporting stages and particularly regarding the grading of recommendations, with those impact definitions used within each Council's risk management process.

For example , that shown below reflects NNC definitions.

Impact Descriptors					
	Negligible (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Legal and Regulatory	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent and/or national public enquiry	Section 151 or government intervention or criminal charges
Financial	<£0.5m	<£1m	<£5m	<£10m	>£10m
Service provision	Insignificant disruption to service delivery	Minor disruption to service delivery	Moderate direct effect on service delivery	Major disruption to service delivery	Critical long term disruption to service delivery
People and Safeguarding	No injuries	Low level of minor injuries	Significant level of minor injuries of employees and/or instances of mistreatment or abuse of individuals for whom the Council has a responsibility	Serious injury of an employee and/or serious mistreatment or abuse of an individual for whom the Council has a responsibility	Death of an employee or individual for whom the Council has a responsibility or serious mistreatment or abuse resulting in criminal charges

This would assist in both agreeing the specific risk focus of each engagement as well in assessing the relative importance of findings at the exit meeting, grading recommendations and in providing an opinion within assurance reports.

Significance may however need to consider the most appropriate risk category, as financial risk will not always be the critical consideration.

Recognition of significance is enhanced within GIAS expectations and therefore formal recognition that matters of a very High and High (in a 5x5 matrix as above) will be beneficial in demonstrating future compliance.

	Issue identified	Recommended action	
1.	<p>Release of draft and final reports</p> <p>Reports are currently issued to clients by the auditor responsible for the engagement following approval by the CAE.</p> <p>It is understood that where an engagement includes a Critical Risk grading or limited/no assurance rating, this requires CAE authorisation, prior to holding a clearance meeting.</p>	<p>Consideration should be given to documenting the process for approval of a draft/final report in the Internal Audit Manual where significant risk or negative assurance opinions are to be reported. In addition, document the protocol for release of reports in the absence of the CAE.</p> <p>All reports should be issued in the name of the CAE and not the Author. Although not specially referred to in PSIAS or GIAS, we believe it is implied and recognises the status of the assurance opinion being provided.</p> <p style="text-align: right;">PSIAS 2440 DOMAIN V – Principle 15</p>	
2.	<p>Risk Management opinion</p> <p>Internal Audit has reviewed risk management processes which is consistent with the PSIAS and supports the opinion provided in the Annual Report.</p> <p>The opinion relating to risk management is achieved by consideration of both review of the process at a strategic level and supported by conclusions reached within individual engagements.</p>	<p>It would be beneficial to support the opinion by adding further clarification in the either the IAC and the Annual Report as to how in practice this is achieved, thereby also demonstrating the independence of the CAE, where appropriate.</p> <p style="text-align: right;">PSIAS 2120</p>	

	Issue identified	Recommended action
3.	<p>HolA Annual Report</p> <p>The terminology used by the CAE to express an Annual Opinion is understated as this currently reflects assurance regarding risk management, governance and control reflecting primarily the work of the internal audit team in the current year and supported by wider knowledge.</p> <p>The report also identifies risks or areas of concern that have been identified during the year, a summary of follow-up regarding recommendations and a brief statement regarding the QAIP.</p> <p>Standard 2060 does however also include reference to bringing the attention of the Audit and Governance Committee to assessment of the significant risks facing the organisation and any other assurance sources that have been recognised (rather than relied upon).</p>	<p>In practice the opinion is based upon a much broader knowledge of the client, gained through previous years programmes and that gained within and provided for within the continuous internal planning cycle, including discussions with management and reference to risk management processes.</p> <p>It would be good practice to support the comprehensive assurance opinion in relation to risk management, governance and control with broader reference to significant risks and other sources of assurance that are available (both internal and external), and, including reference to those within the risk management process which will have been subject to audit through any future assurance mapping objectives.</p> <p>In this form, the opinion would also better align with the required content of the Governance Statement in which significant risks are stated, and regarding which the CAE can address any concerns where the management response may be insufficient.</p> <p>Planning for continuous assurance over a defined period rather than on the basis of a single years' plan was reflected in R1.</p> <p style="text-align: right;">PSIAS 2060/2450</p>

Part two



Suggested enhancements for consideration

This section contains suggested enhancements to current practices which may benefit service delivery as well as significant additional matters which will need to be addressed in relation to demonstrating conformance with the Global Internal Audit standards wef 1 April 2025.

Suggested Enhancements for consideration

	Issue identified	Recommended action
1.	<p>Relationships with Senior Management and Audit and Governance Committee</p> <p>Only one of 14 respondents referred to knowledge of Internal Audit's role being gained from training, with most reflecting on experience within local government.</p> <p>NNCIAS provides a range of well-presented information in different forms to support and explain its role and the service provided, including relevant contacts and FAQ's on intranet pages.</p> <p>The CAE has produced and presented a paper on the implications of the new Global Internal Audit Standards to the Audit and Governance Committees.</p> <p>The Global Internal Audit Standards place a requirement on the CAE to "be well informed about leading governance principles, globally accepted governance frameworks and models, and professional guidance specific to the industry and sector within which the organization operates". Such a requirement is largely achieved through operating across five clients in the sector but if further enhanced will be beneficial in engaging with management and the Audit and Governance Committee regarding the wider assurance framework in relation to risk management and control.</p>	<p>The new standards in Domain III introduces enhanced requirements of Senior Management and the Board (in the form of the Audit and Governance Committee) regarding governance of the Internal Audit function.</p> <p>Whilst many build on existing requirements within PSIAS, there is an expectation to evidence that appropriate oversight, approval, support and championing of internal audit takes place.</p> <p>NNCIAS should therefore consider how this can be best demonstrated post 1 April 2025 and include training regarding critical aspects of delivery being:</p> <ul style="list-style-type: none"> - the establishment of a 'golden thread' within the assurance process, - the relevance of enhancing client risk processes including reference to inherent and residual risk, within client risk appetite, - the need to focus on significance, - resourcing, particularly regarding technology risk, - assurance mapping, - evidencing communication and positive involvement in internal audit planning. <p>DOMAIN III – Principle 6</p>

Suggested Enhancements for consideration

Issue identified	Recommended action
<p>2. Engagement Planning – Control Risk</p> <p>Whilst internal audit planning is being increasingly based upon a risk model as required by the PSIAS and GIAS, the process largely depends upon discussions with the management in pre-audit meetings and the maturity of the current risk management processes.</p> <p>The degree to which the internal audit methodology allows a focus on “Significance”, as opposed to covering ‘other risks’ is determined by each auditor and their supervisor.</p> <p>The ability of the internal audit team to target areas of greatest potential risk exposure which threaten achievement of Council objectives at a Strategic or Operational level may be better informed through increasing recognition of risk at inherent and residual (current) levels, although it is recognised that this may not be readily identified in all risk management processes currently.</p> <p>Inherent risk can beneficially be used within planning of reviews, whereas residual risk becomes more relevant following completion of the review in which the adequacy and effectiveness of the control framework has been assessed. The use and understanding of this process will introduce the concept of ‘Control Risk’ to the NNCIAS delivery and should help identify areas, where internal audit assurance maybe most beneficial.</p> <p>Control risk represents the difference in values between the inherent risk score and the residual risk score and reflects an assessment of how well the control framework operates or the potential risks if it were to fail.</p>	<p>Engagements should be increasingly constructed to reflect significant risks and aligned to Risk Impact definitions within the Risk Management Strategy of each client. This will also help ensure recognition of terminology throughout each Council.</p> <p>Assessment of ‘Control Risk’ in relation to the achievement of Management Objectives would focus reviews upon:</p> <ul style="list-style-type: none"> • Those risks where the assessment is that the combined impact/likelihood score has decreased most and where if assumptions are incorrect regarding reliance on current mitigating controls, critical business risk exposure may exist, • Risks where the value of ‘Control Risk’ is limited or zero and as a result suggesting the controls may be insufficient or ineffective, and • Key Controls (rather than a wider view of all controls which may have little impact on risk reduction or the achievement of business objectives). <p>By focusing on Management Objectives, significant risks and key controls there may be efficiencies to be gained within assignments through targeting resources to issues of greatest importance or concern.</p> <p style="text-align: right;">Domain IV – Principle 9</p>

Suggested Enhancements for consideration

	Issue identified	Recommended action
3.	<p>Confidentiality</p> <p>Internal audit reports are currently distributed with a clause restricting access “The final audit report will be circulated to those listed on the front page of the report, as agreed in the APR. Any wider circulation should be agreed with the Chief Internal Auditor. This report is classified as Official - Internal under the Council’s classification scheme”.</p> <p>It would be beneficial to also ensure that if viewed outside of the organisation no ‘legal responsibility’ is provided to those who may seek to rely upon the content..</p>	<p>The Internal Audit Team should consider the need to include appropriate further confidentiality and limitation of liability clauses in all reports which are or may be shared with clients, Audit and Governance Committees and third parties directly or indirectly.</p> <p>An appropriate clause may be: “This report provides an opinion on the effectiveness of internal controls and may provide reasonable, but not absolute assurance. This report has been prepared solely for the managers listed above and as such should not to be circulated beyond those named above without the express permission of the report author. No liability is therefore offered to third parties receiving a copy of the report”.</p> <p>DOMAINS II (5), IV (11.5) and V (15.1)</p>
4.	<p>Stakeholders</p> <p>Whilst the PSIAS does make reference to considering the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions (2010.A2), this expectation is enhanced within GIAS.</p> <p>NNCIAS recognises this within its Internal Audit Charter.</p> <p>The emphasis in Global Internal Audit Standards requires a need to evidence such understanding.</p>	<p>Consider how future internal audit activity may demonstrate appropriate consideration of other stakeholder expectations:</p> <ol style="list-style-type: none"> 1. In devising internal audit plans 2. When identifying Management Objectives in future audits. <p>Exploring opportunities to attend a wider range of management and Committee meetings, review of trends in incident, complaint and whistleblowing system will represent sources of engagement or information which can be used as evidence.</p> <p>PSIAS 2010 DOMAIN IV- Principle 11</p>

Suggested Enhancements for consideration

	Issue identified	Recommended action
5.	<p>Training</p> <p>NNCIAS currently maintain a training matrix showing nine areas where training may be required depending upon the role and grade of the staff member in the internal audit team.</p> <p>This is supported by robust supervision and a comprehensive 121 process administered on a quarterly basis.</p> <p>GIAS though includes raised expectations regarding planning and delivery of appropriate training, perhaps demonstrated best by the following extract: “To improve the quality of performing internal audit services, internal auditors should seek opportunities to learn about trends and best practices as well as emerging topics, risks, trends, and changes that may affect the organizations for which they work and the internal audit profession”.</p>	<p>It would be beneficial to strengthen the NNCIAS approach in this area to ensure alignment with all relevant processes and include within the QAIP. Areas’ worthy of consideration for inclusion in an enhanced training matrix include:</p> <ul style="list-style-type: none"> - Training provided in-house (mandatory or otherwise). - Internal audit skills training – interviewing, reporting etc - Technical training, perhaps linked to anticipated need within a 3-year planning horizon, - Softer skills training (GIAS refers to internal audit scepticism and being courageous). <p>DOMAIN II – Principle 3</p>
6.	<p>Integrity and Objectivity</p> <p>In addition to the observations above the new GIAS standards provide stronger focus on the need for internal audit to demonstrate a professional approach. Within relevant standards there is recognition that Internal auditors must “exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations”.</p> <p>There is also acceptance that support is required for internal auditors, and therefore the chief audit executive should “arrange opportunities for education and training as well as discussions of hypothetical and real situations that require making ethical choices”.</p>	<p>Whilst it is appropriate to recognise that dealing with difficult situations is gained through experience, a recognition should be included in future training provision regarding the:</p> <ol style="list-style-type: none"> 1) Relevance of ethical practice by internal auditors 2) Professional scepticism, and 3) Need to simulate situations where courage may be needed to manage the various difficult situations that an internal auditor may experience. <p>DOMAIN II – Principle 1.1 and 4.3</p>

Suggested Enhancements for consideration

	Issue identified	Recommended action
7.	<p>Final Communications regarding engagements</p> <p>GIAS states “A statement that the engagement is conducted in conformance with the Global Internal Audit Standards should be included in the final engagement communication”.</p>	<p>Current reports do not include such a statement.</p> <p>It would be beneficial to include as standard wording within the final paragraphs of future reports.</p> <p>DOMAIN V – Principle 15</p>
8.	<p>Unacceptable levels of risk</p> <p>As stated previously GIAS emphasises the importance on focusing upon significant risk. In respect of those risks which are above the risk appetite of the organisation it requires:</p> <p>“The chief audit executive must communicate unacceptable levels of risk. When the chief audit executive concludes that management has accepted a level of risk that exceeds the organization’s risk appetite or risk tolerance, the matter must be discussed with senior management. If the chief audit executive determines that the matter has not been resolved by senior management, the matter must be escalated to the board. It is not the responsibility of the chief audit executive to resolve the risk”.</p>	<p>Risk registers may naturally contain risks that are above the risk appetite of the organisation (perhaps normally recorded as red risks on a risk matrix).</p> <p>Where these occur, it is suggested that the CAE should ensure that documented evidence regarding any discussion with management or subsequent escalation is maintained in order to satisfy the standard, as well as potentially link to future internal audit planning which may or may not include such risks.</p> <p>DOMAIN IV - Principle 11</p>

Suggested Enhancements for consideration

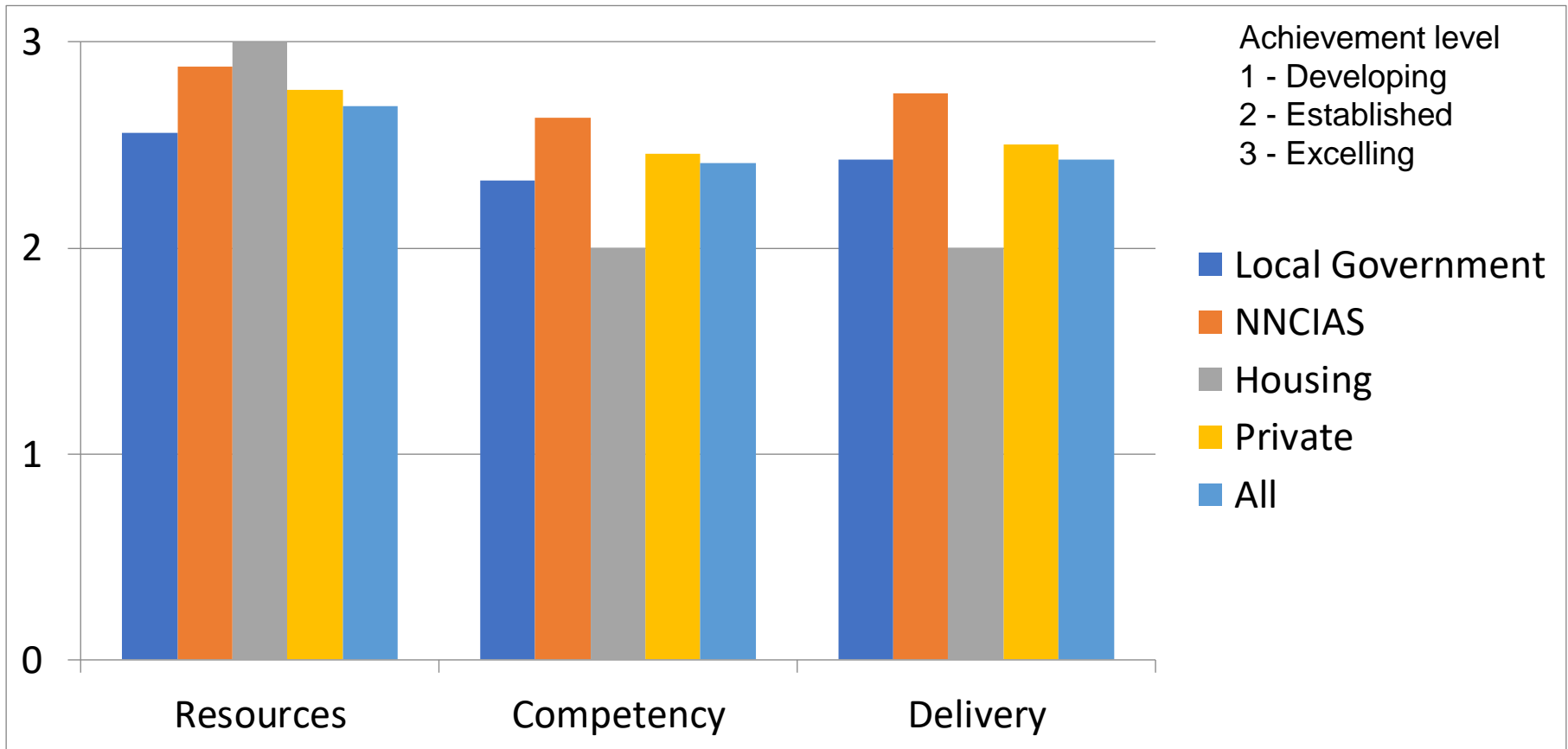
	Issue identified	Recommended action
9.	Update IA Manual The current internal audit manual provides comprehensive guidance regarding the conduct of internal audit within NNC and other clients.	The manual will require update in 2025/26 to define how the 15 Principles with GIAS will be reflected in the modifications to the current approach. DOMAIN IV (9.3) and Glossary
10.	Root Cause Analysis The new GIAS refer to evidencing internal audit findings through use of Root Cause Analysis (RCA). The implication being that the technique should be implicit in all internal audit engagements. Conduct of RCA can be resource intensive and its application may be best applied where matters of significance are concerned and with recognition of the principles of the “law of diminishing returns”.	Current practice demonstrates appropriate direction and effort to identify the root cause of events however it would be beneficial to consider how this can be best evidenced in future by inclusion of explanation within the internal audit manual and in practice within engagements. DOMAIN V
11.	Clearance meetings Existing documentation to support clearance meetings is variable, ranging from excellent and detailed to a limited record of the closure of a review which may be by email where no recommendations are being made. Nevertheless, the practice conforms with PSIAS. Instances were observed where ‘outcomes’ or ‘agreements’ made with management were not recorded.	Consider introducing a standard template for recording details of the material to be presented and the conclusions reached at clearance meetings. DOMAIN V (14.4)

Part three

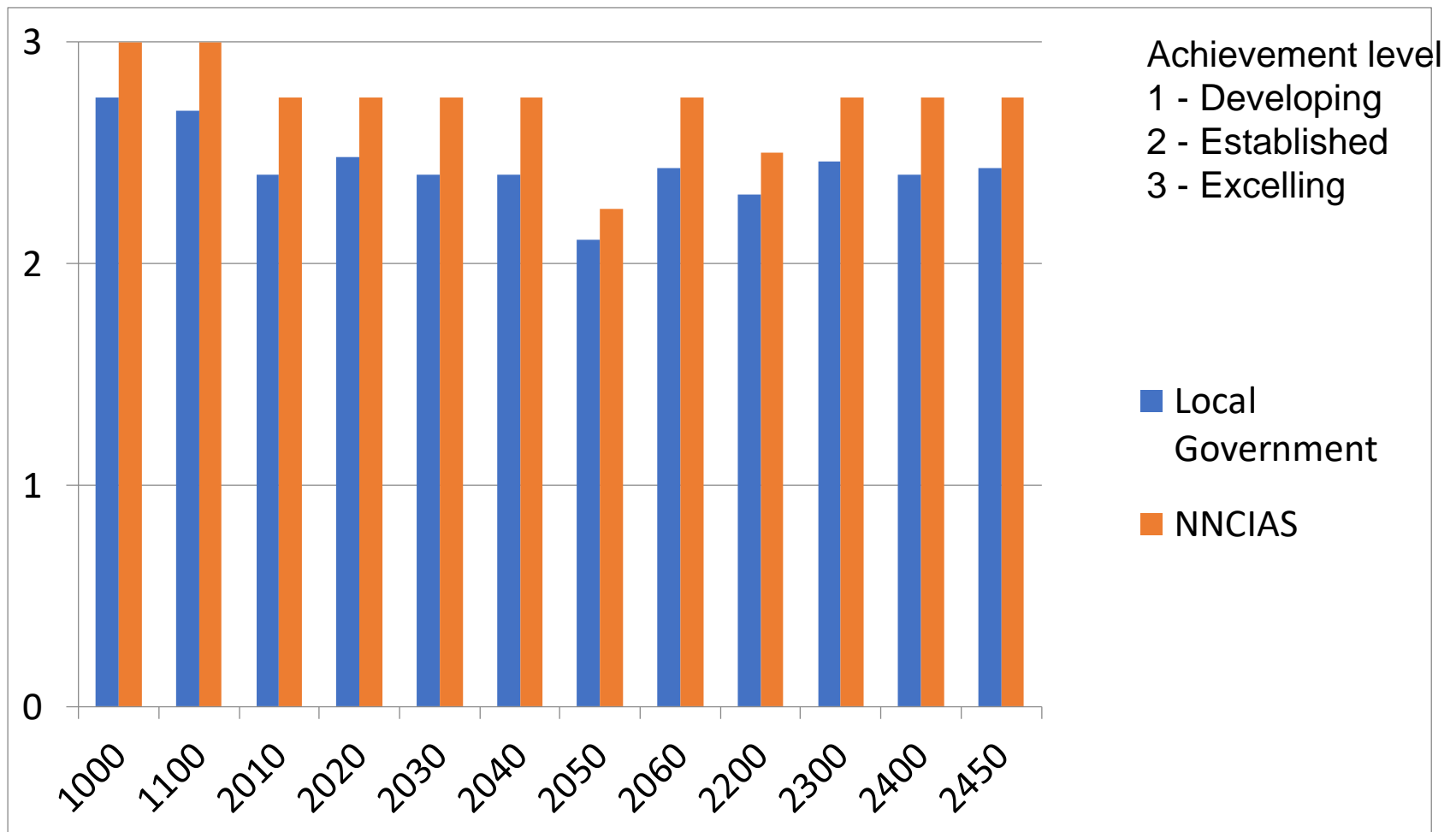


Benchmarking

Benchmarking - Sector analysis



Benchmarking - Industry analysis



Appendix



1. Summary of client feedback
2. Key IPPF/PSIAS standards assessed
3. Basis for EQA
4. Grading of recommendations

Summary stakeholder feedback

Question	Positive (%)	Negative (%)
I understand the primary role of Internal Audit regarding the provision of assurance relating to risk management, governance and control.	100	
Internal Audit is customer focused and understands what the organisation is trying to achieve. Auditors consider the viewpoint of the organisation when planning and undertaking reviews and aim to provide a good balance between assurance and opportunities for improvement.	100	
Internal audit has a presence throughout the organisation which is based on significant risk, is visible and approachable.	94	6
The Internal Audit team provides a flexible and reliable service which adds value through the assurance audits and additional work it undertakes.	100	
Internal Audit makes you aware of any significant issues that occur during an audit on a timely basis and you have the opportunity to respond or provide additional information.	100	
Internal audit has the skills to provide appropriate assurance and advice to meet our needs?	100	
Good practice and ideas from other organisations are shared through audits, day to day contact, meetings or other engagement methods.	94	6
Average	99%	1%

Conclusion:

Feedback from stakeholders confirms that clients consider that they receive a good quality internal audit service whose brief is clearly understood and the assurance and advice that is provided is well regarded. Observations was made regarding sharing best practice from within the sector and planning not necessarily focusing on significant risks.

Observations recorded

Other relevant observations

Internal Audit is led by a very professional and capable Head of Internal Audit

I feel my service has a very positive and collaborative relationship with the CIA and audit team, working through identified audits. The service is excellent..

The only area that I would appreciate more help with is testing and challenging our service risk register

We have excellent support from our audit team. They are always approachable and willing to provide input. The quality of the staff and knowledge is also of high quality.

Internal Audit understand the matters that they are providing assurance on. The assigned auditor works with me and my team and always understands the need to be flexible with timing of responses..

Recommendations are explained and agreed and generally backed up with practice from guidance or experience working with other LAs

I have worked with the Chief Internal Auditor for many years now and have always found her approachable and professional.

I have not had any good practise shared with me from other audits. I imagine that this information is accessible if individuals know where to look, but at this stage I do not.

Our Chief Internal Auditor is constantly looking to ensure that the organisation can improve its control environment in working with officers to ensure that risks are minimised. This work is undertaken in a collaborative way and as the s.151 officer I find the support of our Chief Internal Auditor invaluable in highlighting potential risks to the council.

Very satisfied with the professional and approachable service, which has supported both assurance and improvement work within the organisation.

Very supportive, approachable and willing to help as and when they are able. A true partnership.

Key PSIAS Standards assessed

(for benchmarking purposes)

Standard		Focus
1000	Purpose, Authority and Responsibility	The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i> . The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.
1100	Independence and Objectivity	The internal audit activity must be independent, and internal auditors must be objective in performing their work.
2010	Planning	The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
2020	Communication and approval	The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.
2030	Resource Management	The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.
2040	Policies	The chief audit executive must establish policies and procedures to guide the internal audit activity.
2050	Co-ordination	The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.
2060	Reporting	The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.
2200	Engagement planning	Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.
2300	Work programme	Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.
2400	Communicating results	Internal auditors must communicate the results of engagements
2450	Overall opinions	When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

Basis for EQA

Compliance with IPPF/PSIAS

- **Resources**

Business Vision and Mission, Governance arrangements, Recognition of standards, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

- **Competency**

Charter, Internal Audit Manual, Planning and Allocation of staffing, Recruitment (Numbers and skills), Training (Professional and Technical), Appraisal and Development

- **Delivery**

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

Grading of recommendations

- The grading of recommendations is intended to reflect the relative importance to the relevant standard within the Public Sector Internal Audit Standards (PSIAS).

Recommendation grading	Explanation
Enhance	The internal audit service must enhance its practice in order to demonstrate transparent alignment with the relevant PSIAS standards in order to demonstrate a contribution to the achievement of the organisations' objectives in relation to risk management, governance and control.
Review	The Internal audit service should review its approach in this area to better reflect the application of the PSIAS.
Consider	The internal audit service should consider whether revision of its approach merits attention in order to improve the efficiency and effectiveness of the delivery of services

- In grading our recommendations, we have considered the wider environment in terms of both the degree of transformation that is currently taking place as well as our assessment of the level of risk maturity that currently exists, as these will have a consequence for the conduct of internal audit planning as well as subsequent communication.

External Quality Assessment (EQA) Action plan

Area	Recommended action	Response	Action status as at April 2025
Resources	<p>R1 Internal Audit Charter</p> <p>The Internal Audit Charter will need to be revised to meet the new requirements of the Global Internal Audit Standards, consequently take the opportunity to consider the value of including a statement to align the continuous development of successive internal audit plans with the provision of an annual opinion reflecting reliance on previous years internal audit work, the changing risk environment and the longer-term assurance needs of each client within perhaps a three-year planning horizon.</p> <p>Forming an independent assurance opinion in this way is aligned to later comments relating to development of a comprehensive Audit Universe in which sources of assurance are appropriately mapped and as a result designed to support the Governance Statement.</p>	<p>The Internal Audit Charter is reviewed and updated annually and has been fully reviewed and amended to align with the Global Internal Audit Standards for April 2025.</p> <p>As North Northamptonshire Council was first formed in April 2021, it has taken time to reach a position where the Chief Internal Auditor is able to reflect on successive internal audit plans and assurances. It is considered that, following four financial years, it would now be appropriate to be able to reference this in the Internal Audit Charter.</p>	<p>Revised Internal Audit Charter and Mandate produced for approval by Audit Committee in April 2025.</p> <p>Complete</p>
Resources	<p>R2 Quality Assurance and Improvement Plan (QAIP)</p> <p>Consider:</p> <p>a) Introducing a formal QAIP policy outlining the processes which support the statement in the Internal Audit Charter,</p> <p>b) Introducing a more detailed statement in the Head of Internal Audit Annual Report in which:</p>	<p>A QAIP policy or protocol will be produced and adopted, to support the revised Charter.</p>	<p>Underway – to adopt by June 2025.</p> <p>Annual report to be</p>

Area	Recommended action	Response	Action status as at April 2025
	<ul style="list-style-type: none"> - Confirmation that all measures contained in the process have been completed, - Performance data is continued to be summarised along with client feedback, and - How any significant deviations or development needs that have been identified will be resolved. <p>This will include any revision of the services provided to comply with GIAS.</p>	<p>The 2024/25 annual report and opinion will include confirmation of compliance with the service's protocols and manual; performance data and any development needs highlighted in the QAIP. These areas have been included in previous annual reports and will be expanded upon in the 2024/25 report.</p>	<p>presented to Audit Committee in July 2025, in accordance with established practice.</p>
Competency	<p>Audit universe</p> <p>Whilst it is recognised that the maturity of client risk management processes is variable, it would be beneficial to increasingly align development of the internal audit planning system with each Councils risk management processes in order to ensure that resources were consistently focused on areas where assurance is required regarding the operation of policies, procedures and controls that mitigate the significant risks to which each Council is exposed at an inherent level.</p> <p>Global Internal Audit Standards anticipate alignment of risk registers with the internal audit universe.</p>	<p>The Chief Internal Auditor will work with the Council to build upon existing audit plan development processes, to ensure alignment with risk registers and support assurance mapping.</p>	<p>Audit planning for 2026/27 – March 2026</p>
Competency	<p>Governance</p> <p>In Local Government, each Council establishes a Code of Governance in accordance with CIPFA SOLACE – it would be beneficial to further map internal audit activity to the content of the Code within the Internal Audit Planning process in order to provide assurance at a level across all aspects of the Local Code of Governance within a defined planning period. This would contribute</p>	<p>The value of the Code of Corporate Governance, particularly in informing assurance work, had been raised by the Chief Internal Auditor during 2024/25 and this is a</p>	<p>To incorporate and document a review of the Code of Corporate Governance as part of the audit planning</p>

Area	Recommended action	Response	Action status as at April 2025
	<p>directly to the Annual Governance Statement through the assurance opinion in the Head of Internal Audit Annual Report.</p> <p>Consider also extending the explanation regarding the internal auditor's responsibility regarding assurance on Governance processes in the introduction of the IAC to define how the opinion is derived in practice.</p>	timely recommendation to support further alignment with this Code.	process for 2026/27 – March 2026.
Competency	<p>Assurance mapping</p> <p>Consider developing the internal audit methodology by formally documenting the sources of assurance available to internal audit within each engagement as part of routine planning processes at a strategic and engagement level. Assurances maybe both internal and external.</p> <p>Use the accumulated knowledge gained to support the Annual Assurance opinion in the Head of Internal Audit's Annual Report as is required by GIAS.</p>	Sources of assurance are already captured within the template Assignment Planning Record (APR) for every audit assignment. The Chief Internal Auditor will look to expand this through ensuring key assurances on the Council's strategic risks are captured within the annual report and opinion.	Annual report for 2025/26 – June 2026
Competency	<p>Management objectives</p> <p>Consider reviewing the terminology used within the APR to reflect Management's Objectives within the area for review. Consequently, base identification and discussion of risks in relating to the achievement of the agreed objectives.</p> <p>Consider introducing a 'Heat Map' process to then determine which are significant risks (as defined within the clients Risk Impact and Likelihood gradings) to agree those which will become the scope of the review, rather than extend the audit to a wider range of control areas.</p>	Every APR template already begins with the 'Objectives of the area' which is expected to capture the objective of the service area management, to then inform the risks for coverage. This can be re-titled 'Management's objectives' and the team will reflect on how this is informed. The Audit Manual will	Audit manual updates by July 2025

Area	Recommended action	Response	Action status as at April 2025
	<p>In each area to be reviewed, identify actual controls and the existing assurances that are available, this will assist in the development of assurance mapping and support the Annual opinion.</p>	<p>be expanded to ensure discussions taking place around risks in the planning meeting align with the Council's risk management terms and approach.</p> <p>The APR template already lists sources of assurance and controls for every risk.</p>	
Competency	<p>Grading of recommendations</p> <p>It would be beneficial to align future recognition of significance at planning and reporting stages and particularly regarding the grading of recommendations, with those impact definitions used within each Council's risk management process.</p> <p>This would assist in both agreeing the specific risk focus of each engagement as well in assessing the relative importance of findings at the exit meeting, grading recommendations and in providing an opinion within assurance reports.</p> <p>Significance may however need to consider the most appropriate risk category, as financial risk will not always be the critical consideration. Recognition of significance is enhanced within GIAS expectations and therefore formal recognition that matters of a very High and High (in a 5x5 matrix as above) will be beneficial in demonstrating future compliance.</p>	<p>In reviewing the Internal Audit Manual, consideration will be given to the definition of the recommendation gradings to align with the risk management framework.</p>	<p>Audit Manual review to be completed by July 2025.</p>

Area	Recommended action	Response	Action status as at April 2025
Delivery	<p>Release of draft and final reports</p> <p>Consideration should be given to documenting the process for approval of a draft/final report in the Internal Audit Manual where significant risk or negative assurance opinions are to be reported.</p> <p>In addition, document the protocol for release of reports in the absence of the CAE. All reports should be issued in the name of the CAE and not the Author.</p> <p>Although not specially referred to in PSIAS or GIAS, we believe it is implied and recognises the status of the assurance opinion being provided.</p>	<p>Under the existing Audit Manual, every audit report is reviewed and approved by the Chief Internal Auditor before issuing. The Audit Manual will be reviewed in light of the Global Internal Audit Standards and coverage on audit report review will be updated accordingly.</p> <p>A statement can be added around review of reports in the absence of the Chief Internal Auditor, to support resilience of the service delivery.</p> <p>The report template can be amended to include the Chief Internal Auditor's approval.</p>	<p>Audit Manual review to be completed by July 2025.</p> <p>As above.</p> <p>Report template amended to include Chief Internal Auditor's name. Complete.</p>
Delivery	<p>Risk management opinion</p> <p>It would be beneficial to support the opinion by adding further clarification in the either the IAC and the Annual Report as to how in practice this is achieved, thereby also demonstrating the independence of the CAE, where appropriate.</p>	<p>The annual report already reflects on assurances over risk management, including the rolling risk reviews introduced in 2022/2023. This will be expanded further in future reports.</p>	<p>Annual report to be presented to Audit Committee in June 2025, in accordance with established practice.</p>

Area	Recommended action	Response	Action status as at April 2025
Delivery	<p>HOIA annual report</p> <p>In practice the opinion is based upon a much broader knowledge of the client, gained through previous years programmes and that gained within and provided for within the continuous internal planning cycle, including discussions with management and reference to risk management processes.</p> <p>It would be good practice to support the comprehensive assurance opinion in relation to risk management, governance and control with broader reference to significant risks and other sources of assurance that are available (both internal and external), and, including reference to those within the risk management process which will have been subject to audit through any future assurance mapping objectives.</p> <p>In this form, the opinion would also better align with the required content of the Governance Statement in which significant risks are stated, and regarding which the CAE can address any concerns where the management response may be insufficient.</p> <p>Planning for continuous assurance over a defined period rather than on the basis of a single years' plan was reflected in R1.</p>	<p>In future annual reports, reference will be made specifically to the Council's key strategic risks and assurances relating to these.</p>	<p>Annual report to be presented to Audit and Governance Committee in June 2025, in accordance with established practice.</p>

External Quality Assessment (EQA) Suggested enhancements for consideration – Global Internal Audit Standards (GIAS)

No	Recommended action	Response	Action status / timeframe
01	<p>Relationships with Senior Management and Audit and Governance Committee The new standards in Domain III introduces enhanced requirements of Senior Management and the Board (in the form of the Audit and Governance Committee) regarding governance of the Internal Audit function.</p> <p>Whilst many build on existing requirements within PSIAS, there is an expectation to evidence that appropriate oversight, approval, support and championing of internal audit takes place.</p> <p>NNCIAS should therefore consider how this can be best demonstrated post 1 April 2025 and include training regarding critical aspects of delivery being:</p> <ul style="list-style-type: none"> • the establishment of a ‘golden thread’ within the assurance process, • the relevance of enhancing client risk processes including reference to inherent and residual risk, within client risk appetite, • the need to focus on significance, • resourcing, particularly regarding technology risk, • assurance mapping, • evidencing communication and positive involvement in internal audit planning. 	<p>To schedule training sessions with the Audit and Governance Committee to cover the key areas suggested and the wider GIAS implications for the committee’s role.</p> <p>To provide briefings to management teams on the requirements of GIAS, including attendance at management team meetings.</p>	<p>On a rolling basis during 2025/26 – March 2026</p>
02	<p>Engagement planning – control risk Engagements should be increasingly constructed to reflect significant risks and aligned to Risk Impact definitions within the Risk Management Strategy of each client. This will also help ensure recognition of terminology throughout each Council.</p> <p>Assessment of ‘Control Risk’ in relation to the achievement of Management Objectives would focus reviews upon:</p> <ul style="list-style-type: none"> • Those risks where the assessment is that the combined impact/likelihood 	<p>The assignment planning process already includes review of relevant risk register entries. This will be reviewed in the Audit Manual revisions to further align with risk management frameworks.</p>	<p>Audit manual update – July 2025</p>

No	Recommended action	Response	Action status / timeframe
	<p>score has decreased most and where if assumptions are incorrect regarding reliance on current mitigating controls, critical business risk exposure may exist,</p> <ul style="list-style-type: none"> • Risks where the value of 'Control Risk' is limited or zero and as a result suggesting the controls may be insufficient or ineffective, and • Key Controls (rather than a wider view of all controls which may have little impact on risk reduction or the achievement of business objectives). <p>By focusing on Management Objectives, significant risks and key controls there may be efficiencies to be gained within assignments through targeting resources to issues of greatest importance or concern.</p>		
03	<p>Confidentiality</p> <p>The Internal Audit Team should consider the need to include appropriate further confidentiality and limitation of liability clauses in all reports which are or may be shared with clients, Audit and Governance Committees and third parties directly or indirectly.</p> <p>An appropriate clause may be: "This report provides an opinion on the effectiveness of internal controls and may provide reasonable, but not absolute assurance. This report has been prepared solely for the managers listed above and as such should not to be circulated beyond those named above without the express permission of the report author. No liability is therefore offered to third parties receiving a copy of the report".</p>	<p>The template internal audit reports already include a statement that the report must not be shared with others without the agreement of the Chief Internal Auditor. This has been expanded to state that no liability is offered to third parties.</p>	<p>Complete</p>
04	<p>Stakeholders</p> <p>Consider how future internal audit activity may demonstrate appropriate consideration of other stakeholder expectations:</p> <ol style="list-style-type: none"> 1. In devising internal audit plans 2. When identifying Management Objectives in future audits. 	<p>The Chief Internal Auditor is already a regular attendee at a number of management meetings and reviews wider</p>	<p>Audit plan development for 2026/27 – March 2026</p>

No	Recommended action	Response	Action status / timeframe
	Exploring opportunities to attend a wider range of management and Committee meetings, review of trends in incident, complaint and whistleblowing system will represent sources of engagement or information which can be used as evidence.	intelligence to inform audit planning. Future audit planning will incorporate a stakeholder map to ensure appropriate coverage.	
05	<p>Training</p> <p>NNCIAS currently maintain a training matrix showing nine areas where training may be required depending upon the role and grade of the staff member in the internal audit team. This is supported by robust supervision and a comprehensive 121 process administered on a quarterly basis.</p> <p>It would be beneficial to strengthen the NNCIAS approach in this area to ensure alignment with all relevant processes and include within the QAIP. Areas worthy of consideration for inclusion in an enhanced training matrix include: - Training provided in-house (mandatory or otherwise). - Internal audit skills training – interviewing, reporting etc - Technical training, perhaps linked to anticipated need within a 3-year planning horizon, - Softer skills training (GIAS refers to internal audit scepticism and being courageous).</p>	<p>The training matrix will be reviewed to consider inclusion of the areas suggested, including softer skills.</p> <p>The Chief Internal Auditor is also already collating examples where team members have demonstrated the expected skills.</p>	Audit team meetings and development - September 2025
06	<p>Integrity and objectivity</p> <p>Whilst it is appropriate to recognise that dealing with difficult situations is gained through experience, a recognition should be included in future training provision regarding the: 1) Relevance of ethical practice by internal auditors 2) Professional scepticism, and 3) Need to simulate situations where courage may be needed to manage the various difficult situations that an internal auditor may experience</p>	Audit team meetings and development sessions will be used to share experiences and support team members in developing their confidence in such situations.	Audit team meetings and development - September 2025

No	Recommended action	Response	Action status / timeframe
07	<p>Final Communications regarding engagements</p> <p>GIAS states “A statement that the engagement is conducted in conformance with the Global Internal Audit Standards should be included in the final engagement communication”.</p> <p>Current reports do not include such a statement. It would be beneficial to include as standard wording within the final paragraphs of future reports.</p>	The audit report template will be amended to incorporate this statement.	April 2025
08	<p>Unacceptable levels of risk</p> <p>Risk registers may naturally contain risks that are above the risk appetite of the organisation (perhaps normally recorded as red risks on a risk matrix). Where these occur, it is suggested that the Chief Audit Executive should ensure that documented evidence regarding any discussion with management or subsequent escalation is maintained in order to satisfy the standard, as well as potentially link to future internal audit planning which may or may not include such risks.</p>	The Internal Audit guide already addresses this area. The Audit Manual wording will be reviewed to expand upon this further.	Audit manual update – July 2025
09	<p>Audit manual</p> <p>The manual will require update in 2025/26 to define how the 15 Principles with GIAS will be reflected in the modifications to the current approach.</p>	Audit Manual to be fully reviewed and updated to align with GIAS.	Audit manual update – July 2025
10	<p>Root Cause Analysis</p> <p>The new GIAS refer to evidencing internal audit findings through use of Root Cause Analysis (RCA).</p> <p>Current practice demonstrates appropriate direction and effort to identify the root cause of events however it would be beneficial to consider how this can be best evidenced in future by inclusion of explanation within the internal audit manual and in practice within engagements.</p>	To reflect on use of root cause analysis in team development sessions and formalise in the revision of the Audit Manual.	Audit manual update – July 2025
11	<p>Clearance meetings</p> <p>Existing documentation to support clearance meetings is variable, ranging from excellent and detailed to a limited record of the closure of a review which may be by</p>	An area already addressed during 2024/25 with a check	Audit manual update – July

No	Recommended action	Response	Action status / timeframe
	<p>email where no recommendations are being made. Nevertheless, the practice conforms with PSIAS.</p> <p>Consider introducing a standard template for recording details of the material to be presented and the conclusions reached at clearance meetings.</p>	<p>in all post audit completion reviews that clearance meeting records are retained. A template to be added to Audit Manual and required for all clearance meeting records going forward.</p>	<p>2025</p>

TITLE: Corporate risk management update

Committee: Audit Committee

Date: 15th July 2025

Author: Chief Internal Auditor

Report number: AA40

Contact officer:

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1.0 Issue

- 1.1. To provide the Committee with a copy of the latest Corporate Risk Register.

2.0 Recommendations

- 2.1. That the Committee notes the Corporate Risk Register, as set out in Appendix 2.

3.0 Background/Options

- 3.1. The Audit Committee is responsible for overseeing the Council's Corporate Risk Register and recommending revisions to the Council's Risk Management policy.
- 3.2. Updates on the Corporate Risk Register are provided on a six-monthly basis. The Audit Committee last received an update in February 2025.
- 3.3. The Corporate Risk Register (Appendix 2) has been updated to reflect the latest risks for the Council and to ensure that scoring reflects the current impact and likelihood of those risks materialising.

4.0 Arguments/Conclusions

- 4.1. The attached appendices inform Committee of the changes since the last report (appendix 1), with appendix 2 being the Risk Register itself.

5.0 Additional Implications Assessment

- 5.1 In the table below, please put Yes or No in each box:

Financial Implications	Legal Implications	Human Resources (HR) Implications
No	No	No
Equality Impact Assessment (EIA)	Carbon Impact Assessment (CIA)	Data Protection Impact Assessment (DPIA)
No	No	No

6.0 Appendices

Appendix 1 – Risk Register Update Report

Appendix 2 - Corporate Risk Register – July 2025

7.0 Background documents

N/A

Appendix 1 – Corporate Risk Management Report – July 2025

Background

1. Risk management is a key element of East Cambridgeshire District Council's Code of Governance.
2. The Audit Committee is responsible for overseeing the Council's Corporate Risk Register. Six monthly updates on the Corporate Risk Register are presented to the Audit Committee.

Corporate risk register updates

3. The Corporate Risk Register has been updated, and is attached at **Appendix 2**.
4. The register includes scores for **inherent** risks (before any mitigating controls are considered) and **residual** risk (after taking account of key controls, which are listed). Any planned actions to further mitigate risks are also shown.
5. Also included is a column capturing sources of assurance.
6. The risk scoring and rating is illustrated in the scoring matrix, which is also used to highlight the significance of the residual risks in a "heat map", which accompanies the Corporate Risk Register.
7. The Corporate Risk Register is reported to the Committee twice per year. Changes to the risk register, and relevant updates, are reported to the Committee for awareness. Current developments are detailed below:

Risk	Description
A8 In ability to deliver the Construction of the Bereavement Centre at Mepal in the existing Budget envelope	<p>Reduction in residual risk from 20 (likelihood 4 and impact 5) to 12 (likelihood 3 and impact 4).</p> <p>This is to reflect the fixed price JCT contract entered into in June 2025 following the Full Council approval of the budget at its meeting on the 22nd May 2025 and the allocation of additional CIL funding.</p>
C4 Failure to achieve compliance with Data Protection legislation (UK General Data Protection Regulations and Data Protection	<p>Increase in inherent risk from 15 (likelihood 3 and impact 5) to 16 (likelihood 4 and impact 4), with then the residual risk increasing from 8 (likelihood 2 and impact 4) to 9 (likelihood 3 and impact 3).</p> <p>This to reflect that human error can never really be removed from the equation, so it's appropriate that the likelihood be increased, but recognising that significant training is taking place, which it is believed will reduce the impact of any breach.</p>

Risk	Description
Act 2018) decisions are made.	

Corporate residual risk heat map

8. An updated risk heat map is included at **Appendix 3** which shows the residual risk level for each of the risks. This gives a quick view of where each risk sits in relation to the Council's risk appetite, i.e. any risks with a residual score greater than 15 would require formal monitoring.

Conclusion

9. Risk management processes follow good practice, and are considered proportionate. These are documented in a Risk Management Policy, with a supporting framework.
10. The Risk Management Group continue to review the Risk Register on a quarterly basis to ensure all risks are recognised and up to date.
11. The Council's Corporate Risk Register shows each risk and details the owner and the key controls, both in place or planned, designed to minimise any impact on the Council and its provision of services to stakeholders.
12. The Risk Management Policy requires managers to keep all risks under review, and the Corporate Risk Register has been updated accordingly.

Appendix 2 - Corporate Risk Register

Risk Management Group Meeting date: 19th June 2025

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
	CUSTOMER PERSPECTIVE															
A2	East Cambridgeshire Trading Company (ECTC) fails to deliver upon its Business Plan	Poor performance by the Company with a lack of challenge and oversight. Failure to embed effective governance arrangements and segregation of duty. Changing macro-economic environment. Failure to identify an ongoing pipeline of development opportunities.	Failing to achieve Corporate Plan and Medium Term Financial Strategy (repayment of loan). Reputational risk.	D-F	3	5	15 (A)	Business Plans, Articles of Association and Shareholder Agreements. Established shareholder arrangements. Regular reporting to Finance & Assets Committee (in remit as Shareholder committee). Company Business Plans include risk register. Independent Chairperson. Independent external audit review of accounts, and opportunity to commission ad-hoc advice if required. S151 Officer and Monitoring Officer are expected to attend Board meetings as representatives of the Council. Council has a Debenture Agreement in place providing security over all loan funding it provides to the Company	2	5	10 (A)	2025/26 Business Plan approved by Board and presented to Finance & Assets Committee in March 2025. An Internal Audit rolling risk review took place of this area in May / June 2023 2023/24 Statutory Accounts audited, approved at Board and presented to Finance & Assets Committee Internal Audit report of trading company governance issued in 2023/24. All identified actions completed.				

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
A3	Failure to deliver the housing strategy and provide affordable housing to residents within the District	Challenges to future supply due to housing market and Government policy.	Failure to deliver the Council's commitment to 'genuine affordable' housing.	D-C	3	4	12 (A)	<p>Council Support Programme to Community Land Trusts.</p> <p>Community Led Development SPD.</p> <p>Published Strategic Housing Market Assessment (SHMA)</p> <p>Loan provided to ECCLT to deliver 15 Shared Ownership Units in Ely.</p> <p>Approved £100k homes allocation policy.</p> <p>Establish relationship with Homes England and local allocation policy.</p> <p>First Homes Interim Policy Statement approved by Finance & Assets Committee in June 2022.</p> <p>Land supply monitoring report published.</p>	2	3	6 (A)	<p>Between 1 April 2023 and 31 March 2024, there were 154 affordable dwelling completions, which represent approximately 25% of gross dwelling completions in that year. This is one of the highest gross numbers of affordable housing completed in the District in the plan period and, when combined with the previous year, 489 affordable homes have been delivered in the past three years</p> <p>2023/24 AMR was published December 2024</p>	<p>Discuss pipeline with Homes England for grant funding.</p> <p>Existing affordable housing needs assessment, dated 2019, is being challenged as out of date. However still legally holds. Reiteration to developers that all schemes must be supported by their own viability assessment if any deviation from 20% allocation.</p> <p>Overarching Housing Strategy under development for June F&A Committee</p>	D-C	On-going	G
														D-O	On-going	G
														D-O	June 2025	G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
A4	Homelessness in the District	<p>Increase in homelessness driven by external factors such as the cost of living crisis (fuel and energy), Universal Credit and the Homelessness Reduction Act.</p> <p>Breakdown of relationships following Ukrainian's being taken into homes via the Homes for Ukrainian Scheme.</p> <p>Government's Asylum dispersal programme.</p>	Impact on the Council's finance and resources. Reputational risks.	D-O	4	5	20 (R)	<p>Frontline resources focussed on preventing homelessness.</p> <p>Council retained hostels.</p> <p>Housing now has community advice within the department meaning that residents now have a one stop shop for early intervention and homelessness prevention.</p> <p>Community bus visits various locations throughout the month to give advice on housing and community advice.</p> <p>Team continues to prevent homelessness. Bed and breakfast accommodation is only utilised in exceptional circumstances relating to specific individual needs.</p> <p>Resettlement Officer and additional admin. support recruited to assist with the Ukrainian schemes, funding available until Autumn 2024.</p> <p>Community Hub set-up.</p> <p>Working with multiple organisations, including SERCO who will be responsible for sourcing housing for Asylum dispersal programme.</p> <p>Maintenance of Foundry system.</p> <p>Housing register brought in-house at the Council from 1st November 2024</p> <p>Relationships with social housing providers.</p> <p>Changing Futures 3 year programme agreed.</p> <p>Second year investment in the 'Housing First' scheme to support vulnerable people and keep them in their own homes.</p>	3	3	9 (A)	<p>2020/21 Internal Audit of Homelessness – Satisfactory Assurance</p> <p>Annual homelessness count</p> <p>Homelessness and Housing Applications audit currently taking place</p> <p>Homelessness and rough sleeping strategy adopted in March 2025</p>	Working with Sanctuary to promote turnaround of voids.	D - O	On-going	G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
A5	Cost of living crisis impacting on the residents of East Cambridgeshire	<p>Increase in cost of utilities and food</p> <p>Increase in interest rates leading to increase in mortgage payments and other debts</p>	<p>Health and wellbeing compromised. Residents having to choose between fuel and food.</p> <p>Financial hardship could lead to homelessness.</p> <p>Increase in mental health issues</p>	D-O	4	5	20 (R)	<p>Cost of living support being provided by Housing Team.</p> <p>Cost of living pages on ECDC website</p> <p>Energy efficiency officers and Action on Energy website providing advice and sign posting on available funding for fuel and energy efficiency measures</p> <p>PECT – providing additional support on energy efficiency and funding for fuel</p> <p>Community hubs open throughout the district – Cambridgeshire Acre</p> <p>Sign post to food banks</p> <p>Joining up with community groups/voluntary organisations/CCC/PCN to ensure effective sign posting to most appropriate organisation.</p> <p>Funding available to those impacted by hardship and ensuring they access it, including Housing Benefit and the exceptional hardship fund (£10,000) set up by Council.</p> <p>Health and Wellbeing Strategy Approved at Operations Committee.</p> <p>Contact with those eligible for winter fuel grant / pension credit to support application.</p>	3	3	9 (A)	<p>Both CAWS and VCAEC grant funding approved at Committee in January 2024 for 3 and 2 years respectively.</p> <p>Health and Wellbeing Strategy Approved at Operations Committee in March 2024</p> <p>Performance Management information from ARP around the payment of Housing Benefit payments</p> <p>Supporting vulnerable people internal audit took place in 2024/25 – Substantial/Good Assurance.</p> <p>VCAEC and CAWS performance reports presented to Operational Services Committee in March 2025 and annual SLA in June 2025</p>	<p>Continue to collaborate with key delivery partners</p> <p>Keep up to date with available funding streams</p>	D-O	On-going	G
														D-O	On-going	G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
A7	Failing to deliver a cost effective, sustainable and high quality domestic Waste Collection and Street Cleansing Service	<p>Lack of clarity of legislative changes in relation to the implementation of the Environment Act including:</p> <p>Lack of guidance relating to extended producer responsibility payments and the impacts on Recycling credits</p> <p>Provision of net burdens funding to enable weekly food waste collections</p> <p>East Cambridgeshire Street Scene (ECSS) Ltd fails to deliver upon its Business Plan</p> <p>Due to:</p> <p>Increased financial pressures relating to variable costs currently caried by Provider/ECSS - fuel, vehicle maintenance, sickness</p> <p>Inability for Provider/ECSS to recruit and retain staff.</p> <p>Failure to achieve performance targets.</p> <p>Current MOA and service specification not fit for Purpose</p> <p>Poor Project implementation for new Waste Collection service</p>	<p>Failing to achieve corporate priorities</p> <p>Failure to achieve national recycling rates</p> <p>Inability to introduce new services</p> <p>Disruption or failure to service</p> <p>Significant reputational risk</p> <p>Significant cost pressures</p>	D-F	4	4	16 (R)	<p>RECAP Partnership and joint working with other Cambridgeshire collection and disposal authorities</p> <p>DEFRA confirmation of capital for new waste service</p> <p>New MRF and Waste bulking and Haulage contract in place from 1 September (3+2 yrs)</p> <p>Updated MOA which includes KPIs and review mechanism for overspends.</p> <p>Delineation of roles/ responsibilities for contract/ client-side management.</p> <p>Agreement from Council to implement new waste services from circa April 2026 (final date to be confirmed)</p> <p>New Joint Waste Project Board (ECSS and ECDC) set up to oversee implementation of service changes and additional project resource secured.</p> <p>ECSS Business Plan for Service Delivery</p> <p>Business Plans, Articles of Association and Shareholder Agreements.</p> <p>Established shareholder arrangements.</p> <p>Regular financial reporting to Operational Services Committee (in remit as Shareholder Committee).</p> <p>Company Business Plan includes a risk register.</p> <p>Independent Chairperson.</p> <p>Independent external audit review of accounts, and opportunity to commission ad-hoc advice if required.</p> <p>S151 Officer and Monitoring Officer are expected to attend Board meetings as representatives of the Council.</p> <p>All end of life vehicles replaced and vehicle maintenance and fuel contract procured by ECSS.</p>	2	4	8 (A)	<p>ECSS Business Plan approved by Board and presented to Operational Services Committee in March 2025.</p> <p>ECSS Quarterly performance reports presented to Operational Services Committee.</p> <p>ECSS Management Accounts reported to Operational Services Committee and minutes circulated to all Members.</p> <p>DEFRA confirmation received for capital funding for new Waste vehicles</p> <p>Internal Audit report of trading company governance issued in 2023/24, with all actions completed.</p> <p>Council approval for extension of MOA with ECSS to April 2026.</p> <p>EPR transitional funding confirmed for 2025/26.</p>	<p>New overall Waste and Street Cleansing Arrangement in place from 2026.</p> <p>Discussions to be continued to secure revenue funding for food waste implementation.</p> <p>Procurement underway to source Food Waste and refuse collection vehicles and bins prior to April 2026 deadline</p> <p>Review of ECSS contract and specification to implemented in line with new service roll out in 2026</p>	D-O	April 2026	G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
A8	Inability to deliver the Construction of the Bereavement Centre at Mepal in the existing Budget envelope	<p>Tendered construction costs exceeding FBC assumptions</p> <p>Unknown costs associated with works e.g. Groundworks</p> <p>Construction Market fluctuations (cost of materials and resource availability)</p> <p>Poor specification or over specifying of works required.</p> <p>Surveys show additional work required.</p>	<p>Unaffordable build costs</p> <p>Failure to deliver a Bereavement Centre</p> <p>Increased allocation of CIL or new allocation of borrowing required by the council</p> <p>Reduction in Service offer</p> <p>Reduction in agreed build (value engineering)</p>	D-O D-F	4	5	20	<p>A risk allowance fund (10%) being included in the build-up of the capital costs for the project.</p> <p>The full Business Case includes for the retention of construction professionals proven in the delivery of construction projects for crematoria.</p> <p>Fixed price JCT contract entered into June 2025</p> <p>Appropriate advice and consultancy to support final design of facility</p> <p>Project Manager appointed</p> <p>Tender exercise completed</p>	3	4	12	<p>Design team and project management procured.</p> <p>Embedded assurance audit in 2024/25 – initial report providing good assurance.</p> <p>Full Council Approved budget May 2025. CIL allocation secured.</p> <p>Fixed cost tender price returned. With risk budget allocation on both client side and contractor side</p>	Project mobilisation / commencement 19 th June. With start on site 4 th August	D-O	Aug 2025	G
	FINANCE AND RESOURCES															
B1	Inability to balance the Council's annual budget	<p>Reductions in public sector funding.</p> <p>Lack of opportunity to make savings or increase income levels.</p> <p>"Cost of living crisis" resulting in lost Council Tax receipts and increased direct costs to the Council as inflation increases.</p>	<p>Failure to spend in line with the budget in 2024/25.</p> <p>Failure to set a legal budget for 2025/26 in February 2025.</p>	D-F	3	5	15 (A)	<p>The 2025/26 Budget was approved by Full Council in February 2025.</p> <p>Quarterly budget monitoring reports are presented to Management Team and relevant Committees.</p> <p>Partnership working and on-going consideration of potential opportunities linked to key ambitions.</p> <p>Strong leadership from Members and officers.</p> <p>Use of Surplus Savings Reserve to balance budget.</p> <p>A balanced Budget for 2025/26 was approved by Full Council in February 2025.</p>	1	3	3 (G)	<p>2023/24 Internal Audit of Budgetary Control – Substantial / Good Assurance.</p> <p>Underspend of £2.877 million in 2024/25.</p>				

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
B2	Failure to achieve expected levels of development and planning gain	<p>The viability and delivery of residential and commercial development.</p> <p>Changes in legislation such as the Levelling Up and Regeneration Act.</p> <p>Reduction in Planning applications.</p>	Council failing to deliver its growth trajectory and not generating projected Section 106 and CIL income.	D-C	4	4	16 (A)	<p>CIL and Section 106 collection and monitoring</p> <p>CLT support programme</p> <p>Working with developers</p>	3	4	12 (A)	<p>In 2023/24 the Council recorded 616 dwelling completions (621 gross housing completions, minus 5 demolitions)</p> <p>Infrastructure Funding Statement 2023/24 was published December 2024</p> <p>5 year land supply report published in December 2024</p> <p>ECDC exceeded its Housing Delivery Test target for housing delivery in 2023 achieving a score of 113%</p>	<p>Respond to the outcomes of the Levelling Up and Regeneration Act.</p> <p>New major projects board – including early negotiations on s106 agreements.</p> <p>Actions from 2023/24 audit of CIL.</p>	D-C D-O D-C	On-going On-going	G G
B3	Inability to balance the Council's Medium Term Financial Strategy	<p>Reductions in public sector funding.</p> <p>Uncertainty and changes in Government funding such as the Fair Funding Review now expected from 1st April 2026, but very unclear the impact of this at this time.</p> <p>Lack of opportunity to make savings or identify additional sources of income.</p> <p>Failure to maximise the opportunity from partnership working.</p> <p>"Cost of living crisis" resulting in lost Council Tax receipts and increased direct costs to the Council as inflation increases.</p>	Failure to have a balanced budget beyond year 2 of the MTFS.	D-F	4	4	16 (R)	<p>Agree Medium Term Financial Strategy (MTFS) each February as part of budget setting process.</p> <p>The 2025/26 Budget (and MTFS) was approved by Full Council in February 2025 with 2025/26 and 2026/27 balanced.</p> <p>Partnership working and on-going consideration of potential opportunities linked to key ambitions.</p> <p>Strong leadership from Members and officers to identify savings / income generating opportunities in advance of need.</p> <p>Use of one-off funding from the Surplus Savings Reserve to balance future years is available until into 2027/28.</p>	3	4	12 (A)	<p>Underspend of £2.877 million in 2024/25 used to increase Surplus Savings Reserve</p> <p>Significant increase in Government funding in 2025/26 with the introduction of pEPR grants</p> <p>Internal Audit review of the medium term financial strategy process in 2024/25 gained an assurance opinion of good and substantial</p>	Savings and / or additional sources of income need to be found to balance MTFS in year 3 (2027/28) and future years	D-F	On-going	A
	PROCESSES AND SYSTEMS															

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
C1	Failure to maintain service delivery and support the community in the event of an unforeseen emergency or loss of resources	Major civil emergency potentially due to: <ul style="list-style-type: none"> • Loss of access to premises • Severe weather events (including from the impacts of climate change) • Fuel shortages • Communications failure • Pandemics • Loss of utilities • Terrorist events • Supply chain failure (including as a result of the war in Ukraine) 	Inability to access key staff or resources resulting in reduced ability to deliver services. Increased requests for Council resources and services Health and safety impact on staff and vulnerable residents Damage to Council property and impact on residents Reputation damage	CEX	3	4	12 (A)	Council Emergency and Business Continuity plans in place with ongoing review programme. Staff training and exercises, both internally and externally facilitated. Member of the Cambridgeshire and Peterborough Local Resilience Forum (CPLRF). CPLRF multi-agency emergency plans. ICT functionality allowing staff to work remotely where required. JESIP training for directors during 2024.	2	2	4 (G)	CPLRF monitoring of potential power outage scenarios over the winter. Mighty Oak exercise (work on power outages) completed in March 2023. W Coates Multi agency exercise took place in February 2023. Laws regulators - Security Industry Authority (SIA)	Legislation received Royal assent April 2025 – Terrorism (Protection of Premises) Act 2025 –implementation period of at least 24 months Investigate duties in respect of ECDC buildings & activities CPLRF considering issues around battery storage at renewable energy sites	HS A	Apr 2026	
C2	Loss of data or access to ICT systems due to a breach of information security and / or weaknesses in the IT infrastructure	ICT systems abuse, intrusion or failure. Cyber attack Under investment in IT infrastructure and lack of resource to implement change. Employees not having the right tools for the job to work efficiently. Hacking of third party system providers.	Business interruption resulting in reduced ability to deliver services. Not prepared for disaster recovery. Non-compliance with legislation, resulting in financial penalties and reputational risk. Inefficient working. Loss of data. Business disruption Penalties and costs associated with data breach. Reputational damage.	ITM	4	5	20 (R)	ICT Disaster Recovery Plan in place with annual testing undertaken. System and penetration testing regime. ICT Information Security Policy. Government Connect and Public Sector Network (PSN) compliance. Implementation of Office 365 Regular backups and restoration tests undertaken New ICT Information Security Policy approved. Regular phishing exercise for staff carried out. Password protocol in place. Annual GDPR including cyber awareness training carried out. Registered with NCSC for their Early Warning Service – this service sends notifications of cyber issues relating to Mail Checks and DNS Records. Reflect on lessons learnt from national incidents before purchasing new software.	3	3	9 (A)	Disaster Recovery exercise took place in September 2024 ICT Monitoring Strategy now in place PSN Compliance certificate awarded May 2024 Incident Management log prepared and regularly monitored 2023/24 Internal Audit assurances around cyber security and PCI DSS compliance.	Ransomware desktop exercise Application for 2025 PSN Compliance certificate currently being prepared Disaster Recovery exercise being planned	HS A ITM ITM	May 2025 Sept 2025	G G G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
C3	Non-compliance with legislative and regulatory requirements	<p>Changes in legislation from Central Government or Professional bodies can impact many areas, for example:</p> <ul style="list-style-type: none"> • health and safety, • equalities, • safeguarding, • environmental legislation, • employment law. <p>Introduction of new legislation – Terrorism (Protection of Premises) Act 2025 – implementation period of at least 24 months</p>	<p>Increased risk of harm due to noncompliance</p> <p>Financial penalties for non- compliance.</p> <p>Reputational risk.</p> <p>Increased insurance costs due to claims</p>	CMT	3	4	12 (A)	<p>Monitoring changes to legislation that impacts the Council. Topical examples include H&S sentencing guidelines, and earlier closedown of accounts.</p> <p>Procedural rules are changed as required and training delivered at least annually.</p> <p>Safeguarding Policy 2022. Safeguarding leads nominated and all staff trained in 2023.</p> <p>Health and safety management system.</p> <p>Disaster Recovery Plan and supporting systems / hardware.</p> <p>Equality, Diversity and Inclusion policy.</p> <p>Training on equality, diversity and inclusion for Members and officers rolled out.</p> <p>Equality monitoring reports published.</p> <p>Annual health and safety report presented to Finance & Assets Committee</p> <p>RIPA policy (Regulation of Investigatory Powers Act) and Covert Investigation Act Policy</p> <p>Annual RIPA monitoring report presented to Finance and Assets Committee (most recent report March 2025)</p> <p>Whistleblowing Policy</p> <p>Monitoring of mandatory training completion by CMT leads</p> <p>Member safeguarding training</p> <p>Building safety Regulator audit</p>	3	3	9 (A)	<p>Annual senior management assurance statements (AGS).</p> <p>2022/23 Internal Audit review of Assets of Community Value – Good / Substantial Assurance.</p> <p>2022/23 Internal Audit review of Safeguarding – Satisfactory Assurance</p> <p>2022/23 Internal Audit review of Enforcement Policy Compliance – Satisfactory Assurance</p> <p>Corporate Health and Safety policy approved by Finance & Assets Committee</p> <p>RIPA inspection in December 2023 provided assurance over compliance.</p> <p>Whistleblowing Policy approved by Finance & Assets Committee March 2024, with further update to Committee following external review of the Council's governance around the policy in November 2024</p> <p>Updated Equality, Diversity and Inclusion Policy approved January 2025</p>	<p>Building control – currently being audited by the Regulator. Good assurance with minor actions</p> <p>Internal Audit – ECDC</p> <p>Employment Rights Bill – third reading</p> <p>Building Supreme Court ruling – gender identity into Council policies</p> <p>Waiting guidance – Security Industry Authority (SIA) regarding Terrorism Act</p>	<p>D-O</p> <p>HS A</p>	<p>June 2025</p> <p>Apr 2026</p>	G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
C4	Failure to achieve compliance with Data Protection legislation (UK General Data Protection Regulations and Data Protection Act 2018)	Data breaches. Failure to meet legislation deadlines. ICT system failure / cyber-attack. Human error.	ICO monetary penalties, enforcement notices, prosecution. Compensation claims and reputational damage.	D-LS	4	4	16 (A)	All Council staff are required to undertake an annual online data protection training exercise. All new staff briefed at Corporate Induction. Data Breach Register maintained. Individual data breach recording form also completed for all breaches detailing risk assessment, investigation and recommendations made (and reviewed to ensure implementation). Record of Processing Activity in place and maintained by Information Officer. Member training provided as part of induction programme. Annual Report on Information Governance presented to Audit Committee. Phishing exercise rolled out to all staff.	3	3	9 (A)	2023/24 Internal Audit review of Information Governance gained Substantial Assurance for control design and Satisfactory Assurance for compliance. Annual report on Information Governance presented to July 2024 Audit Committee.	2024 Data Protection Training round currently being concluded.	D-LS	May 2025	G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
C6	Failure of corporate governance and counter fraud and corruption controls.	Attempts at fraud and corruption from internal or external sources are successful due to inadequate corporate governance and counter fraud controls.	Financial losses and reputational damage. Impact on service delivery.	CMT	3	3	9 (A)	<p>Gifts and hospitality registers.</p> <p>Counter fraud and ethical governance policies and procedures.</p> <p>Fraud awareness training module for staff – mandatory.</p> <p>Anti-money laundering policy is part of the Constitution.</p> <p>Internal control framework including segregation of duties and authorisations.</p> <p>Reviewed annually for Annual Governance Statement.</p> <p>Participation in National Fraud Initiative.</p> <p>Fraud awareness promotion on annual basis, with targeted reminders in year.</p> <p>Fraud reporting tool available internally and externally.</p> <p>Cambridgeshire Fraud Hub launched to reduce Council Tax fraud in March 2023.</p> <p>Introduction of £70 fine (from April 2025) for failure to declare change of circumstances for single person discount.</p>	2	3	6 (A)	<p>Annual senior management assurance statements (AGS).</p> <p>Annual letter sent to external auditors on any known cases of fraud.</p>				

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
C7	Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036	Failure to implement the necessary measures to reduce the Council's carbon emissions and put in place revised working practices that allow the Council to continue to operate effectively in a changing environment	<p>Direct impact on the assets and finances of the Council, including as examples, maintaining the temperature of buildings during hotter summers, longer grass cutting season impacting on Parks and more green waste impacting on the Waste Service.</p> <p>Impact on the residents of East Cambs and the potential additional support the Council needs to provide</p> <p>Reputational damage</p>	D-C	4	3	12 (A)	<p>Corporate Plan includes a priority to 'Enhance the natural environment and build on our sustainable goals' and an action to 'work with stakeholders and external organisations to further our sustainability goals and implement our Environment Plan', and a corporate action for 2024/25 related to climate change.</p> <p>Annual Climate Change budget allocated to demonstrate Council's commitment to acting on climate change and to enable the council to deliver climate related projects</p> <p>Environmental Action Plan published each June with results reported the following year</p> <p>Roll out of HVO use in refuse collection vehicles (80% of the Council's entire CO2e emissions)</p> <p>Solar Panels being fitted to the roofs of various Council buildings</p> <p>See risk C1 for key controls relating to severe weather events</p>	4	3	12 (A)	<p>Council has Investors in the Environment Silver Accreditation</p> <p>43rd out of 164 district councils in Climate Emergency UK's rankings for 2025</p> <p>We calculate and report the Council's Carbon Footprint on an annual basis</p> <p>134 members of staff have attended the Carbon Literacy Training and 90 completed the accreditation process.</p>	<p>Carbon Literacy training available for all staff and councillors</p> <p>Climate related actions in the Environment Plan top 20 Actions</p> <p>Climate related Corporate Plan Action for 2024/25 to deliver the Climate and Nature Top 20 actions for 2024 including a focus on water resilience, further nature improvements in our parks and open spaces, and hedgehog recovery projects.</p>	CM T		
C8	Local Government Reorganisation (LGR) – Inability to influence, secure and maximise the benefits from LGR for the residents of East Cambridgeshire AND maintain Council services during the period of change	<p>Inability to engage at the right level to influence the process / Government</p> <p>Preparedness for change</p> <ul style="list-style-type: none"> Resource change Staff retention Duplication of focus 	<p>Residents of East Cambs fail to benefit from the reorganisation, not least, by losing their sense of place.</p> <p>Staff feel unsure about role and therefore unmotivated.</p> <p>Disruption of Service / Difficulty with delivering services to residents</p>	CMT	5	5	25 (R)	<p>Cambridgeshire wide groups set up at political and Chief Executive level to try to get as much consensus as possible. Three shortlisted options to go forward to full business case development.</p> <p>Other countywide groups set up to gather / collate information and determine process at more granular level, including, as an example, resources</p> <p>District Council Network actively promoting the role of district councils at a national level.</p> <p>Ensure that all staff and members are fully informed as the process develops</p>	5	3	15 (A)	<p>Special regular Connect sent to all staff and members specifically about LGR</p> <p>Member seminars, informal member working party and staff briefings in diary</p>	<p>Creation of an internal project team to ensure staff and members remain fully updated as the process moves forward.</p> <p>Make representations to Government to ensure that the cost of change is covered.</p> <p>ECDC leading on Comms for C&P region</p> <p>Meetings with leaders and Chief Executive's in place throughout development of business case</p>	<p>D-O</p> <p>D-O</p> <p>D-O</p> <p>CM T</p>		

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
LEARNING AND GROWTH																
D2	Failure to deliver upon strategic development plans and requirements	<p>The Council not being able to demonstrate a five-year land supply for housing or an up-to-date Local Plan. However, on 21st April 2020 the Council did regain its five-year land supply, though developers are challenging this.</p> <p>Lack of up to date Local Plan.</p> <p>Lack of delivery of permitted schemes by developers.</p>	<p>Planning applications can only be refused if the adverse impacts significantly and demonstrably outweigh the benefits of the proposal, in accordance with the presumption in favour of the sustainable development.</p> <p>More speculative development.</p> <p>Not delivering quantity of housing/employment to meet needs of the district.</p>	D-C	3	4	12 (A)	<p>Development Management to manage speculative applications when submitted.</p> <p>Work with developers to help delivery of sites.</p> <p>Robustly defend appeals in order to maximise chances of success (note: ultimately, it will be a planning inspector, in reaching a decision on an appeal, which will determine whether the inherent risk materialises).</p> <p>Our latest Five Year Land Supply calculations demonstrate that the Council continues to have a very healthy supply of homes coming forward, of approximately 7 years' worth. This continues to put the Council in a very strong position should any developer attempt to challenge that it cannot demonstrate enough supply.</p> <p>Single Issue Review completed and amended Local Plan adopted by Council October 2023. The housing requirement figure in the Local Plan is now up to date.</p>	2		8 (A)	<p>Five Year Land Supply Report published in December 2024 – East cambridgeshire AMR 2023-24</p> <p>which confirms:</p> <p>6.28 years supply over the five-year period</p> <p>A further 6.80 years of pipeline supply, anticipated to come forward from year 6 onwards.</p> <p>A grand total of 13.08 years' worth of identifiable supply, for the full period 2024-2043</p>	Monitor Government proposals for planning.	D-C	On-going	G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
D8	Difficulties with staff recruitment, absence (including sick leave) and retention – leading to lack of resources	<p>Lack of staff resources in terms of numbers due to turnover, aging workforce or failed recruitment exercises.</p> <p>Lack of staff resources in terms of knowledge, skills and behaviours due to poor staff retention.</p> <p>National skills shortage for professional and technical roles.</p> <p>Local Government Reorganisation (LGR).</p>	<p>A shortage of staff in roles across the Council and a loss of knowledge and skills, could lead to service failure, which in-turn could result in an increased level of complaints, poor reputation and financial penalties from breaches in legislation or failure to follow rules, procedures and meet deadlines.</p> <p>More acute in areas with reliance on single officer.</p> <p>More challenging to recruit with lack of attractive terms and conditions, based on feedback from recent exercises.</p> <p>Increased costs in relation to recruitment campaigns and the cost of temporary staff.</p> <p>Less movement between authorities during the uncertainty of LGR</p>	CMT	4	4	16 (R)	<p>Investment in training and up-skilling existing staff.</p> <p>Absence Management policy.</p> <p>Management Development training has been delivered to all Service Leads and team leaders.</p> <p>Remote working policy.</p> <p>Service Delivery Plans presented to Policy Committees in March 2024.</p> <p>Use of market supplements</p> <p>Use of recruitment agencies where necessary.</p> <p>Starters and leavers report presented to Finance & Assets Committee.</p> <p>Review of exit interviews.</p> <p>Apprenticeship opportunities.</p> <p>Career scales.</p> <p>Succession Planning</p>	3	4	12 (R)	Six-month and annual reviews of Service Delivery Plans.	<p>CMT discussion on further options for maintaining staffing levels</p> <p>Staff comms regarding Local Government Reorganisation</p>	<p>CM T</p> <p>D-O</p>	<p>Mar 2025</p> <p>On-going</p>	<p>A</p> <p>G</p>

Corporate Priorities:

- 1 Sound Financial Management
- 2 Cleaner, Greener East Cambridgeshire
- 3 Sustainable Communities

Key to risk owners (above):

CEX	Chief Executive
D-CS	Director, Commercial Services
D-F	Director, Finance
D-LS	Director, Legal Services
D-C	Director, Community
D-O	Director, Operations
HSA	Health & Safety Adviser
HRM	Human Resources Manager
CMT	Corporate Management Team
ITM	IT Manager
H&CA-M	Housing & Community Advice Manager

Appendix 3 - Corporate Risk Register Heat Map

Summary of Residual Scores for Corporate Risks

Impact	Very High	5		A2			
	High	4		D2, A7	A8, B2, B3, D8		
	Medium	3	B1	A3, C6	A4, A5, C2, C3, C4		C8
	Low	2		C1, C7			
	Negligible	1					
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
			Likelihood				

Red scores – in excess of the Council's risk appetite. Action is needed to redress, with regular monitoring. In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Finance and Assets Committee and Council.

Amber scores – likely to cause the Council some difficulties (risk score 5 to 15) – six monthly monitoring.

Green scores (risk score 1 to 4) – low risk, monitor as necessary.

Code	Title
A2	East Cambridgeshire Trading Company fails to deliver upon its business plan and expected levels of performance
A3	Failure to deliver the housing strategy, and provide affordable housing to residents within the district
A4	Homelessness in the district
A5	Cost of Living crisis
A7	Failing to deliver a cost effective, sustainable and high quality domestic Waste Collection and Street Cleansing Service
A8	In ability to deliver the Construction of the Bereavement Centre at Mepal in the existing Budget envelope
B1	Inability to balance the Council's annual budget.
B2	Failure to achieve expected levels of development and planning income
B3	Inability to balance the Council's Medium Term Financial Strategy
C1	Failure to maintain service delivery and support the community in the event of an unforeseen emergency or loss of resources
C2	Loss of data or access to ICT systems due to a breach of information security or weaknesses in the IT infrastructure
C3	Non-compliance with legislative and regulatory requirements

C4	Failure to achieve compliance with the General Data Protection Regulations & Data Protection Act
C6	Failure of corporate governance and counter fraud and corruption controls
C7	Failure to achieve the Council's goal to be Carbon net zero by 2036
C8	Local Government Reorganisation
D2	Failure to deliver upon strategic development plans and requirements
D8	Difficulties with staff recruitment, absence and retention – leading to lack of resources

Audit Committee Annual Agenda Plan

Lead Officer: Ian Smith, Director Finance
Democratic Services Officer: Patrick Adams

Tue 21 October 2025	4:30pm
Chair's Announcements	Chair
Annual Governance Statement 2024/25 – Final Draft	Chief Executive
External Audit Update 2024/25	External Audit
Internal Audit Progress Report	Internal Audit
Annual Information Governance Report	Director Legal
Anti-Fraud and Corruption Strategy – Policy Update (Constitution)	Director Finance and S151 Officer
Actions taken by the Director Finance on the grounds of urgency (if any)	Democratic Services Officer
Forward Agenda Plan	Democratic Services Officer
Tue 2 February 2026	4:30pm
Chair's Announcements	Chair
External Audit – Audit of 2024/25 Accounts	External Audit
Internal Audit Progress Report	Internal Audit
Internal Audit Plan Development 2025/26	Internal Audit
Statement of Accounts 2024/25	Director Finance and S151 Officer
Corporate Risk Management Monitoring Report	Director Finance and S151 Officer
Actions taken by the Director Finance on the grounds of urgency (if any)	Democratic Services Officer
Forward Agenda Plan	Democratic Services Officer
Tue 17 March 2026	4:30pm
Chair's Announcements	Chair
External Audit Plan for 2025/26	External Audit
Internal Audit Work Plan for 2025/26	Internal Audit
Internal Audit Progress Report	Internal Audit
Internal Audit Charter and Mandate	Internal Audit
Audit Committee Annual Report 2025/26	Director Finance and S151 Officer
Actions taken by the Director Finance on the grounds of urgency (if any)	Democratic Services Officer
Forward Agenda Plan	Democratic Services Officer

Notes:

1. Agenda items which are likely to be “urgent” and therefore not subject to call-in are marked *
2. Agenda items in italics are provisional items / possible items for future meetings.