



East Cambridgeshire District Council

Meeting: Audit Committee

Time: 4:30pm

Date: Tuesday 16 July 2024

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

Enquiries regarding this agenda: Jane Webb

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Committee membership

Quorum: 3 members

Conservative Members

Cllr David Brown (Chair)

Cllr Keith Horgan

Cllr Kelli Pettitt (Vice-Chair)

Liberal Democrat Members

Vacant

Vacant

Substitutes:

Cllr Christine Ambrose-Smith

Cllr Lavinia Edwards

Cllr Lucius Vellacott

Substitutes:

Vacant

Vacant

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	5
To confirm as a correct record the Minutes of the meetings of the Audit Committee held on 19 March 2024	
5. Chair’s Announcements	[oral]
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NOTES:

- Members of the public are welcome to attend this meeting, but due to Covid-related room capacity restrictions, 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 www.eastcambs.gov.uk/meetings/audit-committee-160724 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://www.eastcambs.gov.uk/committees/public-question-time-scheme>
- 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.

4. 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@eastcambbs.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, 19 March 2024, at 4.30pm.

PRESENT

Cllr David Brown (Chair)
Cllr Keith Horgan
Cllr Lucius Vellacott (Substitute for Cllr Kelli Pettit)

OFFICERS

Ian Smith – Director Finance & S151 Officer
Maggie Camp – Director Legal & Monitoring Officer
Tracy Couper – Democratic Services Manager & Deputy Monitoring Officer

IN ATTENDANCE

Rachel Ashley-Caunt – Head of Internal Audit (IA)
Anne Wareham – Senior Accountant

36. **PUBLIC QUESTION TIME**

No public questions were received.

37. **APOLOGIES AND SUBSTITUTIONS**

Apologies for absence were submitted on behalf of Councillor Kelli Pettit and Councillor Vellacott was acting as substitute.

38. **DECLARATIONS OF INTEREST**

No declarations of interests were made.

39. **MINUTES**

The Committee received the Minutes of the meeting held on 5 February 2024.

It was resolved:

That the Minutes of the meeting of the Committee held on 5 February 2024 be confirmed as a correct record and signed by the Chairman.

40. **CHAIR'S ANNOUNCEMENTS**

The Chair highlighted that, following the decision at full Council on 20 February 2024 as part of the review of the Constitution, committee-related templates needed to be amended to reflect non-gender specific language.

The Chair also reported that he had received an update from the External Auditor (EY) on the consultations relating to future arrangements for the auditing of local government bodies. The two Central Government consultations reported on at the previous meeting now had ended and the outcome of these would be reported to a future meeting of the Committee. A further consultation by the Chartered Institute of Finance and Accountancy (CIPFA) had been published, with a closing date of 28 March 2024.

External Audit still intended to report in April/May 2024 on their Value For Money work and Audit Planning for the 2023/24 Audit.

41. **ANNUAL REPORT 2023/24**

The Committee considered a report (reference Y162, previously circulated) containing the Audit Committee's Annual Report for 2023/24.

The Director, Finance reported that this was the first report of this nature and that he would welcome views from Members regarding future content.

A number of questions relating to this Agenda item had been submitted by Members prior to the meeting and these, along with answers provided by officers, were set out in Appendix 1 to these minutes.

In response to a follow-up question by a Member, the Director, Finance gave further clarification on the remit of the Lay Member to be appointed to the Committee. The Chair added that it was anticipated that the Lay Member would be appointed at the Annual Council meeting in May 2024.

Members thanked the Chief Internal Auditor for their assistance with the Annual Report and commended the beneficial nature of recent meetings with the Internal Auditor.

A Member suggested that the most highly rated risks to the Council, as detailed in the Risk Register, could be included in future versions of the Annual Report.

The Chair stated that Committee Members would be considering a timetable for the self-assessment process for the forthcoming year.

It was resolved to RECOMMEND TO FULL COUNCIL:

That the Audit Committee Annual Report be approved.

42. **INTERNAL AUDIT CHARTER AND STRATEGY 2024/25**

The Committee considered a report (reference Y163, previously circulated) containing the Internal Audit Charter and Strategy.

The Chief Internal Auditor highlighted that the format of the Charter and Strategy had been fully reviewed in the preceding year, the content was unchanged and remained compliant with the Public Sector Internal Audit Standards (PSIAS).

A question relating to this Agenda item had been submitted prior to the meeting and this, along with the answer provided by officers, was set out in Appendix 1 to these minutes. In that connection, a follow-up question was raised by a Member regarding the qualifications and level/types of duties undertaken by the different levels of post within the Internal Audit Team and this was explained by the Chief Internal Auditor.

A Member enquired about the amendments made in the preceding year and the Chief Internal Auditor stated that the assurance levels had been amended to 'moderate' instead of 'satisfactory' and the impact/recommendation categories amended to 'High', 'Medium' and 'Low', as these were clearer and more widely understood terms. Members commended these changes and the inclusion of the Red/Amber/Green (RAG) ratings.

It was resolved:

That the Internal Audit Charter for 2024/25, as set out in Appendix 1 of the submitted report, be approved.

43. **INTERNAL AUDIT PLAN 2024/25**

The Committee considered a report (Y164, previously circulated) containing the draft Internal Audit Plan for 2024/25 which was recommended for approval by the Committee.

The Chief Internal Auditor explained the content of the Audit Plan and highlighted the Reserve List of Audits in Table 2 which could be included in the Plan in the event of additional capacity being identified, or covered through the rolling risk register reviews, or included in the audit planning process for 2025/26.

A number of questions relating to this Agenda item had been submitted by Members prior to the meeting and these, along with answers provided by officers, were set out in Appendix 1 to these minutes.

Follow-up questions were received from Members requesting an explanation of the term 'embedded assurance' in relation to the planned crematorium audit, proposed Member training on counter-fraud and whether the 210 audit days for 2024/25 was the same, more or less than in the preceding year. The Chief Internal Auditor explained the term embedded assurance and stated that the 210 audit days for 2024/25 was the same as in 2023/24. The Chief Internal Auditor also stated that a Members' briefing session on counter-fraud could be timetabled prior to an Audit Committee meeting.

In connection with the responses given, a Member requested that Members of the Committee be briefed on any significant issues identified during the key stages of the Crematorium audit, due to the importance of the project for the Council. The Chief Internal Auditor stated that she would consider and discuss with the Director, Finance how key findings could be shared between meetings of the Committee.

Questions were asked on the delivery of the Revenues and Benefits Partnership and Business Continuity Management audits and these were responded to by the Chief Internal Auditor.

A Member asked for the continuation of the real-time risk-based reviews and the Chair stated that priority setting for the programme of rolling risk reviews for the forthcoming year would be considered at the next meeting of the Committee.

It was resolved:

1. That the Internal Audit Plan for 2024/25, as set out in Appendix 1 of the submitted report, be approved.
2. That the Director, Finance, in consultation with the Chair of the Audit Committee, be given delegated authority to approve amendments to the Audit Plan, if required.

44. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report (reference Y165, previously circulated) advising Members of the work of Internal Audit completed for the financial year to date and the progress against the Internal Audit Plan.

The Chief Internal Auditor summarised the content of the update report and the outcome of the four audits completed since the last meeting of the Committee – Debtors (accounts receivable), Treasury Management, Budgetary Control, and Community Infrastructure Levy (CIL) Income.

A number of questions relating to this Agenda item had been submitted by Members prior to the meeting and these, along with answers provided by officers, were set out in Appendix 1 to these minutes.

The Democratic Services Manager responded to a follow-up question by a Member on the outstanding medium priority audit action on information governance relating to a 'data protection implications' field on Council report templates.

In response to a question, the Chief Internal Auditor explained the definition of a low priority risk.

With regard to the Community Infrastructure Levy (CIL) Income audit, a Member requested an update on the formalisation of processes and documentation and the Director, Finance agreed to provide this to Members of the Committee.

It was resolved:

That the progress made by Internal Audit in the delivery of the Audit Plan and the key findings, as set out in Appendix 1 of the submitted report, be noted.

45. **FORWARD AGENDA PLAN**

The Committee received the Forward Agenda Plan.

It was resolved:

That the Forward Agenda Plan be noted and the following item be added to the Plan for the July meeting:

Rolling Risk Reviews – Priority Setting

The meeting closed at 5.15pm.

Chairman:.....

Date:

**AUDIT COMMITTEE
19th MARCH 2024
QUESTIONS FROM MEMBERS OF COMMITTEE**

Questions received from the Councillor David Brown

Agenda Item 6 – Audit Committee Annual Review

<p>On Page 15, reference is made to the agreement to appoint a Lay Member, can we have a progress report on where we are with this?</p>	<p>It is anticipated that the Lay Member will be appointed by Annual Council on the 23rd May 2024. The Chief Executive and Director Finance will be initiating a recruitment process in line with CIPFA guidance.</p> <p>The Chief Executive and Director Finance are currently finalising the timetable and assessment criteria.</p>
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Agenda Item 7 – Internal Audit Charter and Strategy

<p>On Page 20 reference is made to the Internal Audit Team, could we have a breakdown of who is the team and who does what?</p>	<p>The Internal Audit service is delegated to North Northamptonshire Council and is delivered by the Internal Audit team employed by North Northamptonshire Council. The audits for East Cambridgeshire District Council are primarily delivered by a team which focuses on delivery of delegated services for a number of local authorities and can be supplemented by the wider audit team as needed.</p> <p>The team primarily working with East Cambridgeshire includes the Chief Internal Auditor, an Audit Manager, Principal Auditor, Senior Auditor and two Auditors. Within this team is a mix of professional qualifications (including ACCA, CIPFA and IIA) and backgrounds. The audits are delivered by a member of the team as allocated by the Chief Internal Auditor based on experience and skillset, and any work by Auditors is supervised by a Principal Auditor or Audit Manager.</p>
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	All audit work is signed off by the Chief Internal Auditor before reports are issued.
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Agenda Item 8 – Internal Audit Plan

Could we have some idea/detail of what Counter-Fraud work involves in practice?	Support with reviewing policies; sharing of alerts / updates; promotion of policies and annual Fraud Awareness Week; daily monitoring of the Report Fraud mailbox and handling of any referrals; providing counter fraud training for officers.
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Agenda Item 9 – Internal Audit Progress Report

On Page 50 reference is made to 20% of credit notes lacking evidence. Can we have further information and assurance as to how this is/has been addressed?	The primary reason for this related to income ECDC received for invoices to Sanctuary for work invoiced by ECDC on behalf of the Trading Company (TC) as, at the time, Sanctuary did not have the TC set up on their system and as such would not accept charges for them. ECDC therefore raised a credit note to the TC, so they received the income. After a lengthy process an account has now been set up with Sanctuary to invoice the TC direct so this will not reoccur.
On Page 51 – Treasury Management, first bullet point, can we have an update on whether the discrepancies identified have been resolved?	This was a timing issue, with one document having been updated and the other one not, this has been resolved since the audit was undertaken.
On Page 53, first line, is there a definition of “significant budget variances”?	The Constitution does not define ‘significant budget variances’ but, in practice, this is applied to any in-year variance of over £10,000.
On Page 53, CIL section, 2 nd paragraph what does IFS stand for?	Infrastructure Funding Statement
On Page 53, CIL section. Given the importance of CIL funding, now and into the future can we have some assurance as to how monies are being collected	The procedure notes for the identification of CIL monies due and the collection of the income in line with trigger points have been updated and include the following key controls:

<p>correctly, both in terms of amounts and timeliness?</p>	<ul style="list-style-type: none"> • Identifying CIL monies due, from completed planning applications and flagging of these on the system • Identifying trigger points and monies due • Verifying self-build status properties after three years • Handling and approving variation requests • Reconciliation of financial information <p>In addition to this, to ensure that recovery action is being taken in a consistent and timely manner, monthly management reporting on outstanding balances has been formalised and regular meetings are taking place. This provides oversight of the monies outstanding, actions being taken and sanctions applied.</p>
<p>On Page 60 – Information Governance, can we have an update on progress with the DPIA mandatory field?</p>	<p>The Director Legal has discussed this with the Democratic Services Manager. As the Democratic Services Manager has received a number of requests for fields to be added to the report template, it is proposed that a report will be presented to CMT in May 2024 to consider.</p>

Questions received from Councillor Lucius Vellacott

Agenda Item 6 – Audit Committee Annual Review

<p>(4.9): What will the <u>remit</u> of the Independent Lay Member be?</p>	<p>The Independent Lay Member of the Committee, will be a vital member of Committee assisting in debates, but will not have any voting rights.</p>
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Agenda Item 8 – Internal Audit Plan

<p>Are risks A6 and A7 specifically reviewed regularly under ‘Risk Management’?</p>	<p>All risks on the Risk Register and reviewed quarterly by the Risk Management Group and half-yearly by the Audit Committee.</p>
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	<p>In addition, the rolling risk review process can be used to further review any risk entry, with the Audit Committee being able to determine the priority risks for coverage.</p>
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Agenda Item 9 – Internal Audit Progress Report

<p>(Table 2): Could we please have a list of the overdue 'low priority' recommendations?</p>	<p>We do not usually report on low priority actions as they are not considered to pose a risk, rather to improve existing arrangements. This is intended to support the Committee in focusing on the areas of risk.</p> <p>At the time of reporting, there were two low priority actions outstanding, however both have since been closed.</p>
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East Cambridgeshire District Council Interim Value for Money Report

Year ended 31 March 2023

8 April 2024

8 April 2024



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

Dear Audit Committee Members

2022/23 Interim Value for Money Report

We are pleased to attach our Interim Value for Money (VFM) arrangements commentary report, for East Cambridgeshire District Council. This commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit year 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. The National Audit Office (NAO) issued a consultation on 8 February 2024 seeking views on changes to the Code of Audit Practice (the Code) to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements. The consultation proposes to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. At this stage, we are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code.

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

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 16 July 2024.

Yours faithfully

Mark Hodgson

Mark Hodgson

Partner

For and on behalf of Ernst & Young LLP

Encl

01 Executive Summary



02 Value for Money Commentary



03 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.psa.co.uk/auditquality/statement-of-responsibilities/>). 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 sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to Audit Committee and management of East Cambridgeshire District Council (the Council) in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of the 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 the 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

Executive Summary

Executive Summary

Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this interim commentary is to explain the work we have undertaken during the period 1 April 2022 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit year 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and
- Summary of arrangements over the period covered by this report (Appendix A).

We will summarise our final view of the value for money arrangements as part of the Auditor's Annual Report once the audit report has been issued for 2022/23.

Executive Summary (continued)

Risks of Significant Weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with management and key officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements.

We identified a significant risk related to 'Governance - How the Council ensures that it makes informed decisions and properly manages its risks' as part of our risk assessment procedures. We set out our planned response to address this risk in the table below.

Description of risk identified	Work planned to address the risk of significant weakness
<p>The Council did not publish its Draft Statement of Accounts by the target date outlined in the Accounts and Audit Regulations 2015 (31 May 2023). The unaudited statements were published 29 September 2023.</p> <p>The issue above is evidence of a potential weaknesses in proper arrangements for supporting its statutory reporting requirements and effective processes and systems for accurate and timely management and financial information - Governance - How the Council ensures that it makes informed decisions and properly manages its risks.</p>	<p>Reviewing the Council's Statement of Accounts publishing arrangements.</p>

Executive Summary (continued)

Reporting

Our interim commentary for 2022/23 is set out over pages 10 to 13. The interim commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2022/23.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2021/22 Auditor's Annual Report and have been updated in respect of 2022/23.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	Significant risk identified	No significant weakness identified
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	No significant risks identified	No significant weakness identified

Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2023

Ernst & Young (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 year end 30 June 2023:

[EY UK 2023 Transparency Report | EY UK](#)



02

Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with Management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2023. Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

The final outturn on the General Fund for the year was a surplus of £1.747 million, compared to the budgeted breakeven position. The underspend predominantly related to additional income receipts from interest and financial transactions and higher than budgeted income from E-space centres and Central Government as part of Business Rates and unbudgeted new burdens grant income from Government.

A total of £1.984 million of planned and approved Capital Spending costs were underspent due to slippages or delays in the Capital Programme, and £1.237 million of these costs will therefore carry forward into future financial years budgets.

During the year, the Council have continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services. The Council's published financial information shows a balanced budget for the financial years 2023/24 to 2024/25, which utilises the Surplus Savings Reserve to achieve the balanced position. Subsequent to those years, savings of £1.645 million need to be identified in 2025/26 and £4.797 million in 2026/27 to achieve an in year balance budget.

At the 31 March 2023, the Council held a Surplus Savings Reserve balance of £8.6 million, which is in addition to the minimum level of the General Fund balance (set at £1.063 million). Together with further Earmarked General Fund Reserves of £15.636 million, this provides a strong level of resources if future savings are not identified or achieved in each of the 4 financial years of the Medium Term Financial Strategy, allowing the Council to continue to deliver the current level of services.

The Council should continue its scenario assessment of the savings requirement and continue to identify relevant schemes to achieve the annual savings requirements to minimise the use of reserves where possible.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2023. In 2022/23, we did not identify a risk of significant weakness in arrangements in place to ensure sound governance.

The Council have continued to manage governance considerations in response to the current challenges such as the conflict in Ukraine and the cost-of-living crisis, including in partnership working and delivery of services with other local authorities. The Council reviewed the Budget Setting Report in February 2022, with the Medium Term Financial Strategy being updated during the year. Both documents were taken to the Finance and Assets Committee before final approval at Full Council, which ensures that all Members are kept well informed of the process.

The Council's Annual Governance Statement sets out the core governance arrangements for the year, including the Council's actions and developments during the year, which demonstrates how the Council's Code of Governance reflects the seven principles of good governance. The Head of Internal Audit concluded that for the 2022/23 financial year, 'Satisfactory Assurance can be given over the adequacy and effectiveness of the Council's control environment for 2022/23'.

Updates on the Corporate Risk Register are provided on a six-monthly basis to the Audit Committee meeting to reflect the latest risks for the Council and to ensure that scoring reflects the current impact and likelihood of those risks materialising.

The Council chose not to publish its Statement of Accounts by the target dates outlined in the Accounts and Audit Regulations 2015 (being the 31 May 2023). The unaudited statements were published on the 29 September 2023. The Council did set out in its statutory notice, published on Council's website, the reasons for not being able to publish the draft Statement of Accounts by the 31 May date. The delay was caused by prioritising the closure of the 2021/22 Statements of Accounts audit, and gaining confirmation of brought forward balances from the 2021/22 audit, that in turn impacted the preparation of the 2022/23 Statement of Accounts.

The Council did properly advertise and held the inspection period for members of the public to inspect the Statement of Accounts in line with Accounts and Audit Regulations 2015. We confirm that the 2022/23 draft Statement of Accounts were arithmetically correct, agreed to the data in the general ledger, and prepared in line with the content required by the CIPFA Code. The Council has also performed bank reconciliations during the 2022/23 financial year.

Whilst we raised the issue above, as a significant risk of weakness (See page 6) we are satisfied that the Council did appropriately set out the reasons for the delay within its Statutory notice, and did subsequently publish the 2022/23 Statement of Accounts as soon as was practicable.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to ensures that it makes informed decisions and properly manages its risks.

Value for Money Commentary (continued)

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

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2023. In 2022/23, we did not identify a risk of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness.

The Corporate Plan sets out the Council's priorities which the Council call 'future promises and commitments'. The Council monitors the provision of services against these commitments, with quarterly budget monitoring reports presented to the Corporate Management Team, and then to the Finance and Assets Committee.

Monitoring of the Corporate Plan and the progress of actions to address the requirements of the plan is through discussion at Corporate Management Team, with subject papers taken to relevant Committees on an ad-hoc basis. The nature of monitoring is therefore dependent on the nature of the service provided and the commitments made.

The Council worked to ensure that there was no requirement for a Council Tax increase in 2022/23 and have also committed to keeping free parking at the Council's city and town centre car parks. Other outcomes against the five priority areas identified by the Council within the Corporate Plan can be seen within the Council's Narrative Report as part of the Statement of Accounts.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to ensure it uses information about its costs and performance to improve the way it manages and delivers its services.



03 Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting criteria considerations	Arrangements in place
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	Each year the Finance team prepares a budget for the budget year, and the Medium Term Financial Strategy (MTFS) which sets out indicative budgets for three further years. The MTFS includes assumptions about all known expenditure and income over that period. This is taken to Full Council in February each year for approval. The Council prepares a capital strategy alongside the revenue budget for the same time period, with the revenue implications of the capital strategy included within the revenue budget. The council takes into account all the expected financial pressures based on the available information.
How the body plans to bridge its funding gaps and identifies achievable savings	<p>The Council's published Medium Term Financial Strategy and supporting budgets for the financial years 2023/24 to 2024/25, was balanced via the use of the Surplus Savings Reserve, with savings of £1.6 million to be identified in 2025/26.</p> <p>The 2022/23 budget has also been balanced through the use of the Surplus Savings Reserve. The Council's objective is always to have a balanced budget in each of the next two financial years when the budget is approved in the February of each year, to demonstrate that the Surplus Savings Reserve provides sufficient headroom to manage funding gaps. The 2023/24 budget was approved in February 2023. The options considered by the council to balance the future year budgets to achieve efficiencies in the cost of service delivery, reductions in service level, increase the income from fees and charges and commercialisation via its trading companies.</p>
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The budget setting process allows for the consideration of budget changes service by service, based on how the changes support the council's priorities and impact service delivery. The production of the Medium Term Financial Strategy is to set a robust financial framework for the Council's medium term plans, to plan sustainable service delivery within a balanced budget and over the next four year life of the MTFS. The Council have recognised challenges in 2022/23 in respect to the "cost of living crisis" linked to inflation. Considerations have been taken and built in the budget to acknowledge this.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting criteria considerations

Arrangements in place

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

The Council have joint arrangements in place with other local Council's to achieve effectiveness and efficiency of service delivery, including the Anglian Revenues Partnership (ARP) who provide services linked to local taxation collection and administration of housing benefits. Finances are planned through the Medium Term Financial Strategy (MTFS) and budget setting processes. The Council's Corporate Plan is also presented and approved at Full Council each year. This sets out the wider objectives and key priorities of the Council in respect of service delivery.

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Budgets are produced in line with expected income and expenditure based on the current knowledge of the Finance team. The key assumptions are set out in the Medium Term Financial Strategy (MTFS). The Council's Chief Finance Officer has set the minimum level of reserves for the General Fund at a level that is equivalent to 10% of the Council's net operating budget. In addition, the Council currently holds a 'Surplus Savings Reserve', derived from planned savings schemes set up as part of the annual budget setting process. Together, these provide Management with confidence that if unavoidable overspends did occur these could be managed through the Council's existing reserves balances. The Medium Term Financial Strategy sets out risks and uncertainties that could impact the Council's financial position.

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting criteria considerations

Arrangements in place

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council maintains a 'Corporate Risk Register' that is reviewed quarterly by the Risk Management Group and is presented to Audit Committee twice a year. The Council's Internal Auditor supports the production of the Council's Annual Governance Statement each year, feeding in their observations on internal control as identified through the audits that they have completed during the year. The Internal Audit Annual Report is presented to the Audit Committee which provides an overall audit opinion, alongside details of the individual audits undertaken during the year to reach the final opinion.

How the body approaches and carries out its annual budget setting process

An updated Medium Term Financial Strategy (MTFS) is taken to the Finance and Assets Committee in September each year, providing the initial budget for the following financial year, with forecasts across the remaining 3 years of the Medium Term Financial Strategy (MTFS) life (i.e. The MTFS is a rolling 4 year strategy). Following this meeting, the draft budget report is developed into a full annual budget, including the impact on Council Tax requirements. This is then re-presented to the Finance and Assets Committee in January, before being presented to Full Council in February for approval ahead of the start of the financial year to which it relates. Budget figures are determined by the Finance Team through discussions with relevant budget holders, and the Medium Term Financial Strategy (MTFS) is revisited at regular intervals to build in any significant changes.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Council operates a financial management system to which budget data is uploaded in line with agreed timescales. This enables budget holders to review their budgets on screen and regularly update their forecast spend. Quarterly budget monitoring reports are presented to the Corporate Management Team, and to relevant Committees. Internal Audit review key aspects of the system of financial control as part of their cyclical audit strategy and report their findings as part of the Internal Audit Annual Report.

The Council chose not to publish its Statement of Accounts by the target dates outlined in the Accounts and Audit Regulations 2015 (being the 31 May 2023). The unaudited statements were published on the 29 September 2023. The Council did set out in its statutory notice, published on Council's website, the reasons for not being able to publish the draft Statement of Accounts by the 31 May date. The delay was caused by prioritising the closure of the 2021/22 Statements of Accounts audit, and gaining confirmation of brought forward balances from the 2021/22 audit, that in turn impacted the preparation of the 2022/23 Statement of Accounts.

The Council did properly advertise and held the inspection period for members of the public to inspect the Statement of Accounts in line with Accounts and Audit Regulations 2015. We confirm that the 2022/23 draft Statement of Accounts were arithmetically correct, agreed to the data in the general ledger, and prepared in line with the content required by the CIPFA Code. The Council has also performed bank reconciliations during the 2022/23 financial year.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting criteria considerations	Arrangements in place
<p>How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee</p>	<p>Decision making processes and schemes of delegation are set out within the Constitution for all Committees, as well as decision making that is delegated to Council Officers. Where formal decisions are required they are scrutinised by the appropriate committee in advance of presentation to Full Council. This ensures that the necessary information is provided and that recommendations can be challenged before decisions are made.</p>
<p>How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)</p>	<p>The Constitution contains policy documents such as the 'Member's Code of Conduct' which defines the rules to be adhered to as part of meeting the relevant requirements and setting appropriate standards. There is a separate 'Employees Code of Conduct' to ensure employees are also meeting the required standards for officers of the Council. Any issues, for example through the Council's whistle-blowing policy or complaints policy, are investigated in accordance with agreed processes and/or referred to Internal Audit or the Monitoring Officer, as appropriate to the issue. Councillors are required to complete and update their 'Declarations of Interest' on an annual basis. Further, every member is required to disclose the existence and nature of the disclosable pecuniary interest in any matter which is discussed at the meeting and such member cannot attend the meeting as well. This is maintained by the monitoring officer.</p>

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23.

Reporting criteria considerations	Arrangements in place
How financial and performance information has been used to assess performance to identify areas for improvement	Regular reporting of performance and finances is undertaken, with quarterly budget monitoring reports presented to the Corporate Management Team, and then to the Finance and Assets Committee. As part of this, the Council consider the delivery of services and the Council's priorities and previous performance. Service leads are responsible for monitoring the performance of teams, in line with key Council objectives as set out in the Corporate Plan. This is reflected on within the Commentary and Review of 2022/23 section of the Narrative Report within the Statements of Accounts.
How the body evaluates the services it provides to assess performance and identify areas for improvement	The Corporate Plan sets out the Council's priorities which the Council call as 'future promises and commitments'. The Council monitors the provision of services against these commitments, with quarterly budget monitoring reports presented to the Corporate Management Team, and then to the Finance and Assets Committee. Monitoring of the Corporate Plan and the progress of actions to address the plan is through discussion at Corporate Management Team, with subject papers taken to relevant Committees on an ad-hoc basis. The nature of monitoring therefore is dependent on the nature of the service provided and the commitments monitored. The Narrative Report sets out a review of achievements against the Corporate Plan for that year.
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	The Council ensures that it is represented on partnership bodies by relevant officers or members, as required. Key partnerships include the Anglia Revenues Partnership and working arrangements with the two subsidiary companies, East Cambridgeshire Trading Company and East Cambridgeshire Street Scene, for which regular reports are taken to the Finance & Assets Committee and the Operational Services Committee. The Finance and Assets Committee includes Shareholder Committee roles to approve subsidiaries business plan to ensure this is aligned with same standards of Council.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23.

Reporting criteria considerations	Arrangements in place
<p>How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits</p>	<p>The Council has, as part of its Constitution, 'Contract Procedure Rules' which officers are expected to adhere to when procuring on behalf of the Council. The Council also maintain a 'Contract Register'. Internal Audit review procurement activity as part of their cyclical Internal Audit plan, and procurement compliance received 'satisfactory assurance' for 2022/23. The Monitoring Officer has overall responsibility for ensuring the Council complies with relevant laws and regulations.</p>

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ED None

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East Cambridgeshire District
Council
Initial Audit Plan
Year ended 31st March 2024
18 April 2024



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

18 April 2024

Dear Audit Committee

Initial Audit Plan - 2023/24 financial year

Attached is our Initial Audit Plan for the forthcoming meeting of the Audit Committee. The purpose of this report is provide the Audit Committee of East Cambridgeshire District Council (the Council) with a basis to review our proposed audit approach and scope for the 2023/24 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements, but also to ensure that our audit is aligned with the Committee's service expectations.

This report summarises our assessment of the key issues which drive the development of an effective audit for the Council. We have aligned our audit approach and scope with these. The report also considers the likely impact of Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing. The joint statement on the update to proposals to clear the backlog and embed timely audit recognises that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Audit Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this is not done it will impact the level of resource needed to discharge our responsibilities. We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the audit committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements, and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw Audit Committee members and officers attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix A).

(continued)

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 the 16 July 2024 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

MARK HODGSON

Mark Hodgson

Partner

For and on behalf of Ernst & Young LLP

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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.psa.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.psa.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 (the 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

Overview of our 2023/24 audit strategy

Overview of our 2023/24 audit strategy

Context for the 2023/24 audit - Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector will need to work together to address this. DLUHC has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to clear the backlog. The proposals, which have been developed to maintain auditor independence and enable compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.
- ▶ Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

To support the further development and testing of the measures, consultations are taking place to receive further feedback and inform the decision on how to proceed. Specifically:

- ▶ DLUHC has launched a consultation on changes to the Accounts and Audit Regulations 2015 to insert statutory backstop dates for historic financial statements and for the financial years 2023/24 to 2027/28.
- ▶ The National Audit Office (NAO) has launched a consultation on amending the Code of Audit Practice to :
 - ▶ Require auditors to issue audit opinions according to statutory backstop data for historic audits, and place specific duties on auditors to co-operate during the handover period for the new PSAA contract for the appointment of local authority auditors covering the years 2023/24 to 2027/28.
 - ▶ Allow auditors to produce a single value for money commentary for the period to 2022/23 and use statutory reporting powers to draw significant matters to the attention of councils and residents.
- ▶ The Chartered Institute of Public Finance and Accountancy (CIPFA) is expected to launch consultation on temporary changes to the accounting code for preparation of the financial statements. The proposed temporary changes to the financial reporting framework have an impact on both how the financial statements are prepared and our audit procedures necessary to gain assurance.

As a result of the system wide implementation of backstop dates [it is likely that we will disclaim the opinion on the Council's open prior year accounts. The proposed disclaimer of the Council's 2022/23 accounts will impact both the audit procedures we need to undertake to gain assurance on the 2023/24 financial statements and the form of our audit report in 2023/24 and subsequent years during the recovery phase.

The changes proposed by the consultations therefore will have a significant impact on both the scope of the 2023/24 audit and our assessment of risk. We will continue to provide updates to the Audit Committee as the audit progresses and our final assessment on the scope and nature of procedures we will undertake becomes clearer. We have highlighted those areas where we consider it most likely that the proposed measures will impact our audit approach and scope as part of this Audit Plan.

Overview of our 2023/24 audit strategy

Responsibilities of Council management and those charged with governance

For the planned measures to be successful and the current backlog to be addressed it is vital that all stakeholders properly discharge their responsibilities.

The Council's Section 151 Officer is responsible for preparing the statement of accounts in accordance with proper practices and confirming they give a true and fair view of the financial position at the reporting date and of its expenditure and income for the year ended 31 March 2024. To allow the audit to be completed on a timely and efficient basis it is essential that the financial statements are supported by high quality working papers and audit evidence and that Council resources are readily available to support the audit process, within agreed deadlines. The Audit Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this is not done, 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 we consider it necessary to do so.
- ▶ Seek a fee variation for the cost of additional resources needed to discharge our responsibilities. We have set out this and other factors that will lead to a fee variation at Appendix B of this report 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.
- ▶ Impact the availability of audit resource available to complete the audit work in advance of any applicable backstop dates.

Overview of our 2023-24 audit strategy

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	<p>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.</p> <p>We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure to understate revenue expenditure reported in the financial statements, given the extent of the Council's capital programme and Revenue Expenditure Funded from Capital Under Statute.</p>
Valuation of Property, Plant & Equipment	Inherent Risk	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 2021/22 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 inherent risk.</p>
National Non-Domestic Rates (NNDR) Appeals Provision	Inherent Risk	No change in risk or focus.	<p>Due to the impact of Covid-19, there is a possibility that businesses are likely to seek reductions based on a decrease in rental prices on which rateable values are based. The Council's NNDR Appeals Provision is a material estimate, totalling £2.6 million at the end of 2022/23 for the Collection Fund as a whole.</p> <p>In light of this, we consider there to be a higher inherent risk of misstatement of the Council's NNDR appeals provision.</p>

Overview of our 2023-24 audit strategy

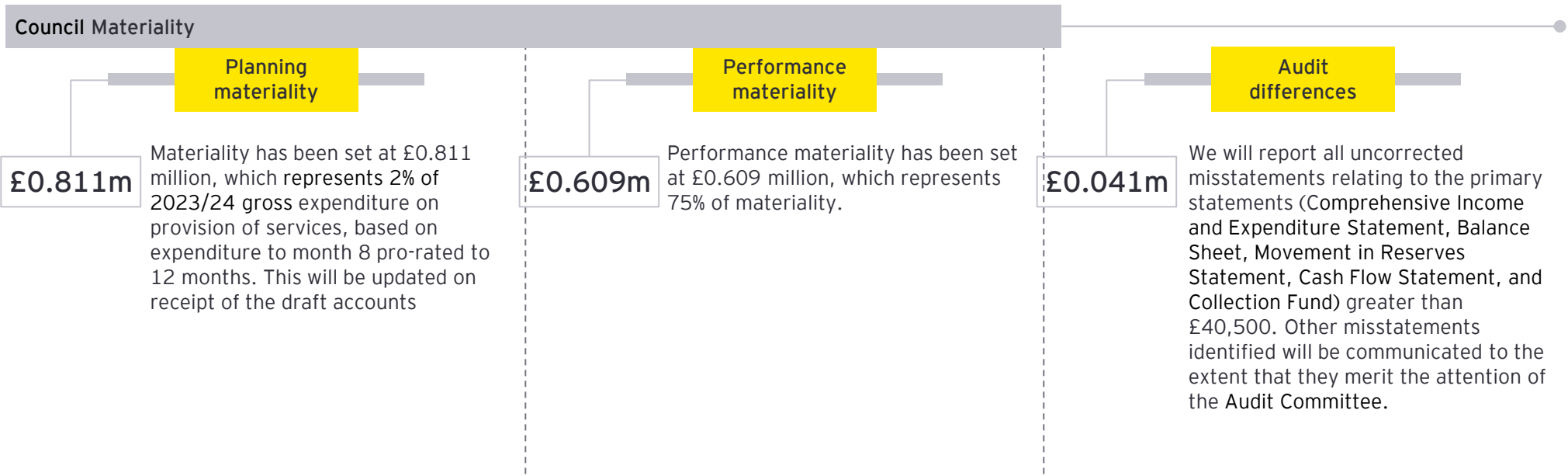
The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Pension Liability Valuation	Inherent Risk	No change in risk or focus.	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Authority's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Authority's Balance Sheet.</p> <p>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.</p>
Group Accounting	Inherent Risk	No change in risk or focus	<p>The Council has been preparing group accounts for a number of years. 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 recognised on the 2023/24 audits and what impact this has on our risk procedures in relation to the Group accounts.</p>
Bad debt Provision and recoverability of Receivables	Inherent Risk	No change in risk or focus	<p>As a result of the long term impact of Covid-19 and other market uncertainties there may be increased uncertainty around the recoverability of Receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of ongoing uncertainty and assess the appropriateness of this estimation technique.</p>

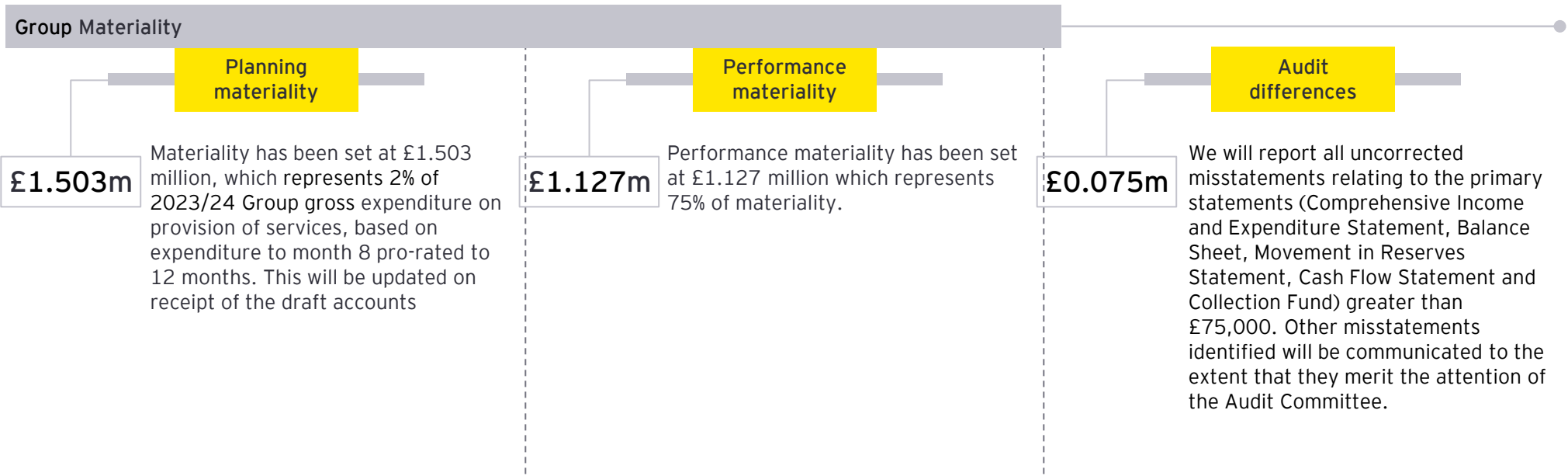
The outcome of consultation on the planned measures to address local audit delays and related proposed temporary changes to CIPFA's Code of Practice on Local Authority Accounting are likely to impact our assessment of audit risks and our response to them. We will continue to keep the Audit Committee updated on our assessment of any changes to audit risk as this becomes clearer.

Overview of our 2023/24 audit strategy



The outcome of consultation on the planned measures to address local audit delays and the likely issue of a disclaimer on the Council's 2022/23 financial statements and any guidance subsequently issued may continue to impact on our assessment of materiality for the 2023/24 audit. We will keep the Audit Committee updated on any changes to materiality levels as the audit progresses.

Overview of our 2023/24 audit strategy



The outcome of consultation on the planned measures to address local audit delays and the likely issue of a disclaimer on the Council's 2022/23 financial statements and any guidance subsequently issued may continue to impact on our assessment of materiality for the 2023/24 audit. We will keep the Audit Committee updated on any changes to materiality levels as the audit progresses.

Overview of our 2023/24 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2024 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 VFM in Section 3.

We will 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 mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account 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 of the above.

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

Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to those risks. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". Therefore to the extent any of these or any other risks are relevant in the context of the Council's audit, we set those within this Audit Plan and we will continue to discuss these with management as to the impact on the scale fee.

Overview of our 2023/24 audit strategy

Audit scope (Cont.)

Effects of climate-related matters on financial statements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to the Council. It is, nevertheless, important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements.

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

Audit scope and approach

We intend to take a substantive audit approach. There are no anticipated changes in our strategy from the prior year

Changes to the scope of our audit:

- ▶ None noted at this stage. We will update the Audit Committee if any significant changes arise as a result of our work

The Government proposals to re-establish the local authority framework on a more sustainable basis and the outcome of the related consultations are likely to have an impact on the scope of the audit. In particular, where we do not have assurance spanning a number of historic financial years, this is likely to have an impact on our assessment of materiality and our ability to issue an unmodified opinion early in the recovery phase. We draw your attention to the audit scope section 5 of this audit plan where we set out our current understanding of some of the likely impact of the proposals on our scope and approach for your 2023/24 audit. We will continue to provide updates on the impact of these changes to the Audit Committee where necessary to do so.

Overview of our 2023-24 audit strategy

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.

Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to prepare a commentary under three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate 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; and
- ▶ 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.

The commentary on the Council's value for money arrangements will be included in the Auditor's Annual Report.

Timeline

A timetable has been discussed with Management, with the aim to complete the audit by 30 November 2024 - ahead of the proposed backstop date for 2023/24. In Section 07 we include a provisional timeline for the audit. All parties need to work together to ensure this timeline is achievable.

Key Audit Partner and senior audit team



Partner - Mark Hodgson

The Engagement Partner has overall responsibility for:

- ▶ The audit and its performance;
- ▶ The auditor's report that is issued on behalf of EY; and
- ▶ The overall quality of the audit

Assistant Manager - Anastasia Lukhtan

The Manager has responsibility for management of the audit ensuring that it is adequately resourced to meet both its time and budget constraints. They will also support the individual engagement team members to complete timely high quality audit fieldwork.



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)
- ▶ 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*

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) 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.

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?

Pension Liability Valuation (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 deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2023 this totalled £2.065 million (latest available figure).

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

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 the Council
- ▶ Assess the work of the pension fund actuary 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 considering any relevant reviews by the EY actuarial team
- ▶ Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; 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 2023, the net book value of PPE was £36.36 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 2023/24 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?

Our response: Key areas of challenge and professional judgement

National Non-Domestic Rates Appeals Provision (Inherent Risk)

The calculation of the NNDR Appeals Provision is estimate based.

Due to the impact of Covid-19, there is a possibility that businesses are likely to seek reductions based on a decrease in rental prices on which rateable values are based. The Council's NNDR Appeals Provision is a material estimate, totalling £2.6 million at the end of 2022/23 for the Collection Fund as a whole.

In light of this, we consider there to be a higher inherent risk of misstatement of the Council's NNDR appeals provision.

We will consider the Council's estimation of the NNDR appeals provision by performing the following:

- ▶ Review the assumptions made by the Council's NNDR appeals provision specialist; and
- ▶ Assess the reasonableness of any local adjustments made by the Council on the NNDR appeals provision.

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?

Our response: Key areas of challenge and professional judgement

Group Accounting (inherent risk)

The Council has been preparing group accounts for several years. We identified a number of audit differences in this area as part of our 2021/22 audit. The Council will need to undertake its annual assessment of the group boundary to determine the procedures it needs to undertake to consolidate the relevant component entities.

We will:

- Review the Council's assessment of its group boundary;
- 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.

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?

Bad debt provision and recoverability of debtors (Inherent risk)

As a result of the long term impact of Covid-19 and other market uncertainties there may be increased uncertainty around the recoverability of receivables. This includes large value debtors with subsidiary companies. The provision for these bad debts is an estimate, and calculation requires management judgement. Given that there might be some subjectivity to the recoverability of debtors the Council will need to consider the level of any provision for bad debts. We have therefore raised as an inherent risk in our audit strategy.

Our response: Key areas of challenge and professional judgement

We will:

- ▶ Review the calculation of the Bad Debt Provision for reasonableness and accuracy; and
- ▶ Consider the recoverability of debts in testing a sample of trade receivables.



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.

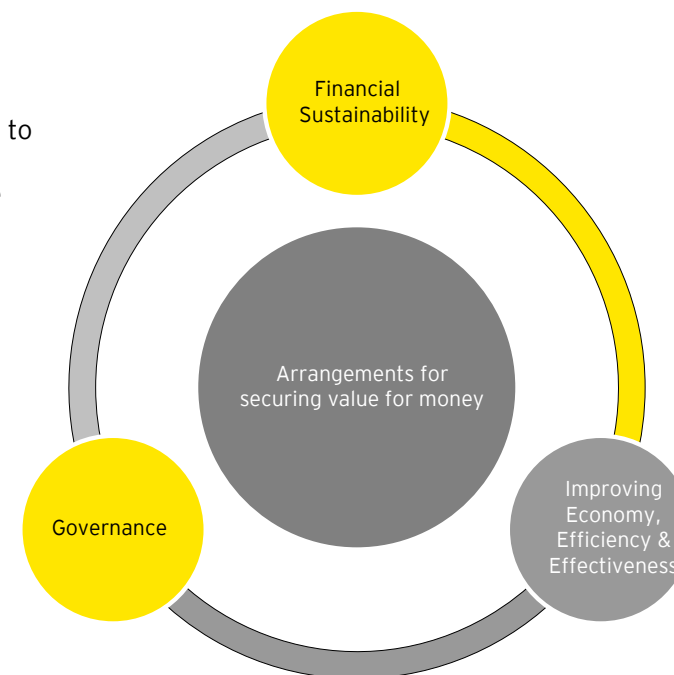
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its 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 of Audit Practice 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.



Value for Money

Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the Council's arrangements, we are required to consider:

- ▶ The Council's governance statement;
- ▶ Evidence that the Council's arrangements were in place during the reporting period;
- ▶ Evidence obtained from our work on the accounts;
- ▶ The work of inspectorates and other bodies; and
- ▶ Any other evidence source that we regards as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be 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;
- ▶ Leads to - or could reasonably be expected to lead to - unlawful actions; or

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.

We should also be informed by a consideration of:

- ▶ The magnitude of the issue in relation to the size of the Council;
- ▶ Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- ▶ The impact of the weakness on the Council's reported performance;
- ▶ Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- ▶ Whether any legal judgements have been made including judicial review;
- ▶ Whether there has been any intervention by a regulator or Secretary of State;
- ▶ Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- ▶ The impact on delivery of services to local taxpayers; and
- ▶ The length of time the Council has had to respond to the issue.

Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit Committee.

Reporting on VFM

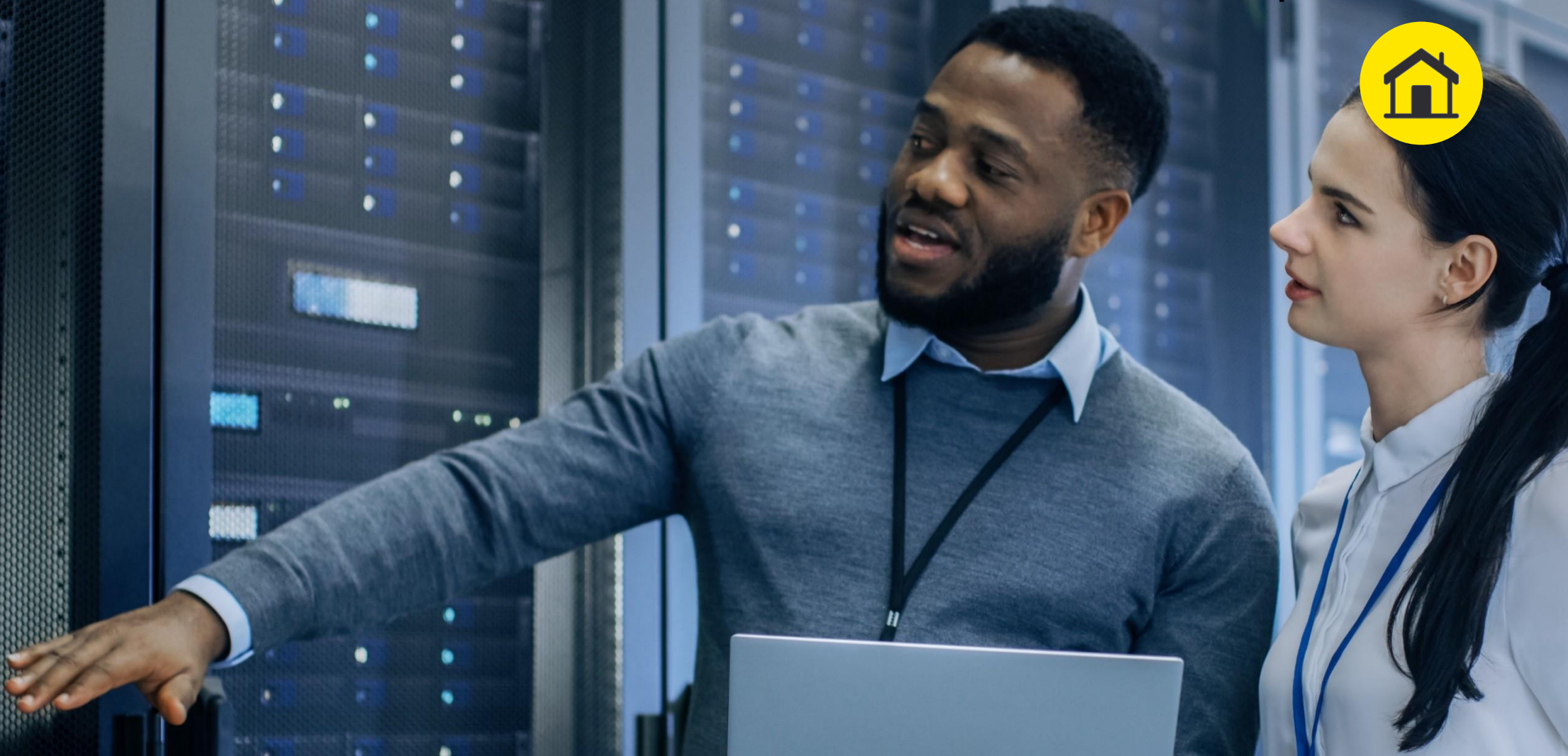
Where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the a commentary on your value for money arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This may include matters that we do not consider to be significant weaknesses in your arrangements but should be brought to your attention. This will include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2023/24 VFM planning

We have yet to complete our detailed VFM planning. However, one area of focus will be on the arrangements that the Council has in place in relation to financial sustainability.

We will update the Audit Committee on the outcome of our VFM planning and our planned response to any additional identified risks of significant weaknesses in arrangements within our Audit Results Report.

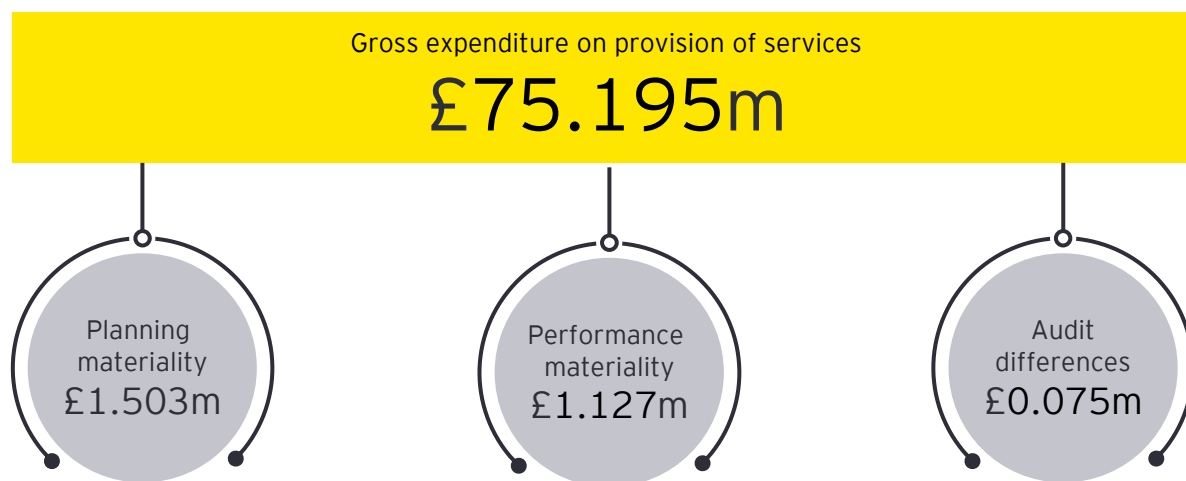


04 Audit materiality

Materiality

Group materiality

For planning purposes, Group materiality for 2023/24 has been set at £1.503 million. This represents 2% of the Group's 2023/24 gross expenditure on provision of services, based on expenditure to month 8 pro-rated to 12 months. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix F.



The outcome of consultation on the planned measures to address local audit delays may impact our assessment of materiality for the 2023/24 audit. 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 £1.127 million which represents 75% of group materiality. Per our initial assessment, we do not believe there are errors that are indicative of pervasive errors throughout the financial statements or a higher likelihood of misstatement in other areas. We have therefore used a higher end or 75% of our Planning Materiality as our Performance Materiality.

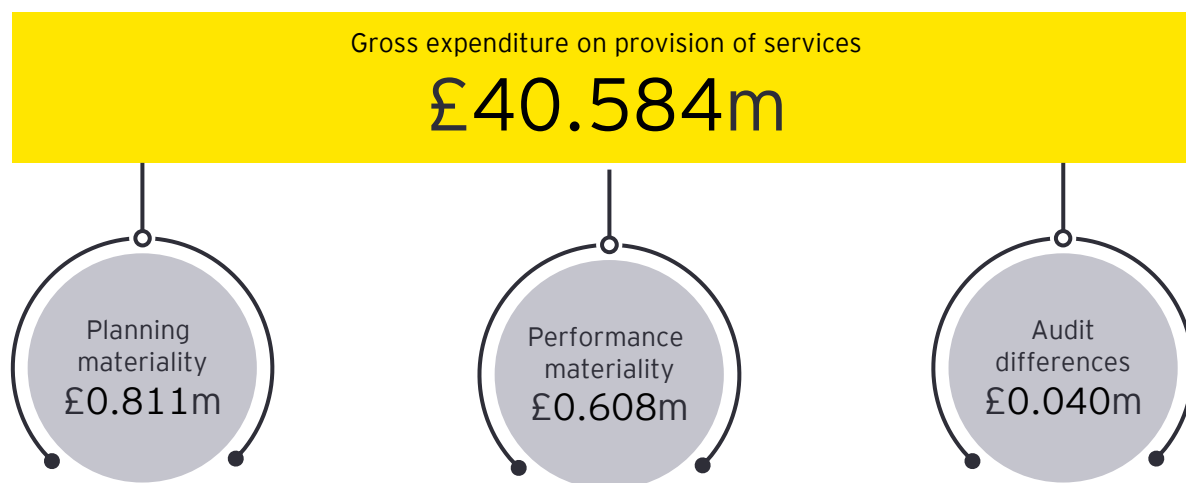
Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the Income Statement and Balance 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 2023/24 has been set at £0.811 million. This represents 2% of the Council's 2023/24 gross expenditure on provision of services, based on expenditure to month 8 pro-rated to 12 months. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix F.



The outcome of consultation on the planned measures to address local audit delays may impact our assessment of materiality for the 2023/24 audit. 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 £0.608 million which represents 75% of group materiality. Per our initial assessment, we do not believe there are errors that are indicative of pervasive errors throughout the financial statements or a higher likelihood of misstatement in other areas. We have therefore used a higher end or 75% of our Planning Materiality as our Performance Materiality.

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

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the 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; and
- ▶ where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

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

Objective and Scope of our Audit scoping (cont'd)

Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

The changes proposed by the consultations are likely to have a significant impact on both the scope of the 2023/24 audit and our assessment of risk. We will continue to provide updates to the Audit Committee as the audit progresses and our assessment on the required scope and nature of procedures we will undertake becomes clearer. As examples:

- ▶ Where prior year audit opinions are modified work will be required to gain assurance, where possible, on opening balances over the period of the recovery phase (Phase 2). Where we are unable to gain assurance over opening balances, we anticipate that this may lead to limitation of scope of our audit over those balances.
- ▶ Where prior year audit opinions are modified, and particularly where we do not have assurance spanning a number of historic financial years, this is likely to have an impact on our assessment of materiality and our ability to issue an unmodified opinion early in the recovery phase.
- ▶ Changes to the Code of Audit Practice on Local Authority Accounting will potentially impact on our assessment of audit risk generally, risks associated with significant accounting estimates, such as the valuation of operational property, plant and equipment and the related need to rely on management's and auditor's specialists.

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 our computer-based analytics tools 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.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

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. We identify components as:

1. **Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
2. **Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

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

Full scope: locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. 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 materiality used and any additional procedures required to comply with local laws and regulations.

Specific scope: locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts.

Review scope: locations where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally.

Specified Procedures: locations where the component team performs procedures specified by the Group audit team in order to respond to a risk identified.

Other procedures: For those locations that we do not consider material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.

Scoping the group audit

Coverage of components

The below table sets out the scoping details of all locations. We set audit scopes for each reporting unit which, when taken together, enable us to form an opinion on the group accounts. We take into account the size, risk profile, changes in the business environment, and other factors when assessing the level of work to be performed at each reporting unit. Based on the group's prior year results, our scoping is expected to achieve coverage of the group's gross expenditure and total assets as per the table set out below.

Detailed scoping						
In scope locations	Scope	Statutory audit performed by EY	Coverage (22-23 draft accounts)		Current year rationale for scoping	
			Gross Expenditure	Total Assets	Size	Risk
East Cambridgeshire District Council	Full	✓	56.28%	89.33%	Yes	Yes
East Cambs Trading Company	Full	✗	37.63%	9.07%	Yes	No
East Cambs Street Scene	Specific	✗	6.09%	1.60%	No	Yes
Total			100%	100%		

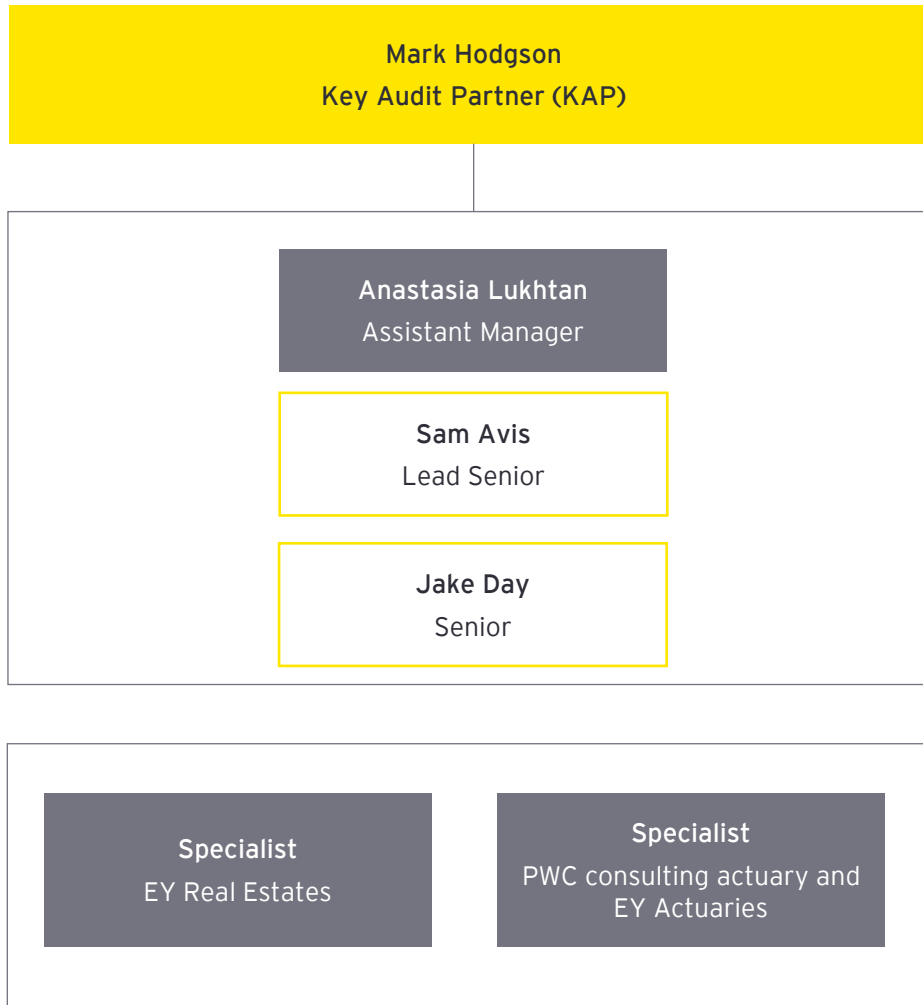
Details of our procedures

Our approach will focus on:

- ▶ Review of group wide entity level controls over these components, including group management oversight and results of Internal Audit visits;
- ▶ Write to and obtain assurance from the components auditors over material balances in the components accounts;
- ▶ Perform analytical review procedures on each component;
- ▶ Test consolidation journals and intercompany eliminations; and
- ▶ Enquiry of management about unusual transactions in these components.



06 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

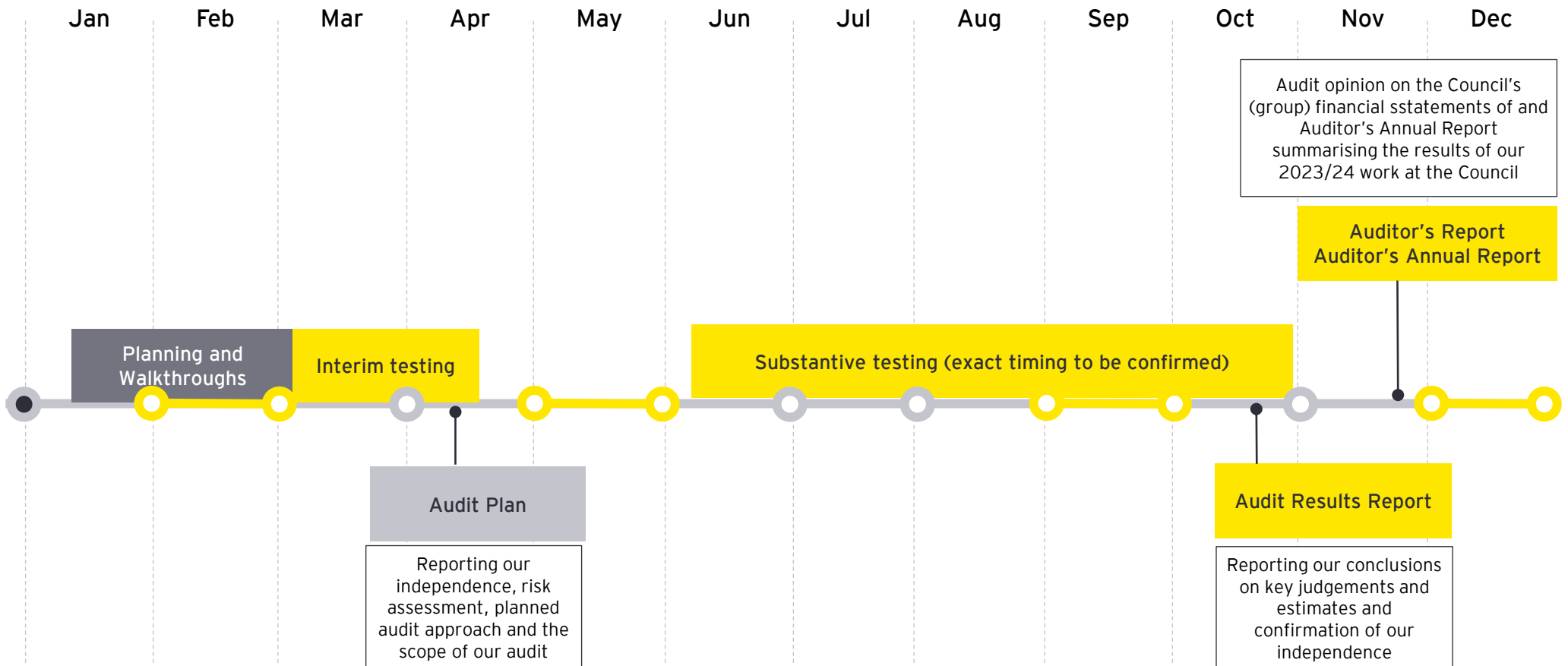
Audit timeline

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 audit cycle in 2023/24.

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. We will also provide updates on corporate governance and regulatory matters as necessary.





08

Independence

Introduction

The FRC Ethical Standard 2019 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, as revised in December 2019, 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

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; 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 Mark Hodgson, 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 your company. Examples include where we have an investment in your company; 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.

None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you

At the time of writing, there are no non-audit fees.

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 Ethical Standard part 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 2023

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 2023 and can be found here: [EY UK 2023 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.psa.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.

	2023/24	2022/23
	£'s	£'s
Total Fee - Code Work (Note 1)	147,673	48,334
Other (Note 2)	-	-
Total audit	147,673	48,334
Other non-audit services not covered above - Housing benefits (Note 3)	TBC	23,000
Total other non-audit services	TBC	23,000
Total fees (All fees exclude VAT)	TBC	71,334

(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 in respect of the 2022/23 audit.

(2) The revision to ISA (UK) 315 will impact on our scope and approach, and require us to enhance the audit risk assessment process, better focus responses to identified risks and evaluate the impact of IT on key processes supporting the production of the financial statements. We expect to charge addition fee for this. 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.
- ▶ 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.
- ▶ 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

All fees exclude VAT

Appendix B – Fees

(3) We are contracted to perform Housing Benefits certification work in both 2022/23 and 2023/24 but no work has commenced yet and therefore the fee is still yet to be determined.

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.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 before being submitted to PSAA Ltd for determination, in line with the agreed process.

Appendix C – Accounting and regulatory update

Future accounting developments

The following table provides a high level summary of the accounting development that has the most significant impact on the Authority/Council:

Name	Summary of key measures	Impact on 2023/24
IFRS 16 Leases	<ul style="list-style-type: none"> ▶ CIPFA have confirmed there will be no further delay of the introduction of the leases standard IFRS 16. ▶ Assets being used by the authority under operating leases are likely to be capitalised along with an associated lease liability. ▶ Lease liabilities and right of use assets will be subject to more frequent remeasurement. ▶ The standard must be adopted by 1 April 2024 at the latest. 	<ul style="list-style-type: none"> ▶ The 2023/24 Statement of Accounts must disclose the impact the initial application of IFRS 16 is expected to have on the authority's financial statements. ▶ The authority should make key IFRS 16 policy decisions in accordance with the Code before 1 April 2024. ▶ Officers must implement robust systems to ensure all relevant data points, which could prompt a remeasurement or modification of the accounting entries, are captured in a timely manner.

Appendix C – Accounting and regulatory update

Regulatory update

The following table provides a high level summary of the regularity update that has the most significant impact on the Council:

Name	Summary of key measures	Impact on 2023/24
ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement	<p>ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:</p> <ul style="list-style-type: none"> ▶ Risk Assessment ▶ Understanding the entity's internal control ▶ Significant risk ▶ Approach to addressing significant risk (in combination with ISA 330) <p>The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:</p> <ul style="list-style-type: none"> ▶ Drive consistent and effective identification and assessment of risks of material misstatement ▶ Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability') ▶ Modernise ISA 315 to meet evolving business needs, including: <ul style="list-style-type: none"> ▶ how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and ▶ how auditors understand the entity's use of information technology relevant to financial reporting. ▶ Focus auditors on exercising professional scepticism throughout the risk identification and assessment process. 	<p>We will need to obtain an understanding of the IT processes related to the IT applications of the Council.</p> <p>We will perform procedures to determine if there are typical controls missing or control deficiencies identified and evaluated the consequences for our audit strategy.</p> <p>When we have identified controls relevant to the audit that are application controls or IT-dependent manual controls where we do not gain assurance substantively, we performed additional procedures.</p> <p>We also review the following processes for all relevant IT applications:</p> <ul style="list-style-type: none"> ▶ Manage vendor supplied changes ▶ Manage security settings ▶ Manage user access ▶ Manage entity-programmed changes ▶ Job scheduling and managing IT process

Appendix D – The Spring Report

A combined perspective on enhancing audit quality

The Spring Report ('The Report') was released by the Audit Committee Chairs' Independent Forum (ACCIF) on 2 June 2023 and is the first of its kind. The Report is the outcome from a series of discussions held with a group of experienced audit committee chairs, auditors from the top 6 firms, and executives from the Financial Reporting Council. The Report details the 9 key learnings that the group agreed on, proposing evolution not revolution, and is focused on getting the basics right first time leading to enhanced audit quality. The report considers key learnings covering the planning, execution, completion and reporting phases of the audit. The full list of key learnings can be found in the [report](https://accif.co.uk) (accif.co.uk).

Appendix E – 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 - July 2024 - 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 ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	Audit Results Report - October 2024 - Audit Committee

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

Our Reporting to you

Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> ▶ Any other matters considered significant 	
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 - October 2024 - 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 - October 2024 - 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: <ol 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 - October 2024 - Audit Committee

Appendix E – 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 - October 2024 - 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: <ul style="list-style-type: none"> ▶ 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>	<p>Audit Plan - July 2024 - Audit Committee</p> <p>Audit Results Report - October 2024 - Audit Committee</p>

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

Our Reporting to you

Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
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 - October 2024 - 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 - October 2024 - Audit Committee
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report - October 2024 - Audit Committee
Group audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted 	Audit Plan - July 2024 - Audit Committee Audit Results Report - October 2024 - Audit Committee

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

Our Reporting to you

Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> ▶ 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 	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - October 2024 - Audit Committee
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit Results Report - October 2024 - 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 - October 2024 - 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 - October 2024 - Audit Committee

Appendix F – Additional audit information

Regulatory update

Our objective is to form an opinion on the Council and the Group's consolidated financial statements under International Standards on Auditing (UK) as prepared by you in accordance with International Financial Reporting Standards as adopted by the UK, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in . We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit Committee. The audit does not relieve management or the Audit Committee of their responsibilities.

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards, company law and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the audit committee reporting appropriately addresses matters communicated by us to the audit committee and reporting whether it is materially inconsistent with our understanding and the financial statements
- ▶ Maintaining auditor independence

Appendix F – Additional audit information (cont'd)

Other required procedures during the course of the audit

Procedures required by the Audit Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.
- ▶ Examining and reporting on the consistency of consolidation schedules or returns with the Group's audited financial statements for the relevant reporting period

We have included in **Appendix E** a list of matters that we are required to communicate to you under professional standards.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the Group financial statements
- ▶ The level of work performed on individual account balances and financial statement disclosures

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Appendix G - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics \(IESBA Code\)](#) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter	Implication
▶ Suspected or known fraud or bribery	▶ Potential fraud/breach of anti-bribery legislation
▶ Health and Safety incident	▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
▶ Payment of an unlawful dividend	▶ Potential breach of Companies Act 2006
▶ Loss of personal data	▶ Potential GDPR breach
▶ Allegation of discrimination in dismissal	▶ Potential non-compliance with employment laws
▶ HMRC or other regulatory investigation	▶ Suspicion of non-compliance with laws/regulations
▶ Deliberate journal mis-posting or allegations of financial impropriety	▶ Potential fraud / breach of Companies Act 2006
▶ Transacting business with sanctioned individuals	▶ Potential breach of sanctions regulations

Appendix G - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- ▶ Engage external specialists where needed
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

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EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

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ED None

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TITLE: Draft Statement of Accounts 2023/24

Committee: Audit Committee

Date: 16th July 2024

Author: Director, Finance

Report number: Z33

Contact officer:

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1.0 Issue

1.1. To note that the Council's draft Statement of Accounts for 2023/24 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 2024 required the following:

- The draft Accounts must be certified by the Council's Responsible Financial Officer (Section 151 Officer) by 31st May 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 31st May 2024.
- 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 3rd June 2024 and will continue until the 15th July 2024. 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 30th September:
 - 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 on the 22nd July 2024, but a significant amount of pre-audit work has already started as they collect the information needed to undertake their review. We expect the audit to be ready to report in November 2024.

3.4 Previous year audit – 2022/23.
There however remains a significant amount of uncertainty nationally about the timetable of public sector audits. It had been expected that legislation would be passed to enable a resetting of the Local Audit Market, and where the audit of any years of accounts up to and including 2022/23 financial year was not completed by the 30th September 2024 (the backstop date) a modified (disclaimed) audit opinion could be issued by the auditors. However, with the general election being called for the 4th July, this legislation has not been passed and we wait to see if the new Government will support the same approach and what impact there will be on the backstop date.

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 2023/24

7.0 Background documents

None

East Cambridgeshire District Council



Draft Statement of Accounts 2023/24

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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 2023/24 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2024.

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 2023/24.
- The Financial Statements
- Technical information

Commentary and Review of 2023/24**Review of the Year**

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'.

2023/24 Actions	Results
Council to approve the 2024/25 budget and Medium Term Financial Plan in February 2024 only increasing Council Tax as a last resort.	The 2024/25 budget was approved in February 2024 including a balanced budget for 2024/25 and 2025/26 with no increase in Council Tax in 2024/25.
Provide loan financing to ECTC to enable it to deliver the Eden Square development from the £7.5m agreed by Council.	Loan financing is in place and Eden Square, Ely has commenced development. Sales are expected to launch in May / June 2024.
Undertake a review of the Planning Service to improve the customer journey, identify efficiencies to mitigate service	A Review Team was set up in October 2023 and the review findings were finalised in February 2024. The recommendations from

demand and increased costs and increase timely decision making.	the review will now be implemented over the next 12 -18 months
---	--

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.

2023/24 Actions	Results
Run a 'Love your Street' campaign, with improved cleansing schedules.	The campaign launched in quarter two and included a chewing gum campaign, a competition to name new vehicles and general comms / awareness raising. The campaign will continue through the next year focussing more on community litter picks and awareness comms.
Improve the look and feel of the city and town centres, including replacement street furniture.	Action plans have been agreed and work is underway.
Approve an Environmental Crime Action Plan by December 2023.	Approved in November 2023
Deliver the top 20 actions in the Council's 2023 Environment Plan, including Pride of Place Grant Scheme, solar investment and increased community engagement on the natural environment.	The actions are expected to be completed in full. <ul style="list-style-type: none"> • 19 Pride of Place grants have been awarded to local organisations. • Sport England funding has been secured to enable the installation of solar panels at the Hive district leisure centre • Draft Hedgehog Recovery Supplementary Planning Document approved for public consultation in Spring / Summer 2024
Approve the 2024 Environment Plan.	The 2024 Environment Plan is scheduled to be presented to the Council's Finance and Assets Committee for approval in June 2024.
Commence preliminary work and consultation on a new 'climate' chapter for the new Local Plan and include a Local	Preliminary work commenced, however, the publication of Written Ministerial Statement (WMS) "Planning – Local Energy Efficiency

Plan funding allocation in the Council's 2024/25 budget.	<p>Standards Update" - 13 December 2023, introduced considerable risk that any planning policy seeking an uplift to energy efficiency standards or seeking on-site renewables (such as solar panels on roofs) would not pass independent examination (i.e. it would be found 'unsound').</p> <p>Therefore, at its meeting in March 2024, the Finance and Assets Committee agreed to delay consultation on a draft Climate Change and Nature Recovery Chapter of a future Local Plan until greater clarity emerges on Government expectations for climate policies intended to be included in such a chapter.</p> <p>Funding is included in the Council's budget to prepare a new Local Plan during the MTFS period, including £100,000 in 2024/25 and £300,000 in 2025/26.</p>
Meet the milestones of the Street Smart Project, including implementation of a new digital service for waste.	Waste digital software launched in December 2023 has been deployed to all vehicles. Next phase is customer services integrations. Project Street Smart milestones met. Ahead of schedule on the overall programme and of the longer term actions carry into 2024/25.
Bring forward proposals for the waste collection service to prepare for the introduction of the Environment Act 2021.	Member Waste Working Party established, and Waste collection methodologies modelled and shortlisted. Timetable for final proposals to come forward in September 2024.

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.

2023/24 Actions	Results
Spend up to £2 million investing in energy efficiency measures for non-gas homes in East Cambridgeshire, as part of a wider £10 million Cambridgeshire Energy Retrofit Partnership (CERP).	CERP reduced the year 1 numbers quite significantly in December (as agreed with DESNEZ) and therefore a proportion of funding was removed from the Partnership's overall allocation. However, the expectation remains that ECDC spend will be in the ball park of the original £2 million (over the period of the project, ending in March 2026) given we have £750,000 already invoiced or allocated and we still have eight months left to submit batches in an environment where the contractors are now ramped up to deliver.
Bring forward a health and wellbeing strategy and action plan to dovetail with the priorities of the Integrated care systems (ICS) and regional health strategies.	Approved in March 2024
Support local businesses via the Shared Prosperity Fund Business Growth Fund and Local Enterprise Support Scheme.	Business Growth Fund grant scheme launched April 2024. The Local Enterprise Support Scheme funding has been awarded to the Business & IP Centre (BIPC) to deliver the Get Set and Grow programme which is aimed at startup businesses. Regular engagement sessions are being held and a number of events are planned for the summer focussing on business development.
Work with Sustrans to produce a further 5 route feasibility studies and further develop existing studies.	Route feasibility studies produced for the following routes: <ul style="list-style-type: none"> • Ely – Stuntey – Soham • Mepal – Sutton – Witcham – Witchford • Isleham - Fordham • Sutton – Earith • Wilburton - Cottenham Extra design work and drawings produced for reports originally produced in 2022/23.
Engage with the Cambridgeshire and Peterborough Combined Authority (CPCA) Bus Network Review.	The Council is meeting with the CPCA regularly through the Review process to protect and improve bus services in East Cambridgeshire.

	<p>The Council is working with the CPCA to deliver a DRT (Demand Responsive Transport) pilot in the district.</p>
<p>Work with CPCA and partners to deliver improvements to road and rail infrastructure, including support for the A14/A142 junction upgrade at Exning and 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>	<p>The Council continues to work with stakeholders to deliver improvements to road and rail infrastructure and is represented on the A10 Ely to A14 improvements Project Board, the BP Roundabout A10 Non-Motorised User Crossing Project Board and the Ely Area Capacity Enhancement project Task Force.</p>
<p>Oppose the introduction of congestion charging in Cambridge to protect our residents.</p>	<p>In July 2023 East Cambridgeshire District Council passed a motion urging the Greater Cambridge Partnership, together with Cambridgeshire and Peterborough Combined Authority and Cambridgeshire County Council to cease work on the implementation of road charging.</p> <p>Instead, it urged all partner organisations, MPs, businesses and organisations across Cambridgeshire to work together to develop alternative proposals that demonstrate public support and focus on the early delivery of multiple small improvements as well as accelerating work on larger projects that can and will encourage people away from private vehicle use.</p>
<p>Support Cambridgeshire Constabulary's Road Safety Police Volunteer scheme.</p>	<p>The Council continued to work with the Police to develop an innovative scheme to use volunteers to reduce anti-social parking.</p> <p>Cambridgeshire Constabulary's Change Board met at the end of November and an agreement was reached that a pilot would be explored to establish the Road Safety Police Support Volunteer (RSPSV) role, but initially their remit (and delegated powers) be limited to road-safety issues, i.e. speeding and dangerous parking. Should the pilot be successful, proposals for expanding their role (and powers) will be considered, which can include parking enforcement.</p> <p>Further meetings have been set up with Police Support Volunteer (PSV) co-ordinator and the Specials lead, to utilise some Specials who are not currently operational, to open various deployment</p>

	possibilities as they retain full powers (including all road traffic powers). The aim is to launch the pilot in 2024.
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>In March 2024 Kennett CLT was awarded a CLT Pre-development Grant to enable the delivery of 60 affordable housing units that will be owned and managed by the CLT in perpetuity, as part of the Kennett Garden Village development</p> <p>In January 2024 Stretham and Wilburton CLT was awarded Growth and Infrastructure Funds and CIL funding towards 'The Link' a new wellbeing community hub comprising GP premises, café and central services, four work units for meetings rooms and to support complementary medicine.</p>
Launch the application process for the Eden Square £100k Homes.	This is due to launch in the summer of 2024.
Consider the full business plan for a crematorium in Mepal.	Full Business Case approved at Council February 2024. Commissioning of Project Manager commenced March 2024 with anticipated appointment in April / May.

Revenue Spending and Sources of Income

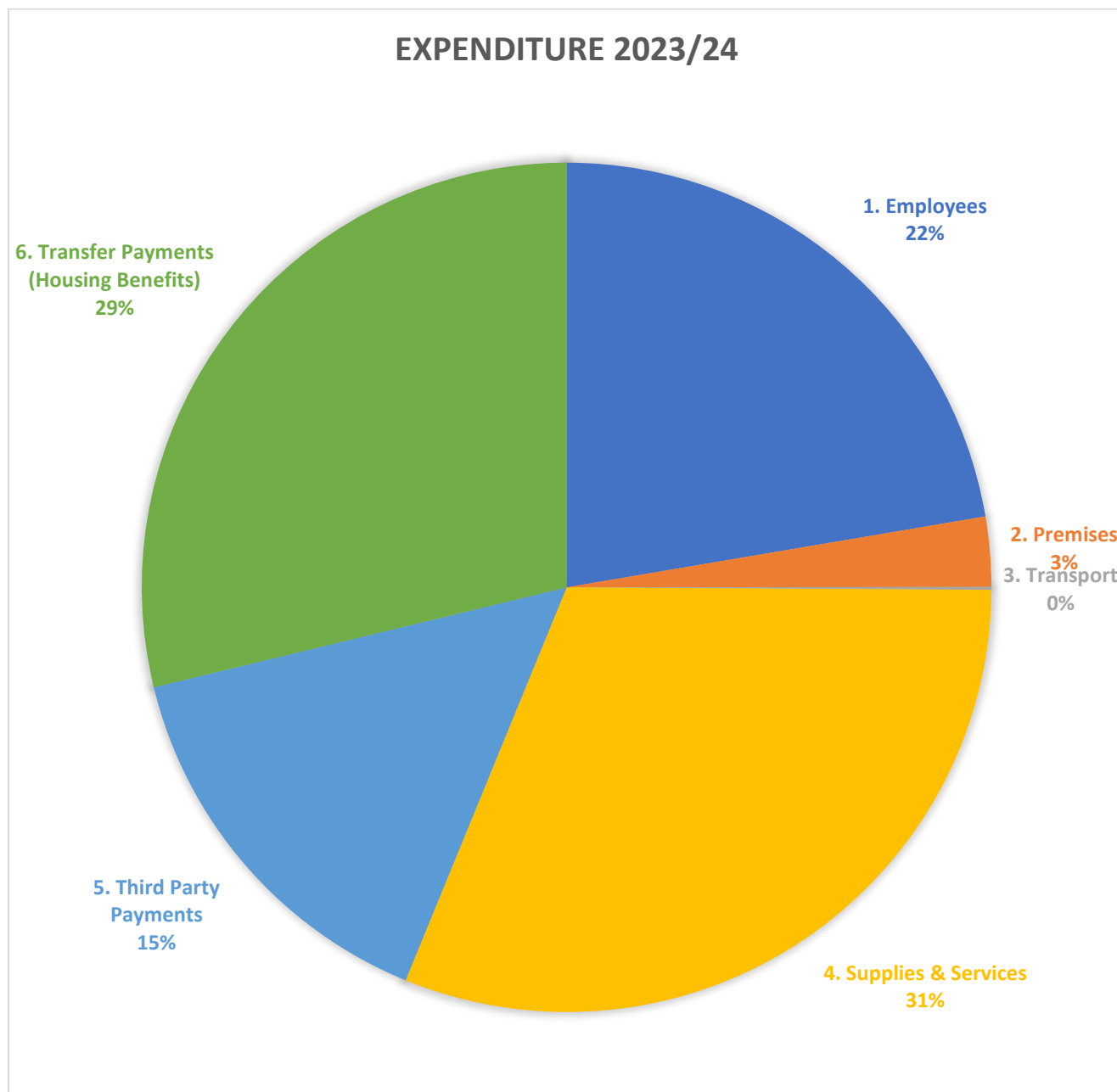
The Table below sets out the Council's budget for 2023/24 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	Budget	Outturn	Variance
	£000	£000	£000
Service			
Finance & Assets	6,318	4,072	(2,246)
Operational Services	6,905	7,042	137
Service Net Revenue Expenditure	13,223	11,114	(2,109)
Land Drainage	633	572	(61)
Parish Precepts	3,001	3,001	0
Movement in Corporate Reserves		335	335
Total Net Revenue Expenditure	16,857	15,022	(1,835)
Financing			
Council Tax	(7,581)	(7,581)	0
Non Domestic Rates	(5,718)	(6,376)	(658)
Revenue Support Grant	(102)	(102)	(0)
Other Government Grants	(1,481)	(1,576)	(95)
Budget - draw from Surplus Savings Reserve	(1,976)	(1,976)	(0)
Total Financing	(16,858)	(17,611)	(753)
Transfer to Surplus Savings Reserve			(2,589)
Net (Increase)/Decrease in Earmarked Reserves			(2,127)
Total Reported General Fund Movements			462
Adjustment between funding & accounting basis			(1,137)
Reported (Surplus) upon Services in Income & Expenditure Account			(3,263)

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 27th June 2024. Reasons for yearend variances can be found in this report, for both revenue and capital.

Analysis of Revenue Expenditure

The Council spent £43.577 million in 2023/24 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 2023/24	B/f £'000	Contributions		C/f £'000
		To £'000	From £'000	
General Fund	1,063	175		1,238
Surplus Savings & Earmarked	24,234	3,088	(1,137)	26,185
TOTAL GENERAL FUND	25,297	3,263	(1,137)	27,423
Capital Receipts Reserve	1,481	463	(158)	1,786
Capital Grants Unapplied	404	603	(618)	389
Total Usable Reserves	27,181	4,329	(1,913)	29,597

Capital Spending

The final capital budget for 2023/24 was £7.800 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 2023/24	6,569	
Approved slippage from 2022/23	1,237	
Approved Additions	(5)	
Updated Capital Programme for 2022/23		7,801
Capital outturn		3,200
Underspend against revised budget		4,600

Spend in 2023/24 was as shown below:

2022/23 £'000	Capital Spending	2023/24 £'000
675.6	Housing Grants	695.5
249.1	Vehicle Replacement Programme	168.1
0	Refuse Vehicles	1,947.5
0	Solar Panel Project	49.9
1,250.9	ECDC A14 Contribution	0
6,000.0	Loan to subsidiary company	0
234.6	Loan to EC CLT	0
160.3	Lisle Lane Land	0
209.3	Depot Improvements	288.6
70.8	Wheelie Bins	50.8
8,850.6	Gross Expenditure	3,200.4
	Funded From	
289.4	Capital Receipts Reserve Applied	158.2
607.3	Grants	623.6
1,018.0	CIL Earmarked Reserve Contribution	573.7
5,871.0	Internal Borrowing Contributions	1,844.9
1,064.9	Other Revenue Contributions	0.0
0.0	Section 106	0.0
8,850.6		3,200.4

Treasury Management

East Cambridgeshire District Council was in cash surplus during the whole of the 2023/24 financial year. The Council invested this "surplus" cash in both fixed, short term investments 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 2023/24 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 2023/24 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 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 2024 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 2023		31 March 2024	
£'000		£'000	
43,019	Long Term Assets	44,398	
34,628	Current Assets	35,392	
(12,922)	Current Liabilities	(11,250)	
(5,532)	Long Term Liabilities	(684)	
59,193	Net Assets	67,855	
27,182	Useable Reserves	29,598	
32,011	Unusable Reserves	38,257	
59,193	Total Reserves	67,855	

The Council's Balance Sheet has moved from a position at 31st March 2023 of £59.193 million to £67.855 million at 31 March 2024. The principal reasons for this movement of £8.662 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 deficit mean that the financial position of the Council continues to remain healthy.

- The 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 2024 £'000
Operating activities	(738)
Investing activities	7,836
Financing activities	1,502
Net Increase or Decrease in cash and cash equivalents	8,600
Cash and cash equivalents	
At the beginning of the reporting period	13,044
At the end of the reporting period	21,644

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 2023/24 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 2023/24 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 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 2023/24.

Statement of Accounting Policies

The accounting policies applicable to the 2023/24 Statement of Accounts are the same as those that were applied to the 2022/23.

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 2023/24.

Ian Smith - CPFA
Director, Finance

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 2024 and its income and expenditure for the year ended 31 March 2024.

Ian Smith – CPFA

Director, Finance

Audit Committee Certificate for the Approval of the Accounts

COUNCIL Comprehensive Income and Expenditure Statement

2022/23				2023/24			
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		N O T E	GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
23,011	(16,234)	6,777	Finance & Assets		22,255	(16,341)	5,914
15,764	(11,110)	4,654	Operational Services		14,052	(9,007)	5,045
38,775	(27,344)	11,431	Cost of Services	8	36,307	(25,348)	10,959
2,740		2,740	Parish Council Precepts		3,001		3,001
555		555	Internal Drainage Board		572		572
	(4)	(4)	Interest on soft Loans			(4)	(4)
28		28	Loss/(Gain) on disposal of non-current assets		157		157
3,323	(4)	3,319	Other Operating Expenditure		3,730	(4)	3,726
	(809)	(809)	Interest Receivable & Investment Income			(2,115)	(2,115)
580		580	Net Interest on the net Pension Liability		91		91
580	(809)	(229)	Financing & Investment Income & Expenditure	21	91	(2,115)	(2,024)
	(7,271)	(7,271)	Council Tax Income			(7,671)	(7,671)
	(6,928)	(6,928)	Non Domestic Rates income & Expenditure			(6,670)	(6,670)
	(1,578)	(1,578)	Non Ring Fenced Government Grants	8		(1,583)	(1,583)
0	(15,777)	(15,777)	TAXATION & NON SPECIFIC GRANT INCOME		0	(15,924)	(15,924)
42,678	(43,934)	(1,256)	(Surplus)/Deficit on Provision of services	8	40,128	(43,391)	(3,263)
	991	991	(Surplus) or deficit in the revaluation of non-current assets			(487)	(487)
	(20,607)	(20,607)	Actuarial losses (Gains) on pension assets & liabilities	21		(4,913)	(4,913)
0	(19,616)	(19,616)	Other comprehensive income & expenditure		0	(5,400)	(5,400)
42,678	(63,550)	(20,872)	TOTAL COMPREHENSIVE INCOME & EXPENDITURE		40,128	(48,791)	(8,663)

COUNCIL Movement in Reserves Statement 2022/23

	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 2022	(1,051)	(23,415)	(380)	(1,536)	(26,382)	(11,533)	(37,915)
Movement in reserves							
(Surplus) or Deficit on provision of services		(1,256)			(1,256)		(1,256)
Other Comprehensive Income and Expenditure	(12)	12				(19,616)	(19,616)
Total Comprehensive Income and Expenditure	(12)	(1,244)			(1,256)	(19,616)	(20,872)
ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS		425	(24)	56	457	(861)	(405)
Net Increase/Decrease before Transfers to/from earmarked reserves	(12)	(819)	(24)	56	(799)	(20,477)	(21,276)
Transfer To/from Earmarked reserves	(12)	(819)	(24)	56	(799)	(20,477)	(21,276)
Balance at 31 March 2023	(1,063)	(24,234)	(404)	(1,481)	(27,182)	(32,010)	(59,192)

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)	(24,234)	(404)	(1,481)	(27,182)		(32,010)	(59,192)
Movement in reserves								
(Surplus) or Deficit on provision of services		(3,263)			(3,263)			(3,263)
Other Comprehensive Income and Expenditure	(175)	175			0		(5,400)	(5,400)
Total Comprehensive Income and Expenditure	(175)	(3,088)			(3,263)		(5,400)	(8,663)
ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS		1,137	15	(305)	847		(847)	0
Net Increase/Decrease before Transfers to/from earmarked reserves	(175)	(1,952)	15	(305)	(2,417)		(6,247)	(8,663)
Balance at 31 March 2024	(1,238)	(26,185)	(389)	(1,786)	(29,598)		(38,257)	(67,855)

Balance Sheet

31 Mar 23 £'000		Note	31 Mar 24 £'000
	LONG TERM ASSETS		
36,357	Property, Plant and Equipment	12	38,779
105	Heritage Assets		105
0	Intangible Assets	14	0
6,557	Long Term Debtors	16	5,513
43,019	TOTAL LONG TERM ASSETS		44,397
	CURRENT ASSETS		
17,000	Investments (Short Term)		10,000
165	Assets Held for Sale	12	0
4,402	Short Term Debtors	17	3,737
17	Inventories		11
13,044	Cash and Cash Equivalents	18	21,644
34,628	TOTAL CURRENT ASSETS		35,392
77,647	TOTAL ASSETS		79,789
	CURRENT LIABILITIES		
(11,872)	Short Term Creditors & Receipts in Advance	19	(10,184)
(1,050)	Provisions	20	(1,066)
(12,922)	TOTAL CURRENT LIABILITIES		(11,250)
21,707	TOTAL CURRENT ASSETS/LIABILITIES		24,141
64,726	TOTAL ASSETS LESS CURRENT LIABILITIES		68,539
	LONG TERM LIABILITIES		
(3,467)	Capital Grants Received in Advance		(3,716)
(2,065)	Net Pensions Liability	21	3,032
(5,532)			(684)
59,193	NET ASSETS		67,855
	FINANCED BY:		
27,182	USABLE RESERVES	10	29,598
32,011	UNUSABLE RESERVES	11	38,257
59,193	TOTAL RESERVES		67,855

Ian Smith – CPFA
Director, Finance

Cash Flow Statement

31 March 2023 £'000		31 March 2024 £'000
1,256	Net Surplus/(Deficit) on the Provision of Services	3,263
	Adjustments for Non-cash items:	
(809)	Interest Receivable	(2,115)
1,168	Depreciation & Amortisation, Impairment	550
1,795	Pension Liability	(184)
(6,293)	Change in Debtors, Creditors and provisions and inventories (excluding collection Fund)	(2,252)
(4,139)	Total Adjustments	(4,001)
(2,883)	Net Cash Flows from Operating Activities	(738)
(662)	Purchase of PPE & Intangibles	(2,323)
(1,338)	Change in Long Term Debtors	1,044
(11,000)	Net (purchase) of Investments	7,000
809	Interest Received	2,115
(12,191)	Investing Activities	7,836
(6)	Net Receipt/(application) of Capital Grants	249
481	Change in Collection Fund agencies, Debtors & Creditors	1,254
475	Financing Activities	1,502
(14,599)	Net (decrease) in cash and cash equivalents	8,600
27,643	Cash and cash equivalents at the beginning of the reporting period	13,044
13,044	Cash and cash equivalents at the end of the reporting period	21,644

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.'

2022/23	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	8,608	(2,031)	6,577	(1,015)	1,215	6,777
Operational Services	1,138	2,863	4,001	653		4,654
NET COST OF SERVICES	9,746	832	10,578	(362)	1,215	11,430
Other Operating Expenditure plus Taxation & Grant Income	(11,057)		(11,057)	256	(1,885)	(12,686)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	(1,311)	832	(479)	(106)	(670)	(1,256)
Other Comprehensive I&E				991	(20,607)	(19,616)
TOTAL	(1,311)	832	(479)	885	(21,277)	(20,872)

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	4,506	(162)	4,344	1,845	(275)	5,914
Operational Services	7,010	(1,965)	5,045			5,045
NET COST OF SERVICES	11,516	(2,127)	9,389	1,845	(275)	10,959
Other Operating Expenditure plus Taxation & Grant Income	(13,531)		(13,531)	(319)	(372)	(14,223)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	(2,015)	(2,127)	(4,142)	1,526	(647)	(3,263)
Other Comprehensive I&E				(487)	(4,913)	(5,400)
TOTAL	(2,015)	(2,127)	(4,142)	1,039	(5,560)	(8,663)

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 4 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 29, Pages 48 to 59).
- (iv) Accounting Policies (Note 30, Pages 60 to 70).

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:

- IFRS 16 Leases issued in January 2016
- 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 30, 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 2023/24, 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 2023/24 for Land and Buildings (NBV) is £34.147 million (2022/23; Land and Buildings (NBV) is £33.491 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 £3.032 million for 2023/24; this has increased by £5.097 million since 2022/23. However:
 - This does not adversely 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 deficit 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 2024. An estimated provision of £2.625 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 £1.050 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 taking into account 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 2024 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	<p>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.</p> <p>In addition, an annual impairment review is undertaken to determine if any of the Council's assets have been impaired.</p>	<p>75% 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 £0.341 million.</p>
Depreciation	<p>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.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £0.311 million for every year that the useful lives had to be reduced.</p>
Plant and Equipment	<p>Plant and Equipment are valued on an historic cost basis.</p>	<p>There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are</p>	<p>The effects on the net pension's liability of changes in individual assumptions, as provided by the actuary, can be measured. For instance, a:</p>

	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 liability of £1.000 million. • 0.1% increase in the salary increase rate would result in an increase in pension liability of £0.041 million. • 0.1% increase in the pension increase rate would result in an increase in pension liability of £0.978 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.	<p>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).</p> <p>A 10% variation in the estimated provision would be £0.263 million for the Collection Fund of which £0.105 million would be attributable to the General Fund.</p>

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 2023/24 no such items of income or expenditure were incurred (2022/23 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 31st May 2024.

With regard to 2023/24:

- **Adjusting Events**
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2024.
- **Non-Adjusting Events**
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2024.

Note 8. Expenditure & Income by Nature

2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
General Fund	Other Reserves	Total		General Fund	Other Reserves	Total
8,774	1,215	9,989	Employees (*)	9,556	(275)	9,281
27,915	380	28,295	Other Service Expenses (*)	26,476	0	26,476
0	1,168	1,168	Depreciation, Amortisation & Impairment (*)	0	550	550
(1,342)	653	(689)	REFCUS (*)	(667)	667	0
0	580	580	Interest payable	0	91	91
334	(334)	0	Statutory Minimum Provision	319	(319)	0
3,295	0	3,295	Precept Payments	3,572	0	3,572
0	28	28	Loss/(Gain) on disposal of non-current assets	157	0	157
38,976	3,690	42,666	TOTAL EXPENDITURE	39,415	714	40,127
(21,139)	0	(21,139)	Government Grants (Services) (*)	(19,179)	0	(19,179)
(1,958)	380	(1,578)	Government Grants (Central)	(1,583)	0	(1,583)
(6,194)	0	(6,194)	Sales Fees & Charges (*)	(6,169)	0	(6,169)
(819)	6	(813)	Interest Receivable	(2,119)	0	(2,119)
(7,407)	136	(7,271)	Council Tax	(7,581)	(90)	(7,671)
(4,321)	(2,607)	(6,928)	Business Rates	(6,376)	(294)	(6,670)
(41,838)	(2,085)	(43,922)	TOTAL INCOME	(43,009)	(384)	(43,392)
(2,861)	1,605	(1,256)	NET EXPENDITURE	(3,593)	330	(3,263)
8,014	3,416	11,430	COST OF SERVICES (*)	10,018	942	10,960

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:

2022/23 £000		2023/24 £000
	Credited to non-specific income	
(13)	Revenue Support Grant	(102)
(1,113)	New Homes Bonus	(838)
(452)	Rural Services Grant	(643)
(1,578)	TOTAL	(1,583)
	Credited to services	
(12,140)	Benefits	(12,148)
(111)	HB Admin Grants	(91)
(815)	Section 106	(299)
(5,790)	Community Infrastructure Levy	(3,913)
(1,565)	Homelessness	(2,199)
(477)	Collection Costs	(139)
(7)	Sport England	0
(234)	Other	(390)
(21,139)	TOTAL Credited to services	(19,179)

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 2022 £'000	Transfers In 22/23 £'000	Transfers Out 22/23 £'000	31 March 2023 £'000	Transfers In 23/24 £'000	Transfers Out 23/24 £'000	31 March 2024 £'000
General Fund Core and Surplus Savings	9,227	1,657	(1,222)	9,663	2,771	(1,976)	10,458
Community Infrastructure Levy	7,784	2,879	(9)	10,654	2,409	(402)	12,661
Enterprise Zone NNDR	659	165	(85)	739	575	(358)	956
Change Management	344	0	(12)	331	0	(174)	157
Major Project Development	100	0	0	100	0	0	100
Affordable Housing	221	0	0	221	0	(91)	131
Vehicle Replacements	89	0	(15)	74	0	0	74
Housing	66	0	0	66	0	(6)	60
Building Control	23	0	(23)	0	0	0	0
Leisure Centre	300	0	(12)	288	0	(230)	58
Business Rates S31	1,458	0	(1,458)	0	0	0	0
Cambridgeshire Horizons	3,840	307	(1,409)	2,738	0	(201)	2,537
Other Earmarked	354	98	(29)	423	110	(299)	234
Total Earmarked	15,238	3,448	(3,052)	15,636	3,094	(1,761)	16,968
TOTAL	24,466	5,106	(4,274)	25,298	5,864	(3,737)	27,425

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 2023 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 2023 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 2022/23	Usable Capital Receipts Reserve	Usable Capital Grants Unapplied Reserve	Un-usable Capital Adjustment Reserve	Un-usable Revaluation Reserve	Un-usable Deferred Capital Receipts	Capital Outturn for the year TOTAL
Transfers between reserves	289					289
GF Contributions to Capital			(1,010)			(1,010)
Grants Received		(24)				(24)
Expenditure Grants to Third Parties			676			676
Capital Receipts	(234)					(234)
Additions			(690)			(690)
Depreciation			798	99		897
Amortisation			15			15
Impairment			256			256
Statutory Minimum Provision			(334)			(334)
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE - Balance Sheet Side	55	(24)	(289)	99	0	(159)
Revaluation				991		991
TOTAL RESERVES MOVEMENT	55	(24)	(289)	1,090	0	832

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	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
Impairment			(138)			(138)
Statutory Minimum Provision			(319)			(319)
Disposals			106	78		184
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE - Balance Sheet Side	(305)	15	(431)	186	45	(490)
Revaluation				(487)		(487)
TOTAL RESERVES MOVEMENT	(305)	15	(431)	(301)	45	(977)

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

2022/23 £'000		2023/24 £'000
245	Total Capital Items from previous page	(490)
580	Net interest on the Pension Liability	91
1,215	Current & Past Cost Pension Adjustment	(275)
1,795	Pensions Reserve	(184)
	(see Note 21 for detail)	
136	Change in Council Tax Entitlement	(90)
(2,193)	Change in Business Rates entitlement	(727)
(414)	Change in Renewable Energy NNDR	433
(2,471)	Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)	(384)
6	Other Items	(79)
(425)	TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION	(1,137)
1,256	SURPLUS/(DEFICIT) UPON PROVISION OF SERVICES	3,263
832	GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)	2,127

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 2022-23	Land & Buildings	Vehicles, Plant, Furniture &	Infrastructure Assets	Community Assets	Total Assets	Assets Held for Sale
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2022	35,615	7,819	720	877	45,031	165
Transfers						
Additions in Year	370	320			690	
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(991)				(991)	
Revaluation increases / (decreases) recognised in the CI&ES	(256)				(256)	
Disposals		(2,017)			(2,017)	
At 31 March 2023	34,738	6,122	720	877	42,457	165
Accumulated Depreciation & Impairment						
At 1 April 2022	(944)	(6,174)	(76)	0	(7,194)	0
Depreciation Charge in year	(305)	(592)			(897)	
Transfers						
Depreciation restated to the Revaluation reserve Upon Revaluation						
Depreciation restated to the Income & Expenditure Account Upon Revaluation						
Adjustment for disposal		1,989			1,989	
At year end	(1,249)	(4,777)	(76)	0	(6,102)	0
Balance Sheet Value at year end	33,491	1,345	644	877	36,355	165
Balance Sheet Value at year start	34,671	1,645	644	877	37,837	165

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

Movement of Property, Plant and Equipment 2023-24	Land & Buildings	Vehicles, Plant, Furniture &	Infrastructure Assets	Community Assets	Total Assets	Assets Held for Sale
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2023	34,738	6,122	720	877	42,457	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	
Disposals		(1,357)			(1,357)	(165)
At 31 March 2024	35,702	6,931	720	877	44,230	0
Accumulated Depreciation & Impairment						
At 1 April 2023	(1,249)	(4,777)	(76)	0	(6,102)	0
Depreciation Charge in year	(311)	(377)			(688)	
Transfers						
Depreciation restated to the Revaluation reserve Upon Revaluation						
Depreciation restated to the Income & Expenditure Account Upon Revaluation						
Adjustment for disposal		1,337			1,337	
At year end	(1,560)	(3,817)	(76)	0	(5,453)	0
Balance Sheet Value at year end	34,142	3,114	644	877	38,779	0
Balance Sheet Value at year start	33,491	1,345	644	877	36,355	165

Capital Commitments

At 31 March 2024 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 2023/24	Land and Buildings	Vehicles Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000
Carried at Historic Cost	8,756	6,931	720	877	17,284
Valued at Fair Value as at:					
31st March 2024	15,111				15,111
31st March 2023	8,074				8,074
31st March 2022	2,818				2,818
31 st March 2021	943				943
Assets below de-minimis					
Total Cost of Valuation	35,702	6,931	720	877	44,230

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.

2022/23		2023/24
£000		£000
9,451	Opening Capital Financing Requirement	14,988
	Capital Enhancement	
690	Property, Plant and Equipment	2,505
1,251	Highways contribution	0
6,000	Loan to Subsidiary Company	0
235	Loan to EC CLT	0
676	Revenue Expenditure Funded from Capital under Statute Repayable Advances	667
8,851	TOTAL CAPITAL ENHANCEMENT	3,172
	Sources of Finance	
(289)	Capital receipts	(158)
(1,673)	Grants and other contributions	(595)
(1,018)	Direct Revenue Financing – Other	(574)
0	Repayment of loan from subsidiary company	(1,000)
(334)	Minimum revenue provision	(319)
(3,314)	TOTAL SOURCES OF FINANCE	(2,646)
14,988	Closing Capital Finance Requirement	15,514

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

2022/23 £'000		2023/24 £'000
6,000	Loan to Trading Companies	5,000
235	Loan to CLT	235
322	Loans to Individuals & Private Sector	279
6,557	Total	5,513

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

2022/23		2023/24
£000		£000
403	Council Taxpayers	463
536	Non-Domestic Rate Payers	670
939	Sub Total Local taxation	1,133
832	Trading Company	360
1,974	Sundry Debtors & Accruals	1,229
2,806	Sub Total Financial Instruments definition	1,589
377	Payments in Advance	347
(977)	Bad Debt Provisions	(912)
1,003	Local Govt.	353
153	Central Govt. – Customs & Excise	220
101	Central Govt. – Other	1,008
657	Sub Total	1,016
4,402	TOTAL	3,737

Note 18. Cash and Cash Equivalents

2022/23		2023/24
£000		£000
12,500	Money Market Funds	21,000
544	Bank Account - Operational	644
13,044	Total	21,644

Note 19. Creditors

2022/23 £000		2023/24 £000
(296)	Payroll Creditors	(307)
(1,770)	Sundry Creditors	(1,511)
(250)	Trading Company	(142)
(2,316)	Sub Total Financial Instruments Definition	(1,959)
(100)	Covid Grant Creditors	0
(53)	CTAX Energy Rebate Creditor	0
(2,012)	Local Govt. - Collection Fund Account	(2,431)
(1,449)	Central Govt. – Collection Fund Account	(2,285)
(2,243)	Other Local Government	(1,028)
(3,430)	Central Govt. – DWP, DCLG	(707)
(269)	Receipts in Advance	(1,774)
(9557)	Sub Total	(8,225)
(11,872)	Total	(10,184)

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

2022/23 £000		2023/24 £000
(16)	Maintenance of Amenity Areas	(16)
(1,034)	Business Rate Appeal	(1,050)
(1,050)	Total	(1,066)

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 £2.625 million at the end of 2023/24 of which £1.050 million would have to be met by the Council, and £1.575 million by other Collection Fund participants.

Contingent Liabilities

The Council had no Contingent Liabilities at the 31st March 2024.

Contingent Assets

There were no contingent assets at the 31st March 2024.

Note 21. Pension Fund Net Long Term Liability & Reserve

31 March 2023	Gross Liabilities	31 March 2024
£'000		£'000
(72,992)	Opening Balances as at 1 April	(53,122)
(1,989)	[I] Interest Cost	(2,518)
23,311	[A] Actuarial losses /(gains) from changes in financial assumptions	1,639
(2,777)	[C] Current service cost	(1,423)
	[C] Past Service Cost	
(401)	[N] Contributions from scheme participants	(455)
1,659	[N] Benefits paid	2,021
67	[N] Estimated unfunded benefits paid	74
(53,122)	Closing balance at 31 March	(53,784)

31 March 2023	Gross Assets	31 March 2024
52,115	Opening fair value of scheme assets balance as at 1 April	51,057
1,409	[I] Interest Expense	2,427
(2,704)	[A] Actuarial losses / (gains) from changes in financial assumptions	3,274
1,495	[C] Contributions by the employer	1,624
67	[C] Contributions for unfunded (Discretionary benefits)	74
401	[N] Contributions by employees into the scheme	455
(1,659)	[N] Benefits paid	(2,021)
(67)	[N] Unfunded (Discretionary benefits)	(74)
51,057	Closing balance at 31 March	56,816
(2,065)	TOTAL NET LIABILITIES	3,032

Net Movement		Net Movement
2022/23		2023/24
1,562	General Fund Charge - Employer Contributions	1,698
1,215	[C] Other items to net cost of services	(275)
580	[I] Interest cost minus return on plan assets to financing income & expenditure	91
3,357	Charge to Surplus/(Deficit) upon Provision of Services	1,514
(20,607)	[A] Actuarial Gains/Losses to other income & expenditure	(4,913)
(17,250)	Charge to Comprehensive Income & Expenditure Account for the Year	(3,399)
(1,562)	Less General Fund Charge - Employer Contributions	(1,698)
(18,812)	TOTAL MOVEMENT IN PENSION RESERVE	(5,097)

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 2022.

In 2023/24 the Council paid an employer's contribution of £1.13 million representing 17.4% of employees' pensionable pay (2022/23 £1.01 million @ 17.4%) 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 £3.032 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 2025 is £1.596 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 2024. The results of this valuation were projected forward using approximate methods.

The main assumptions used by the actuary are as shown below.

2022/23	County Fund – Main Assumptions	2023/24
3.45%	Rate of increase in salaries	3.25%
2.95%	Rate of increase in pensions	2.75%
4.75%	Rate of discounting scheme liabilities	4.85%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.0	Men	21.9
24.7	Women	24.5
	Longevity at 65 for future pensioners	
22.8	Men	22.7
26.2	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-23		31-Mar-24
£'000		£'000
1,233	Cash and cash equivalents	1,234
	Equity instruments by industry:	
0	Consumer	648
0	Manufacturing	660
0	Energy & Utilities	69
0	Financial Institutions	632
0	Health & Care	532
0	Information Technology	1248
0	Other	62
0	Sub-total equity	3,850
	Debt Securities:	
1,728	UK Government	4,830
	Private equity:	
6,336	All not in active markets	6,924
	Real Estate	
3,335	Real Estate - UK Property	4,590
0	Real Estate - Overseas Property	0
	Other investment funds:	
5,512	Bonds	8,154
28,210	Equity	23,160
4489	Infrastructure	4,073
0	Real Estate - UK Property	0
0	Real Estate -Overseas property	0
214	Other	0
38,425	Sub-total other investment funds	35,388
51,057	Total Assets	56,816

Sensitivity analysis:

Increase Assumption 31 Mar 23 £000	Impact on the defined benefit obligation in the scheme	Increase Assumption 31 Mar 24 £000
909	Decrease in Real Discount Rate by 0.1%	1,000
2,125	1 Year increase in member life expectancy	2,151
71	Rate of Increase in salaries increase by 0.1%	41
852	Increase in the Pension Increase Rate (CPI) by 0.1%	978

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	
	2022/23	2023/24
	£'000	£'000
Measured at Amortised Cost		
Investments and Cash & Cash Equivalents		
Investments in subsidiaries		
Short term Investments	17,000	10,000
Money Market Funds	12,500	21,000
Cash & Cash Equivalents	544	644
Loans & Receivables		
Total Investments and Cash & Cash Equivalents	30,044	31,644
Debtors	2,806	1,589
Loans & Investments	0	0
TOTAL FINANCIAL ASSETS	32,850	33,233
Long Term		
Loans & Investments	6,557	5,513
Borrowings	0	0
TOTAL BORROWINGS	0	0
Measured at Amortised Cost		
Creditors	(2,316)	(1,959)
Financial Liabilities at amortised cost		
TOTAL CREDITORS	(2,316)	(1,959)
TOTAL FINANCIAL LIABILITIES	(2,316)	(1,959)

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 12 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 £31.00 million (2022/23; £29.5 million). However, in reality 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 2024 that this was likely to occur and there are no investments that as at 31 March 2024 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 (£146k in 2022/23) of the £502K (£1,253k in 2022/23) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2023 £000	31 March 2024 £000
Less than three months	1,107	502
Three to six months	10	3
Six months to one year	12	0
More than one year	124	(3)
Total	1,253	502

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	2022-23		2023-24	
	Turnover	Surplus/(Loss)	Turnover	Surplus/(Loss)
Business Units	109,383	(41,385)	102,336	29,477
E Space South	28,350	6,185	24,600	11,639
E Space North	259,991	85,521	261,386	137,013
Building Control	266,643	44,026	270,556	35,768
Total	664,367	94,347	658,878	213,897

Note 25. Members' Allowances

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

2022/23		2023/24
£		£
253,094	Allowances	249,328
2,579	Expenses	4,981
255,673		254,309

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.

2022/23		2023/24	
1	50,000 but less than	55,000	1
5	55,000 but less than	60,000	9
1	60,000 but less than	65,000	3
0	65,000 but less than	70,000	1
1	70,000 but less than	75,000	0
1	75,000 but less than	80,000	0
3	80,000 but less than	85,000	0
0	85,000 but less than	90,000	4
0	90,000 but less than	95,000	0
0	95,000 but less than	100,000	0
0	100,000 but less than	105,000	1
0	105,000 but less than	110,000	0
1	110,000 but less than	115,000	1
0	115,000 but less than	120,000	0
0	120,000 but less than	125,000	0
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	1
0	155,000 but less than	160,000	0
14			21

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.

2022/23	Salary including allowances	Additional Payments	Benefits and fees	Total remuneration	Employer Pension contributions	Remuneration including pension contributions
Post Holder	£		£	£	£	£
Chief Executive – John Hill	144,637		8,722	153,359	24,878	178,237
Director Operations	8,501	19,769		28,270	1,537	29,807
Director Commercial	39,418		496	39,914	6,780	46,694
Legal Services Manager	112,688			112,688	19,382	132,070
Finance Manager	80,575		400	80,975	13,859	94,834
Corporate Manager	80,575		362	80,937	13,859	94,796

Key – 2022/23

Note 1 Director Operations 1 in post until 30th April 2022

Note 2 Director Operations 2 in post from 7th November 2022

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.

2022/23			2023/24			
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		0	0
	1	1	£20,000 to less than £40,000		0	0
0	1	1	TOTAL	0	0	0
		Cost £ 000				Cost £ 000
	0	0	£0 to less than £20,000		0	0
	20	20	£20,000 to less than £40,000		0	0
	20	20	TOTAL		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.

2022/23 £'000		2023/24 £'000
48	External Audit	147
195	Increased Cost	0
36	Grant Claim Certificate	38
279		185

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 2023/24 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 2023/24, 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 – Transactions in Year from ECDC to LLC £15,238 for Grant funding. £11,400 outstanding at 31st March 2024

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 £2,038K,

Payments from ECDC to ECTC £1,492K

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 £1,113K

Payments from ECDC to ECSS £5,385K

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

Council as Lessee

Finance Leases

The only material Finance Leases held by the Council as lessee are:

2022/23		2023/24
£000		£000
353	Public Conveniences, Car Park, Open Space	346

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:

2022/23		2023/24
£000		£000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
17	Current	17
40	Finance costs payable in future years	23
57	Minimum lease payments	40

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:

2022/23		2023/24	
£000		£000	
20	Not later than 1 year		9
497	Later than 1 year and not later than 5 years		372
118	Later than 5 years		108
635			489

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 2023/24 £0 contingent rents were receivable by the Authority (2022/23 £0).

Note 30. Accounting Policies

Accounting Policies in respect of Concepts and Principles

General Principles

The Statement of Accounts summarises the Council's transactions for the **2023/24** financial year and its position at the year-end of 31 March 2024. 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 **2023/24** and the Service Reporting Code of Practice **2023/24**, 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 on the basis of 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

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
- 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 life. 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		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

Finance leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant and equipment, applied to write down the lease liability, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period.)

Operating leases.

Rentals paid under operating leases are debited to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

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 31. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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 carrying out its assessment that this basis is appropriate, in relation to the going concern period up to 31st March 2025, 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
31st March 2025	£1.364m	£8.820m

Our expected General Fund and Earmarked Reserve position as at 31st March 2025, are a predicted balance of £1.364 million in the General Fund and £8.820 million in other Earmarked Reserves (excluding CIL). [Figures from the 2024/25 budget approved by Full Council on the 20th February 2024.] 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.

Our cash flow forecasting 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 key assumption within this forecast was that the Council will come in on budget in 2023/24 and 2024/25. It should be noted that the budget for 2024/25 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. And the budget for both years has been set taking into account the high levels of inflation in the economy and consequential expected increases in employee pay.

The Council has in recent years, always underspent its budget at yearend and the figures now detailed in this Statement of Accounts, show a significant underspend in 2023/24 which will, all other things being equal, increase the earmarked reserves forecast in the budget documentation, as quoted above.

The current forecast is that after allocations from the Surplus Savings Reserve in 2024/25 there will still be over £7.6 million in this reserve as at the 31st March 2025. It is therefore strongly believed that any pressures will be able to be absorbed within this balance, if required, up until this time

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

2025, 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.

Ian Smith
Director, Finance
East Cambridgeshire District Council

Collection Fund

2022/23			2023/24		
Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000	Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000
Income					
	(64,322)	(64,322)		(69,421)	(69,421)
(21,574)		(21,574)			
(9)		(9)	(23,494)		(23,494)
			(2,621)		(2,621)
(21,582)	(64,322)	(85,904)	(26,115)	(69,421)	(95,536)
Expenditure					
Repay Previous Years Surplus / Deficit					
(1,687)	0	(1,687)	(172)	0	(172)
(1,350)	244	(1,106)	(137)	(37)	(174)
(303)	1,514	1,211	(31)	235	204
0	268	268	0	41	41
(34)	79	45	(3)	12	9
(3,374)	2,105	(1,269)	(343)	251	(92)
Precepts and Demands					
9,861		9,861	11,373		11,373
8,020	7,163	15,183	9,186	7,581	16,767
1,805	45,727	47,532	2,067	49,318	51,385
	8,015	8,015		8,711	8,711
201	2,333	2,534	229	2,567	2,796
				384	384
19,887	63,238	83,125	22,855	68,561	91,416
Charges to Collection Fund					
Less Write off of Uncollectable					
(18)	(220)	(238)	0	385	385
143	333	476	158	(186)	(28)
Less Increase/(Decrease) in					
(2,089)		(2,089)	40		40
96		96	99		99
1,127		1,127	1,008		1,008
329		329	480		480
(412)	113	(298)	1,785	199	1,984
16,101	65,456	81,558	24,297	69,011	93,308
(5,481)	1,134	(4,346)	(1,818)	(410)	(2,228)
(Increase) / Decrease in Collection Fund Balance					
4,422	(2,101)	2,321	(1,059)	(967)	(2,026)
Fund Balance - (Surplus) / Deficit at 1 April					
(1,059)	(967)	(2,025)	(2,877)	(1,377)	(4,254)
Fund Balance - (Surplus) / Deficit at 31 March					

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 2024					
Tax Band	Properties	Exemptions & Discounts	Chargeable Dwellings	Band D Multiplier	Band D equivalent
A-	10.8	3.4	7.4	5/9	4.1
A	1124.0	831.0	293.0	6/9	195.3
B	10298.6	1124.0	9174.6	7/9	7,135.8
C	7671.7	319.2	7352.5	8/9	6,535.6
D	6914.7	137.2	6777.5	9/9	6,777.5
E	4672.5	48.7	4623.8	11/9	5,651.3
F	2262.1	14.7	2247.4	13/9	3,246.2
G	750.8	3.6	747.2	15/9	1,245.3
H	83.0	0.0	83.0	18/9	166.0
Total	33,788.2	2,481.8	31,306.4		30,957.2

Council Tax charge per band D property for 2022/23 £2,032.35

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

3. Non Domestic Rates (NDR)

The standard business rate multiplier set by the Government for 2023/24 was 51.2p (2022/23 51.2p). The small business multiplier, for business with a rateable value of under £18,000 was 49.9p (2022/23 49.9p)

Total rateable value at 31 March 2024 £70.921 million.

Total rateable value at 31 March 2023 £60.224 million.

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 23 £'000	Council Tax 31 Mar 23 £'000	TOTAL 31 Mar 23 £'000		Non Domestic Rates 31 Mar 24 £'000	Council Tax 31 Mar 24 £'000	TOTAL 31 Mar 24 £'000
2,898	1,079	3,977	Cash held by ECDC	5,414	1,661	7,075
2,113	3,188	5,301	Debtors	2,520	3,826	6,346
(798)	(1,601)	(2,399)	Receipts in Advance	(861)	(1,778)	(2,639)
(569)	(1,700)	(2,269)	Impairment Provision	(727)	(1,899)	(2,626)
(2,585)	0	(2,585)	Appeals Provision	(2,625)	0	(2,625)
(1,059)	(966)	(2,025)	Fund Surplus	(3,721)	(1,810)	(5,531)
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 13% for Council Tax. The entries are therefore as follows:

Non Domestic Rates 31 Mar 23 £'000	Council Tax 31 Mar 23 £'000	TOTAL 31 Mar 23 £'000		Non Domestic Rates 31 Mar 24 £'000	Council Tax 31 Mar 24 £'000	TOTAL 31 Mar 24 £'000
845	350	1,195	Debtors	1,008	407	1,415
(319)	(174)	(493)	Receipts in Advance	(344)	(189)	(533)
(228)	(188)	(416)	Impairment Provision	(290)	0	(290)
(1,034)	0	(1,034)	Appeals Provision	(1,050)	0	(1,050)
(290)	(958)	(1,248)	Creditors - Local Government	(287)	(1,599)	(1,886)
(1,449)	0	(1,449)	Creditors - Central Government	(2,284)	0	(2,284)
(424)	(108)	(532)	Fund Surplus to Collection Fund Adjustment Account	(1,151)	(198)	(1,349)
(2,899)	(1,078)	(3,977)	TOTAL	(4,398)	(1,579)	(5,977)

7. Collection Fund Adjustment Reserve

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

2022/23 £'000	Collection Fund Adjustment Account		2023/24 £'000
1,506	Opening Balance		(965)
(2,471)	Movement in Year		(384)
(965)	Closing Balance		(1,349)
		Movement	Closing Balance
(108)	Council Tax	(90)	(198)
(424)	Non Domestic Rates - Core	(727)	(1,151)
(433)	Non Domestic Rates - Renewable Energy	433	0
			(1,349)

GROUP Comprehensive Income & Expenditure Account

2022/23			2023/24			
GROSS EXPENDITURE	GROSS INCOME	NET EXPENDITURE	GROSS EXPENDITURE	GROSS INCOME	NET EXPENDITURE	
£000	£000	£000	£000	£000	£000	
51,096	(44,688)	6,409	Finance & Assets	28,666	(22,051)	6,615
20,345	(15,692)	4,653	Operational Services	14,542	(9,496)	5,046
71,442	(60,380)	11,062	Cost of Services	43,208	(31,547)	11,661
3,323	(4)	3,319	Other Operating Costs	3,729	(4)	3,727
430	(569)	(139)	Financing & Investment Items	(55)	(1,801)	(1,856)
58	(15,776)	(15,718)	Taxation & Grant Income	(39)	(15,924)	(15,963)
75,253	(76,729)	(1,476)	Net Surplus/Deficit on provision of services	46,843	(49,276)	(2,433)
			Other comprehensive income & expenditure			
0	(19,616)	(19,616)		0	(5,400)	(5,400)
75,253	(96,345)	(21,092)	TOTAL	46,843	(54,676)	(7,833)

GROUP Movement in Reserves Statement

2022/23				2023/24			
Opening Balance Group	Adjust between Account basis and fund basis	Other income & Expenditure	Closing Balance		Adjust between Account basis and fund basis	Other income & Expenditure	Closing Balance
£'000	£'000	£'000	£'000		£'000	£'000	£'000
24,385	(425)	1,476	25,435	General Fund	(1,168)	2,433	26,700
1,536	(56)	0	1,481	Capital Receipts Reserve	305	0	1,786
379	25	0	404	Capital Grants Unapplied	(15)	0	389
26,300	(456)	1,476	27,322	Total Useable	(878)	2,433	28,875
19,791	289	0	20,080	Capital Adjustments Account	431	0	20,511
14,068	(99)	(991)	12,977	Revaluation Reserve	(186)	487	13,278
(22,242)	756	20,607	(877)	Other Unusable	601	4,913	4,637
11,616	946	19,616	32,180	Total Unusable	847	5,400	38,427
37,917	0	21,092	59,500	TOTAL	(31)	7,833	67,302

Group Balance Sheet

31 Mar 23		31 Mar 24
£'000		£'000
36,443	Property, Plant and Equipment	38,890
105	Heritage Assets	105
0	Intangible Assets	0
2,610	Trade & Other receivables	2,150
557	Long Term Debtors	513
39,715	TOTAL LONG TERM ASSETS	41,658
17,000	Investments (Short Term)	10,000
165	Assets Held for Sale	0
4,128	Short Term Debtors	(6,290)
4,916	Inventories	3,448
13,805	Cash and Cash Equivalents	22,403
40,014	TOTAL CURRENT ASSETS	29,561
(13,351)	Short Term Creditors & Receipts in Advance	(1,891)
(1,193)	Provisions	(1,193)
(153)	Borrowings	(149)
(14,699)	TOTAL CURRENT LIABILITIES	(3,233)
0	Borrowings	0
(3,467)	Capital Grants Received in Advance	(3,716)
(2,065)	Net Pensions Liability	3,032
(5,532)	LONG TERM LIABILITIES	(684)
59,499	NET ASSETS	67,302
	FINANCED BY:	
27,212	USABLE RESERVES	28,875
32,287	UNUSABLE RESERVES	38,427
59,499	TOTAL RESERVES	67,302

Ian Smith - CPFA

Director, Finance

East Cambridgeshire District Council

Group Cash Flow Statement

Group		Group
31 March 2023		31 March 2024
£'000		£'000
1,476	Net Surplus / (Deficit) on the Provision of Services – (i)	2,409
(126)	Interest receivable	(1,871)
	Adjustments for Non-cash Items:	
1,264	Depreciation & Amortisation	641
	Impairment	
1,795	Pension Liability	(184)
21,136	Change in Inventories	1,462
(5,609)	Change in Debtors & Creditors	(1,826)
18,460	Total Adjustments (ii)	(1,779)
19,936	A- Net Cash Flows from Operating Activities (i)+(ii)	632
(699)	Purchase of Property, Plant & Equipment	(2,390)
(1,338)	Change in Long Term Debtors	1,044
(11,000)	Change in Short term Investments	7,000
848	Interest Received	2,129
(12,189)	B- Investing Activities	7,783
(6)	Net receipt / (application) of Capital Grants	249
	Change in Collection Fund agencies	
481	Debtors & Creditors	1,254
3,907	Loans Advanced	0
(27,377)	Loans Repaid	(1,255)
0	Leasing Liabilities Proceeds	0
(17)	Leasing Liabilities Repayment	(63)
(55)	Interest Paid	0
(23,067)	C- Financing Activities	185
(15,320)	Net (decrease) in cash and cash equivalents (A+B+C)	8,600
29,124	Cash and cash equivalents at the beginning of the reporting period	13,804
13,804	Cash and cash equivalents at the end of the reporting period	22,404

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 2023 £'000	In Year Movement 2023/24 £'000	31 March 2024 £'000
Surplus Savings Reserve - Profit & Loss Account	131	(961)	(830)
Total Company Reserves portion of Group Balance Sheet	131	(961)	(830)
Represented by:			
East Cambs Trading Company Profit & Loss	131	(961)	(830)
East Cambs Street Scene Profit & Loss	0	0	0

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	84	24		108
Long Term Debtor/Loan	(5,000)	0		(5,000)
Debtors & Cash	2,091	818	(3,150)	(241)
Inventories	3,395	11		3,406
Borrowings	(149)			(149)
Creditors	(1,025)	(837)	6,877	5,015
TOTAL ASSETS NET OF COUNCIL SHARE	(604)	16	3,727	3,139

The Group Balance Sheet has moved from a position at 31st March 2023 of £59.499 million to £67.302 million at 31 March 2024.

ECTC's non-current assets have reduced primarily because there is only one instalment remaining on the Kennett land promotion, which is due in October 2024, which is less than one year.

Inventories have reduced by £1.4m as 10 properties were sold last year and at the end of March 2024, the latest development project in Ely is approximately only 50% built.

Trade & other receivable is £191k lower this year following the payment of the third of four instalments on the Kennett land promotion with the final instalment only being £806k as opposed to £977k for the previous three.

Trade payables has increased as work on the Eden Square development has increased, and amounts are due to contractors. At the end of March 2024 with less building work in progress there was less due to contractors.

Non-current liabilities have reduced by £1m following a repayment of part of the loan due to 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

	2022/23	2023/24
ECDC	£279,000	£185,000
ECTC	£35,650	£44,000
ECSS	£22,875	£26,300
Total Audit Fees	£337,525	£255,300

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 actually 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: ANNUAL GOVERNANCE STATEMENT 2023/24 – FIRST DRAFT

Committee: Audit Committee

Date: 16 July 2024

Author: Chief Executive

Report No: Z34

Contact Officer: John Hill, Chief Executive

Email: john.hill@eastcambs.gov.uk

Room No. 103, The Grange, Ely

1.0 Issue

- 1.1. Presentation of the first draft of the Annual Governance Statement 2023/24 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 2024.

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, which is formally reported to the Audit Committee as a different agenda item at this evening's 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:

FIRST DRAFT

- 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 2023/24 Annual Governance Statement relates specifically to April 2023 to end March 2024, it also reflects on past and future actions and priorities:

- Appendix 1 (Draft 2023/24 AGS) includes
 - ‘Development in 2023/24’ column detailing in year progress in meeting the agreed principles;
 - ‘Focus and further development for 2024/25 as a footer to each agreed principle outlining priorities in 2024/25 (i.e. the current financial year). Progress against these actions will be reported as part of the 2024/25 AGS.
- Appendix 2 specifically updates on actions included in the 2022/23 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 2023/24 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 13 September 2024.

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
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FIRST DRAFT

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

Appendix 1 – Annual Governance Statement 2023/24 – First Draft
Appendix 2 – Progress Report (AGS 2022/23) – Agreed Actions

7.0 Background Documents:

Audit Committee – 5 February 2024

Agenda Item 6 – Annual Governance Statement – Final Draft (2022/23).



Draft Annual Governance Statement 2023/24

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 <https://www.eastcambs.gov.uk/>.
- 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 2024 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 2023/24 and areas of focus for 2024/25:



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 2023/24
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 2023/24, there were no Code of Conduct complaints against Councillors which were subject to investigation and conclusion. An updated Whistleblowing Policy was approved by Finance & Assets Committee in March 2024.
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 Finance Manager & S151 Officer is responsible for ensuring that appropriate advice is given 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. 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 	<ul style="list-style-type: none"> Preparation and delivery of new Member Induction, Training and Development Programme following elections in May 2023. During 2023/24, the HR team introduced two new and five updated HR policies, including: a new Business Travel and Expenses policy; a new Eyecare and Eyesight Testing policy; and updated policies on Remote Working, Redundancy, Flexible Retirement, Local Government Pension Scheme (LGPS) Pensions Discretions statement, and Agency and Other Off payroll Working.



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 2023/24
	<p>March each year. The 2023/24 Pay Policy was approved by Council in February 2024.</p> <ul style="list-style-type: none"> 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 2023/24 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 2024/25. 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. In 2023/24, 100% of staff completed this training. Training on Contract Procurement Rules is mandatory for all service leads at least once every three years. Children and Adults at Risk Safeguarding Policy adopted and available to stakeholders. 	<ul style="list-style-type: none"> Accessibility Guidelines were introduced in June 2023. Training to over sixty officers was delivered on these between June 2023 and February 2024. The Elections Act required Councils to ensure they were compliant with specific accessibility standards and introduction of Voter ID, which was enacted by the Council ahead of the May 2023 elections. During 2023, the service undertook a polling districts, polling places and polling stations review which was approved by Council in February 2024. The purpose of such a review is to ensure that residents have best access to a suitable polling station. Major changes in building control came into force between October 2023 and April 2024. Targets and key performance indicators have been aligned with the latest requirements. The Council now



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 2023/24
		<p>operates within a Building Safety Regulator (BSR) Code of Conduct and an Internal Building Control Charter sets out the requirements of staff.</p> <ul style="list-style-type: none"> • Training on RIPA and Covert Human Intelligence Sources (CHIS) was undertaken in September / October 2023.
<p>Focus and further development for 2024/25</p> <ul style="list-style-type: none"> • The Whistleblowing policy to be published and promoted after an external review of the Council’s governance arrangements around the policy and further consideration by Finance and Assets Committee. • A social media policy has been drafted for staff – a draft is with CMT for consideration. • The Planning service will be seeking to reduce reliance on contract planners through recruitment of permanent staff and to increase use of Planning Performance Agreements (PPAs) to ensure cost recovery. • To ensure corporate compliance with Web Content Accessibility Guidelines (WCAG) 2.2 statutory accessibility regulations for all councils published communications. • Expected changes arising from the Renters Reform Bill and Housing Health and Safety Rating System which will impact on enforcement activity. Without a clear understanding of if or when such changes will be introduced, the only action available to local authorities is to maintain an overview of forthcoming proposals for change and to ensure training and skills development for existing staff remains in place, with the ability to secure additional resource as required. • Further legislative changes expected include: Environment Act, Martyn’s Law, Potential changes to Planning legislation/National Planning Policy Framework, Levelling Up and Regeneration Act 2023, changes to Community Safety Partnership related powers and responsibilities. The Council will need to respond to changes arising in 2024/25. Building Safety Levy also to be applied from Autumn 2024. • Nationally, there has been growing concern regarding the level of abuse and harassment directed towards Councillors. In May 2024, the Council resolved to implement measures to support the Local Government Association’s “Debate not Hate” campaign which will be developed during 2024/25. 		



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 2023/24
	<ul style="list-style-type: none">• Ensuring the 2024 general election is compliant with accessibility standards and new requirements for overseas voters are implemented.	



Principle B: Ensuring openness and comprehensive stakeholder engagement		
Key element	How the Council achieves this	Development in 2023/24
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"> • The Council's gender pay gap was reported to Finance and Assets Committee in September 2023. • Implementation of Voter ID for May 2023 Elections including comprehensive public awareness campaign. • Ensuring accessibility of documents relating to Council and Committees on Council's website through redesign of agenda and report templates.



Principle B: Ensuring openness and comprehensive stakeholder engagement		
Key element	How the Council achieves this	Development in 2023/24
	<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.’ 	
<p>Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability, and encouraging open consultation</p>	<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 and Vulnerable Community 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 	<ul style="list-style-type: none"> • The Communities and Partnerships service is responsible for the development and implementation of the Council’s community engagement strategy, which along with the Vulnerable Community Strategy was updated in 2023/24. All services contributed to this and will assist with implementing the action plans. • Recent elections have required the Communications Team to ensure it communicates and engages with all



Principle B: Ensuring openness and comprehensive stakeholder engagement		
Key element	How the Council achieves this	Development in 2023/24
	<p>development across the District. This is published on the Council’s website and 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. • 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>population sectors, including the recognised 6% of the population considered to be made up of hard to reach groups.</p> <ul style="list-style-type: none"> • Three Youth Fusion events were held over the summer of 2023. • Engagement events held informing stakeholders about the introduction of Biodiversity Net Gain requirements. • The Communications team introduced a monthly monitoring and evaluation report to ensure the performance of the team is recorded against objectives and targets. • Negotiation protocol introduced to reduce the need for extensions of time for planning applications, and to give clear accountability in decision making.



Principle B: Ensuring openness and comprehensive stakeholder engagement		
Key element	How the Council achieves this	Development in 2023/24
		<ul style="list-style-type: none"> • Consultations on Economic Development are held as required for example business engagement with appropriate businesses and other stakeholders on a range of commercial and business advice issues such as business growth, grant funding opportunities and the Levelling Up programme opportunities where appropriate e.g. Get Set and Grow programme.
<p>Focus and further development for 2024/25</p> <ul style="list-style-type: none"> • The Communications Team is drafting a new policy to support the waste team with changes to bin services. • The Communications Team will be seeking to ensure proactive customer and stakeholder engagement takes places throughout the Council. As well as working closely with the Communities Team which has overall ownership of this, the Communications Team is proactively looking at ways engagement can be incorporated into its day to day work, for example through the Love Your Street project, hedgehog support work and website re-development. • Agents panel recommenced in May 2024 and will be held at least twice a year. Feedback from attendees to date has been positive. • Parish Council event to be held in 2024 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. • Updated the Community Engagement toolkit. • Introduction of a customer charter for Planning which will be published in 2024 to introduce service specific standards. 		



Principle B: Ensuring openness and comprehensive stakeholder engagement

Key element	How the Council achieves this	Development in 2023/24
		<ul style="list-style-type: none">• 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.• Target to update the Equality, Diversity and Inclusion Policy for 2025-2028. Draft policy to be presented to committee in September 2024 to commence public consultation and proposed implementation date of 1st January 2025.• Development of a feedback form for Building Control to be added to the website in 2024/25.



Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits		
Key element	How the Council achieves this	Development in 2023/24
<p>Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning</p>	<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 communities <p>Within 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.</p> • 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 2036 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"> • Throughout 2023/24 the Communications Team worked closely with the Environment Team to promote and raise awareness of its list of top twenty actions. In summary, this involved promoting its hedgehog recovery strategy, achieving ongoing media coverage for its Pride of Place awards, helping the team achieve its bronze accreditation for Investors in the Environment and work towards its silver accreditation, raising awareness of Green Team actions through the Connect internal newsletter and carrying out an ongoing review of its web-text as part of the new website project. • The Communications Team also works closely with the Economic Development team helping to raise awareness of the team's projects on request. In 2023/24 this included helping to raise awareness of its digital signs initiative, supporting the team with its review of Explore East Cambs, help raise awareness of business grants and support for the Ely Business Awards. During this time



Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits		
Key element	How the Council achieves this	Development in 2023/24
	<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. 	<p>the Council also relaunched LinkedIn with a focus on the work being carried out by the Economic Development team.</p>
<p>Translating the vision into courses of action for the authority, its partnerships and collaborations</p>	<ul style="list-style-type: none"> During 2023/24 performance reporting against Service Delivery Plans was reported to respective committees during the year. 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 2023, with six monthly progress updates. New Health and Wellbeing strategy was adopted in March 2024 which identified an action plan and targets. These have been aligned with service plans where they relate to internal actions. Working closely with the Integrated Neighbourhood Board, who will help deliver the recently adopted Health and Wellbeing Strategy.
<p>Focus and further development for 2024/25</p> <ul style="list-style-type: none"> The Communication team will be working with all service leads to ensure the timely development of the new website project. The Communication team will also continue to work closely with the Environment Team and the Economic Development team to raise awareness of economic and environmental projects taking place across the District. Updated pre-application planning charges schedule for approval in June 2024. 		



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

Key element	How the Council achieves this	Development in 2023/24
		<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 Council has legislative limitations, particularly in terms of producing election material, and Councillors must consent to stop receiving paper agendas. Whilst 26% of Councillors receive some papers electronically, only 11% are fully electronic. The democratic services team will continue to explore ways in which paper document production can be reduced.



Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes		
Key element	How the Council achieves this	Development in 2023/24
<p>Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality</p>	<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. 	<ul style="list-style-type: none"> Cross party Constitutional Review Working Party reported on recommendations.
<p>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</p>	<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. Service Lead participation in professional networks enables sharing of latest best practice and benchmarking. Measurement of sickness absence performance. 	<ul style="list-style-type: none"> Major Projects Steering Group attended each month by team leaders, key officers, service lead and director. Backlog has been significantly reduced and review of major projects to ensure S106 agreements are completed before reporting item to committee.



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

Key element	How the Council achieves this	Development in 2023/24

Focus and further development for 2024/25

- Council services will be reviewing performance at the July 2024 General Election to ensure learnings can be applied. The Communications Team, for example, reviews each election and uses learnings from this to update its actions for the next one. This includes updating media contacts, capturing media feedback, ensuring communication deadlines are met and liaising closely with other departments in the Council to enhance future performance.
- Building Control services in 2024/25 will be 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.
- Chairs and lead officers will implement the revised arrangements for Committees as agreed by Council (ref: Recission Motion Agenda Item 11 – 24 May 2024).



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 2023/24
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. 	<ul style="list-style-type: none"> Democratic Services team attending and participating in national and regional events/consultations on review of national Members Code of Conduct.
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 2023/24. 	
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 Legal Services Manager in 2023/24. 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 2023/24
	<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 induction delivered in 2023, with nineteen different sessions included. Member seminars in 2023/24 included: June 2023: Environment Plan briefing



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 2023/24
	<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>July 2023: Greater Cambs Partnership: Making Connections update</p> <p>September 2023: Home Energy Improvement Measures</p> <p>September 2023: Shareholder Seminar</p> <p>October 2023: North Ely Member Briefing</p> <p>October 2023: Obligations under the Environment Act 2021</p> <p>November 2023: Health and Wellbeing – the new health landscape</p> <p>January 2024: Council budget</p> <p>February 2024: Local Plan and Hedgehog SPD</p> <p>March 2024: Drainage infrastructure in the Fens</p> <ul style="list-style-type: none"> • Officer induction process and coverage refreshed in 2023/24.
Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in	<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. 	<ul style="list-style-type: none"> • Flexible retirement policy reviewed and published.



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 2023/24
maintaining their own physical and mental wellbeing	<ul style="list-style-type: none"> • 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. 	
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"> • CivicaPay was updated in 2022 and Agresso in 2023 to ensure that any efficiency benefits built into these up-graded systems can be taken advantage of. As an example of this, all invoices are now held electronically within the system, thus removing the need for paper records. • Local land charges system upgraded, to enable delivery of a more digitised service. • Procurement of a new Learning Management System with access to a suite of e-learning courses and a content authoring tool to create and edit course content. • Investment into further online graphic design and photography training to keep the Council's digital and print communications to the highest standard.



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 2023/24
		<ul style="list-style-type: none">• Outgoing mail franking equipment and Papercut print management software have been updated to support the business continuity of these functions and to minimise the software security risk.• Increased use of electronic working in Building Control enabled savings of £2k to be achieved in 2023/24 from reduced postage costs.
Focus and further development for 2024/25		
<ul style="list-style-type: none">• Planning service and Economic Development service both looking at improving use of Customer Relationship Management (CRM) system and improving customer experience across all areas including the display of information across the website.• Introduce a Menopause at Work policy to develop understanding and support of menopause at work issues.• Update the Family Friendly Guidance to include the new right to Carer's Leave and the changes to flexible working from April 2024.• Training regarding the Council's PREVENT and domestic violence Duties is scheduled for June 2024.• Formalise Opposition spokes briefings in accordance with Chief Executive briefing note to Members.		



Principle F: Managing risks and performance through robust internal control and strong public financial management		
Key element	How the Council achieves this	Development in 2023/24
<p>Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability</p>	<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"> • Risk management training took place in July 2023 for all elected Members.



Principle F: Managing risks and performance through robust internal control and strong public financial management		
Key element	How the Council achieves this	Development in 2023/24
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. 	
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, the Cambridgeshire and Peterborough Combined Authority and the Community Safety Partnership. 	<ul style="list-style-type: none"> An Independent Remuneration Panel (IRP) was appointed to make recommendations on allowances paid to councillors. The recommendations were reported to Council in February 2024 where it was resolved unanimously that the recommendations of the IRP be approved, to take 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. 	



Principle F: Managing risks and performance through robust internal control and strong public financial management		
Key element	How the Council achieves this	Development in 2023/24
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. 	
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 2023/24 operated in line with a 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 training delivered as part of Member induction. 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 2023/24 and approved by Full Council in March 2024 Terms of Reference of Audit Committee reviewed by Constitutional Working Group, including protocols.
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. 	



Principle F: Managing risks and performance through robust internal control and strong public financial management		
Key element	How the Council achieves this	Development in 2023/24
	<ul style="list-style-type: none">• 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 2024/25 <ul style="list-style-type: none">• Implementation of the new waste collection service - will commence from October 2024 and go live in April 2026.• Development of the Bereavement Centre 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 2023/24
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. 	
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' will be undergoing Quest Leisure benchmarking in 2024. Reviews of Service Level Agreements (SLAs) with voluntary organisations were conducted during 2023/4 which contained recommendations that were approved by committee.
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 2023/24 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. 	<ul style="list-style-type: none"> Self-assessment against the Role of the Head of Internal Audit statement from CIPFA (2018) completed and actions taken to further support the effective working with internal audit, including engagement with CMT and on major project planning. Implementation of 83% of agreed actions from Internal Audit reports due during 2023/24.



	<ul style="list-style-type: none">• The Chief Internal Auditor has been a regular attendee at 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">• As a result of the internal audit of Enforcement, for example, the Food Safety, Health and Safety, Environmental Crime and Private Sector Housing and Licensing enforcement policies have all been reviewed and approved by the appropriate committees.
<p>Focus and further development for 2024/25</p> <ul style="list-style-type: none">• To receive and consider briefings from Internal Audit in 2024/25 regarding the new Global Internal Audit Standards.		

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.
- 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 2023/24.
- 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. The appointments were approved by Finance and Assets Committee in May 2023.
- 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 2023/24 (March 2023) and 2023/24 (March 2024). The Committee also noted the ECTC accounts for 2022/23 in September 2023.
- The Committee approved the Health and Safety policy 2023.
- The Committee received the annual Health and Safety report for 2023 in July 2023. 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 2022/23 and set out the commitments relating to health and safety for the year 2023/24.
- The Committee received the annual Gender Pay report including actions aimed at reducing the gender pay gap.
- The Committee received an Asset Management Plan in March 2024.

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 2022/23.
- 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 to identify areas for further development.
- The Council has appointed a non-voting lay member to the Audit Committee.

4. The Operational Services Committee

- The Committee received and noted budget monitoring reports.
- The Committee approved the Council's fourth Environment and Climate Change Strategy and Action Plan, dated June 2023.
- The Committee received a progress report against the East Cambridgeshire Youth Action Plan 2021-24 and an update on developments from the Outdoor Sports and Playing Pitch Strategy. An update on the Community Safety Partnership was also received for the Committee's noting.
- The Committee received the enforcement policies for food safety and health and safety or approval ahead of consultation.



- In March 2023, the Committee approved the updated Local Enforcement Plan (LEP) relating to Planning Enforcement, in accordance with an Internal Audit recommendation highlighting that this was overdue for review. This is now due to be subject to three yearly review by the Committee going forward.
- 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 2023/24 and half yearly performance report. The Committee also noted the ECSS statutory accounts for 2022/23.

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. The shareholder agreement will be reviewed for approval by Council in July 2024 to reflect recommendations from Internal Audit and existing informal practices.

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 2024. This report outlined the key findings of the audit work undertaken during 2023/24 including any areas of significant weakness in the internal control environment.
- The Chief Internal Auditor's annual opinion for 2023/24 is that:

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 2023/24. 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 **Moderate Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2023/24 – see definition in 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', which is comparable to the Council's internal audit service's assurance opinion of 'Moderate'. This indicates a reduced assurance opinion from previous years, where areas of 'enforcement' and 'Council Tax Billing, Housing Benefit and Local Council Tax Reduction Scheme' had received 'Good' assurance opinions in 2022/23. Action plans are in place for areas of improvement.

Risk management

The Council's structures and processes for identifying, assessing and managing risk have remained generally consistent during 2023/24.

Internal control

For the audits completed by the Internal Audit service in 2023/24, 97% of the opinions given in relation to the control environment and compliance have been of at least Moderate Assurance. The only opinion of Limited Assurance was in relation to Payment Card Industry Data Security Standard (PCI DSS) compliance. An action plan was agreed in relation to these findings and promptly progressed, providing assurance over actions taken to address areas of weakness. There have been no reports issued with an opinion of 'high' organisational impact.

The audit plan coverage had targeted areas of known risk and was informed through consultation with senior management and the Audit Committee.

Of the agreed management actions due for implementation during 2023/24, 83% were completed during the year.

There have been no incidences during 2023/24 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.

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) became the appointed external auditor for East Cambridgeshire District Council from 1st September 2012.

- EY’s draft audit results report for the financial year 2021/22 was presented to Audit Committee in March 2023, with a final version being issued on the 24th July 2023 shortly after the Accounts were signed off by the Section 151 Officer.

8. Other inspection agencies

- A Investigatory Powers Commissioner’s Office (IPCO) inspection took place in December 2024. The follow up letter from the IPCO indicated satisfaction that ongoing compliance with RIPA 2000 and the Investigatory Powers Act 2016 will be maintained, and the Council will not require a further inspection until the end of 2026.
- The Council has also put itself forward for a Peer Review, this will take place in February 2025.

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:

- Delays in the completion of the External Audit of the Council’s Statement of Accounts, outside of the Council’s control or influence. This has been noted as a national issue, with a substantial number of local authorities subject to delays in audits and is due to delays and resource pressures reported by the External Auditors. The delays impact on the assurances available and, as such, are considered to be an issue for inclusion in this Annual Governance Statement. It appears likely that the 2022/23 Accounts will remain unaudited.

7. Conclusion

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.

8. 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:

.....

Anna Bailey
Leader of the Council
Date:

.....

John Hill
Chief Executive
Date:

Appendix 2 – Progress Against 2023/24 Actions

The 2022/23 Governance Statement detailed issues and actions for further development and focus in 2023/24. 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>Policies on Whistleblowing and Redundancy subject to review</p> <p>Communications team to produce social media policy for staff.</p> <p>Implementation of Election 2022 including introduction of Voter ID for 2023 elections.</p> <p>Preparation/delivery of Member Induction and training programme</p> <p>Training – RIPA and Covert Human Intelligence Sources.</p>	<p>Completed - Redundancy policy updated and available on Intranet Updated Whistleblowing policy agreed by Finance & Assets Committee in March 2024. Further report to go to Finance & Assets Committee in September.</p> <p>Final draft to be presented to CMT by end July 2024.</p> <p>Successful completion of Elections in 2022/23, including the introduction of Voter ID and handling of postal votes.</p> <p>Member Induction and training were carried out after the May 2023 elections.</p> <p>RIPA and CHIS training provided to staff during September/October 2023.</p>
B. Openness and Stakeholder engagement	<p>Review of Council’s Equality, Diversity and Inclusion Policy in 2024.</p>	<p>Draft Equality, Diversity and Inclusion Policy 2025-2028 to be presented to F&A Committee in September 2024 to commence public consultation and proposed implementation date of 1 January 2025.</p>

	Review Community Engagement Strategy	The review was completed, and a new Community Engagement Strategy 2024-28 was approved by Operational Services Committee at its meeting in March 2024
C. Defining outcomes – economic, social and environmental benefits	Democratic Services to reduce paper usage by 25%.	Paper reduction of 12.99% achieved in 2023/24. A gradual reduction is in place with a completed 10% target for 2023/24.
D. Intervention to optimise the achievement of intended outcomes	Review of Communications during 2023 elections Cross party Constitutional Review Working Party Council approval of Corporate Plan and refresh the Action Plan for 2024/25	Completed. Constitutional Review Working Party was established in July 2023 with its first meeting in October 2023 to agree scope. The Working Party met four times and presented its findings and recommendations to Full Council in February 2024. Approved at Full Council in July 2023.
E. Developing Capacity	Review of flexible retirement policy Refresh Corporate Induction Programme	Completed – Flexible Retirement policy updated and available on Intranet Completed – new corporate induction programme introduced in December 2023

<p>F. Risk Management</p>	<p>IRP review Autumn 2023</p> <p>Implement canvass reform in accordance with legislation and guidance.</p> <p>Review of terms of reference of the Audit Committee including 'modus operandi'.</p>	<p>IRP completed with recommendations being agreed upon at Full Council February 2024.</p> <p>This was completed in 2022.</p> <p>The Constitutional Review Working Party considered the terms of reference and 'Modus Operandi' and reported to Council in February 2024. Independent Audit Committee lay member appointed May 2024.</p>
<p>G. Transparency, reporting and Audit</p>	<p>Self-Assessment of the effectiveness of the Audit Committee against the 2022 CIPFA guidance.</p> <p>Introduction of annual reports from Audit Committee.</p>	<p>Audit Committee members took part in a self-assessment exercise on the 12th January 2024 under the guidance of the Chief Internal Auditor.</p> <p>Agreed by Audit Committee in March 2024 for final approval by Council in May 2024.</p>

TITLE: INFORMATION GOVERNANCE ANNUAL REPORT

Committee: Audit Committee

Date: 16th July 2024

Author: Director Legal & Monitoring Officer (SIRO)

Report No: Z35

Contact Officer: Maggie Camp, Director Legal & Monitoring Officer
maggie.camp@eastcambs.gov.uk
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Room 112, The Grange, Ely

1.0 ISSUE

1.1. To receive an overview of the Council's activity in respect of how it has discharged its responsibilities in matters relating to information governance during 2023/24.

2.0 RECOMMENDATION(S)

2.1. Members are requested to note the report.

3.0 BACKGROUND/OPTIONS

3.1. The Council has statutory obligations to meet as set out in legislation including dealing with Freedom of Information requests, Environmental Information Regulation requests, Subject Access requests, Data Protection requests and Data Breaches. The Information Commissioner's Office ("ICO") is the UK's supervisory authority set up to uphold information rights in the public interest, promote openness by public bodies and data privacy for individuals and monitors compliance with legislation.

3.2. This report provides a summary of the Council's performance during 2023/24 in responding to requests for information received under the legislation referred to above. It also reports on the management of data breaches and data protection training. More information is provided in each section.

3.3. Freedom of Information

The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 impose an obligation on public authorities to provide public access to certain information held by them. On receipt of a valid request for information, the authority must comply with that request as required by the legislation, unless an exemption can be applied.

3.4. Anyone has a right to request information from a public authority. The Council's three separate duties when responding to these requests are:

- To tell the requester whether we hold any information falling within the scope of their request.
- To provide that information; and

- To respond to the request within twenty working days.

3.5. Statistics

Table 1: Number of FOI/EIR requests received

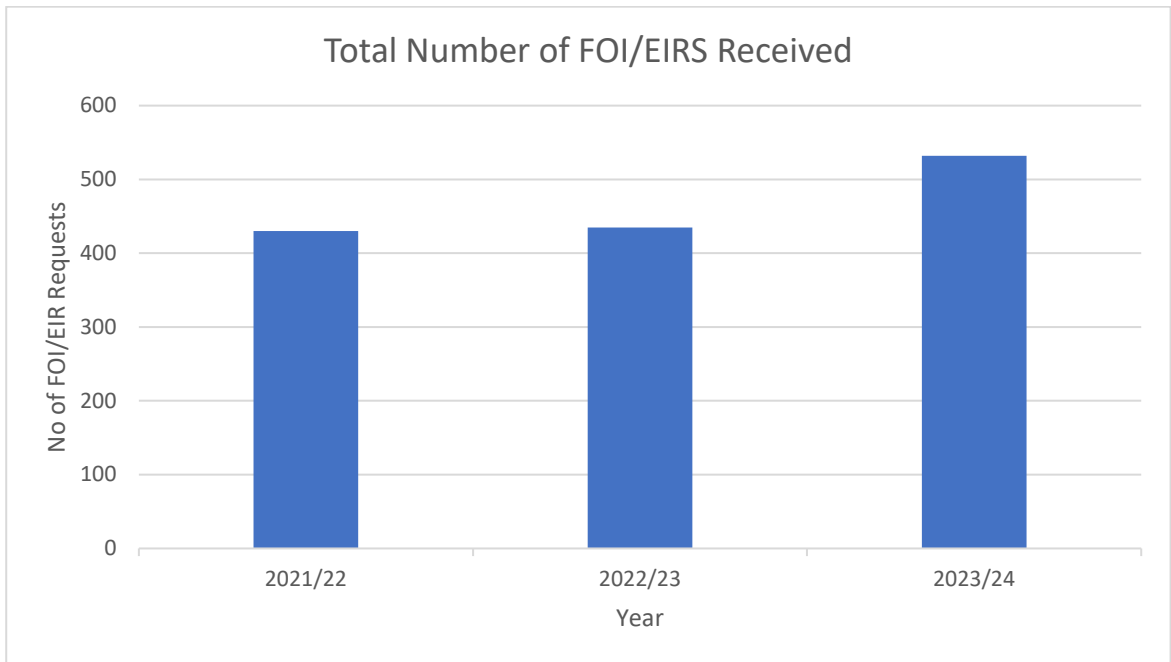
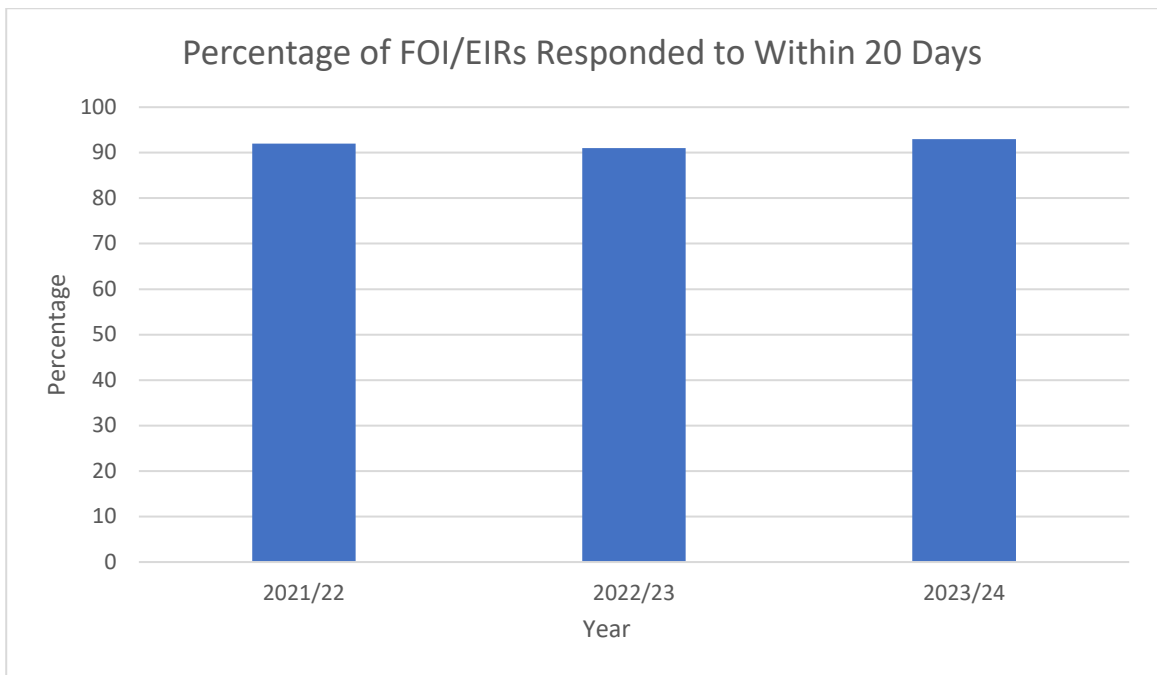


Table 2: Proportion of FOI/EIR requests completed within target time



- 3.6. The ICO consider a 90% response rate to be adequate; however, as can be noted above, the Council is consistently above this each year.
- 3.7. If a requester is unhappy with their FOI/EIR request, they can request an internal review. If they remain unhappy following an internal review, then the matter can be referred to the ICO.
- 3.8. In 2021/22, 5 internal reviews were requested, with one being escalated to the ICO. The ICO agreed with the Council’s original decision.

- 3.9. In 2022/23, 4 internal reviews were requested, and none were escalated to the ICO.
- 3.10. In 2023/24, 5 internal reviews were requested, and none were escalated to the ICO.
- 3.11. The average officer time to respond to a FOI request is 1 hour and 36 minutes. All FOI responses that are answered by officers are sent back to the Information Officer for double checking and if requested, redacting, prior to being sent out to the requester. This procedure reduces the risk of releasing incorrect and/or personal data.

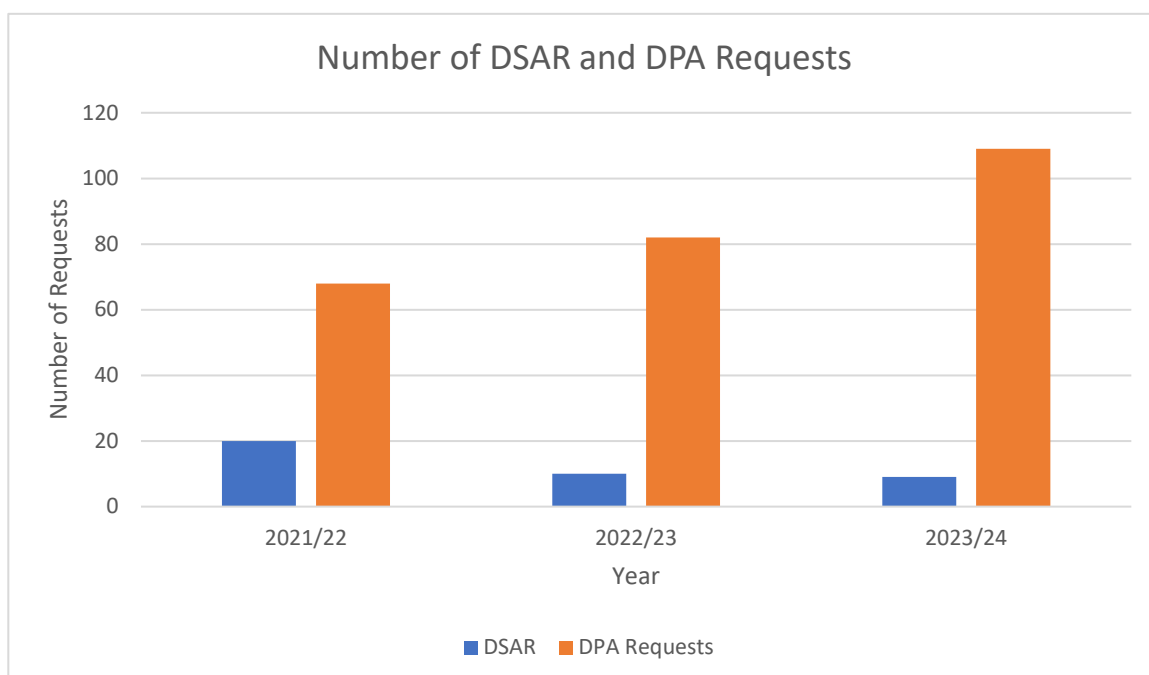
3.12. Data Subject Access Requests and Data Protection Requests

The UK General Data Protection Regulation (“UK GDPR”) enables individuals the right to access any personal data an organisation holds on them. This is known as a Data Subject Access Request (“DSAR”). A Data Protection Request is a request from other public bodies, either internal or external, for personal data for investigation purposes.

- 3.13. DSAR’s can be complex to process as they often involve multiple data subjects’ personal data within each record. This means that detailed redaction has to take place to ensure that disclosure is accurate and does not inadvertently include other data subjects’ personal data. Each request may include hundreds of records from multiple departments within the Council.
- 3.14. The Council also receives “one off” requests for personal information from third parties, including the police and other government agencies. The Information Officer maintains a register of these requests, which includes assessing whether the Council can lawfully disclose the information and logging exemptions relied on when personal data is shared with third parties.

3.15. Statistics

Table 3: Numbers of DSARs and DPA Requests received



3.16. Data Breaches

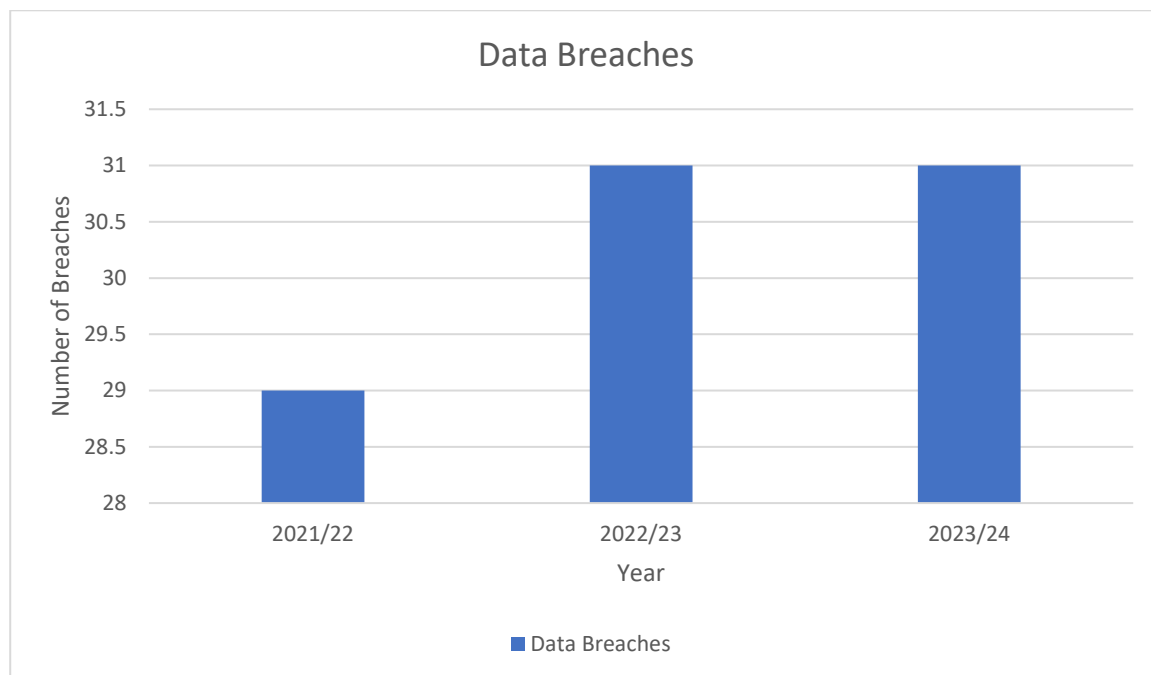
A personal data breach means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data.

3.17. The Information Officer assesses each breach to consider the likelihood and severity of the risk of rights and freedoms as a result of the breach. From this assessment, it is decided if the breach needs to be reported to the ICO. By law, the Council has 72 hours from time of notification of the breach to report breaches that meet the threshold to the ICO. In 2020, only one data breach was reported to the ICO and no further action was required by the ICO. There have been no further breaches which required notification to the ICO.

3.18. For each reported breach, recommendations are made to the relevant officer and Service Lead. The most common data breach is sending emails to the wrong party.

3.19. Statistics

Table 4: Number of Data Breaches



3.20. Data Protection Training

There is no requirement set out in the UK GDPR regarding Data Protection training for staff; however, Principle 7 of the UK GDPR states that “*Data Controllers (i.e. the Council) are responsible for the compliance with the principles and must demonstrate this to data subjects and the regulator*”.

3.21. Data Protection training for all staff. The training is on a 2-year schedule, with full training in year 1 and refresher training in year 2. The Council has a 100% complete rate for staff for 2023/24.

- 3.22. Staff who do not have access to a computer in their role with the Council are provided with appropriate level training, i.e. via toolbox talks for ECSS and ECTC staff.
- 3.23. The Council decided not to make Data Protection training compulsory for Members. To date 5 Members have completed Data Protection training.

3.24. Transparency Code

The Council has statutory obligations to publish data as required by the Local Government Transparency Code 2014. Publishing under the Code gives the public access to numerous datasets of information covering a wide range of matters, for example from procurement to parking.

- 3.25. The data sets are updated regularly according to the Transparency Code on the Council's Open Data page on the Council's website, and these are updated either monthly, quarterly or annually.

4.0 ARGUMENTS/CONCLUSION(S)

- 4.1. The Information Governance Audit Report 2022/23 noted that the Council provides Members with information regarding Freedom of Information requests monthly.
- 4.2. However, to raise data protection awareness and to provide assurance to members that matters such as data breaches are managed, together with actions taken to mitigate similar breaches occurring, the recommendation was to develop an Annual Information Governance report to be presented to Members and the first report was presented to Audit Committee in October 2023. It was agreed at that meeting that an Information Governance Annual Report would be added to the forward agenda plan for the July Audit Committee going forward.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

- 5.1. There are no additional financial implications arising from this report.
- 5.2. Equality Impact Assessment (EIA) not required.
- 5.3. Carbon Impact Assessment (CIA) not required.

6.0 APPENDICES

None.

Background Documents:

East Cambridgeshire District Council Open Data page
<https://www.eastcambs.gov.uk/notices/open-data>

TITLE: Internal Audit Annual Report and Opinion 2023/24

Committee: Audit Committee

Date: 16th July 2024

Author: Chief Internal Auditor

Report number: Z36

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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 2023/24 and the basis for this opinion.

2.0 Recommendations

- 2.1. That the Committee notes the Annual Internal Audit Report and Opinion for 2023/24.

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 Public Sector 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 the delivery of an annual risk-based plan of work, which should provide a reasonable level of assurance.
- 3.3. The Chief Internal Auditor's opinion is that 'Moderate Assurance' can be given over the Council's governance, risk and control framework for 2023/24. This assurance cannot be absolute, but should form a key source of assurance for the Council's Annual Governance Statement.
- 3.4. The report also reflects on the performance of the Internal Audit service in ensuring delivery of the agreed audit plan and working to expected standards.

4.0 Arguments/Conclusions

- 4.1. The attached report (Appendix 1) provides the Committee with the Annual Internal Audit Report and Opinion for 2023/24 and the basis for this opinion.

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 and opinion 2023/24

7.0 Background documents

None



EAST CAMBRIDGESHIRE
DISTRICT COUNCIL

Annual Internal Audit Report and Opinion

2023/24

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 2024.
- 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 Public Sector 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 2023/24

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 2023/24. 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 **Moderate Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2023/24 – 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', which is comparable to the Council's internal audit service's assurance opinion of 'Moderate'. This indicates a reduced assurance opinion from previous years, where areas of 'enforcement' and 'Council Tax Billing, Housing Benefit and Local Council Tax Reduction Scheme' had received 'Good' assurance opinions in 2022/23. Action plans are in place for areas of improvement.

Risk management

The Council's structures and processes for identifying, assessing and managing risk have remained generally consistent during 2023/24.

Internal control

For the audits completed by the Internal Audit service in 2023/24, 97% of the opinions given in relation to the control environment and compliance have been of at least Moderate Assurance. The only opinion of Limited Assurance was in relation to Payment Card Industry Data Security Standard (PCI DSS) compliance. An action plan was agreed in relation to these findings and promptly progressed, providing assurance over actions taken to address areas of weakness. There have been no reports issued with an opinion of 'high' organisational impact.

The audit plan coverage had targeted areas of known risk and was informed through consultation with senior management and the Audit Committee.

Of the agreed management actions due for implementation during 2023/24, 83% had been completed during the year.

There have been no incidences during 2023/24 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 2023/24:

Area	Substantial	Good	Moderate	Limited	No
Financial systems	6	5	1	-	-
Key corporate controls and policies	-	-	3	1	-
Risk based audits	-	7	7	-	-
Revenues and benefits (Anglia Revenues Partnership)	-	-	4	-	-
Total	6	12	15	1	-
Summary	18%	35%	44%	3%	-
Summary (2022/23) for comparison	30%	23%	47%	-	-

- 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 2023/24, 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 2023/24 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 2023/24:

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	Substantial (Green)	Substantial (Green)	Low (Green)	February 2024
Creditors	Substantial (Green)	Good (Green)	Low (Green)	July 2024
Debtors	Moderate (Amber)	Good (Green)	Low (Green)	March 2024
Payroll	Substantial (Green)	Substantial (Green)	Low (Green)	February 2024
Treasury management	Good (Green)	Substantial (Green)	Low (Green)	March 2024
Budgetary control	Good (Green)	Good (Green)	Low (Green)	March 2024
Key corporate controls and policies				
Fees and charges	Moderate (Amber)	Moderate (Amber)	Medium (Amber)	July 2023
Payment Card Industry Data Security Standard (PCI DSS)	Limited (Red)	Moderate (Amber)	Medium (Amber)	October 2023
Risk based audits				
Use of agency staff and consultants	Moderate (Amber)	Moderate (Amber)	Medium (Amber)	October 2023
Information governance	Good (Green)	Good (Green)	Low (Green)	October 2023
Community Infrastructure Levy (CIL) income	Moderate (Amber)	Moderate (Amber)	Medium (Amber)	March 2024
Cyber security – action plan	Good (Green)	Good (Green)	Low (Green)	February 2024

Audit Area	Design of Control Environment	Compliance	Org Impact	Committee Date
Governance of trading companies – East Cambs Street Scene	Moderate (Amber)	Good (Green)	Medium (Amber)	February 2024
Governance of trading companies – East Cambs Trading Company	Moderate (Amber)	Good (Green)	Medium (Amber)	July 2024
Private sector housing enforcement and empty homes strategy	Moderate (Amber)	Good (Green)	Low (Green)	July 2024
Revenues and Benefits – delivered by Anglia Revenues Partnership				
Business rates	Adequate / Reasonable			July 2024
Enforcement	Adequate / Reasonable			July 2024
Recovery of Council Tax and Housing Benefit Overpayments	Adequate / Reasonable			July 2024
Council Tax Billing, Housing Benefit and Local Council Tax Reduction Scheme	Adequate / Reasonable			July 2024

4.5 Audit outcomes have been reported to the Audit Committee during the 2023/24 financial year.

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 forty-three agreed actions have been implemented by officers during 2023/24, which represents 83% of the actions which were due for implementation.
- 4.8 Details of the implementation rate for the agreed management actions during 2023/24 are provided in Table 4, as at 31st March 2024.

Table 4 - Implementation of agreed management actions due in 2023/24:

	'High' priority	'Medium' priority	'Low' priority	Total
Agreed and implemented	7	26	10	43 (83%)
Agreed and due within last 3 months , but not implemented	-	7	1	8 (15%)
Agreed and due over 3 months ago , but not implemented	-	1	-	1 (2%)
Total	7	34	11	52 (100%)
Agreed and not yet due for implementation	-	3	-	3

Other sources of assurance

- 4.9 In May 2023, 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. The certification remains valid for twelve months and the Council has since received further certification in April 2024.

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 In April 2024, the Internal Audit service had issued reports on 100% of the in-house assignments from the 2023/24 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 2023/24 year is summarised in table. Of the feedback received 98% rated the elements of the service as either 'good' or 'outstanding'. Overall, 39% 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	4	7	1	-	-
Communication during assignments	5	7	-	-	-
Quality of reporting	5	7	-	-	-
Quality of recommendations	4	4	1	-	2

Internal Audit contribution in wider areas

- 5.5 Key additional areas of Internal Audit contribution to the Council in 2023/24 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 are 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 the Quality Assurance and Improvement Plan is overseen by the Council’s Chief Internal Auditor to support ongoing development, in line with the Standards. Assessment against the Standards is embedded in the delivery of the service and ongoing development work. An external assessment must be completed at least every five years and the timing of the first external assessment will be agreed with the s151 Officer and Chair of the Audit Committee. In January 2025, the Global Internal Audit Standards will come into force and the service is currently reviewing any changes to practices required to suitably align with these. The approach

and timing of external assessments will need to consider the impact of these changes in Standards.

- 5.9 A self-assessment by the Chief Internal Auditor confirms that the service is operating in general conformance with the current Standards. The Quality Assurance and Improvement Plan for the Internal Audit team for the year ahead includes further developing work on a Data Analytics Strategy for the audit service; aligning with the new Global Internal Audit Standards and continuing to raise the profile of the internal audit service.
- 5.10 The Chief Internal Auditor can confirm that there has been no evidence of impairment of the independence of the Internal Audit team during 2023/24 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 2023 to 31st March 2024. 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.

TITLE: Internal Audit Progress Report

Committee: Audit Committee

Date: 16th July 2024

Author: Chief Internal Auditor

Report number: Z37

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 33% of assignments within the plan is either complete or in progress. Since the last progress report, three audit reports have been finalised and the key findings are summarised in Appendix 1.

3.3. Since the last Audit Committee update, 15 actions arising from audit reports have been implemented by officers. There is one action which remains overdue and is subject to ongoing follow up by Internal Audit.

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) No	Carbon Impact Assessment (CIA) No	Data Protection Impact Assessment (DPIA) No
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6.0 Appendices

Appendix 1: Internal Audit Progress report – July 2024

7.0 Background documents

Internal Audit Plan 2024/25



EAST CAMBRIDGESHIRE
DISTRICT COUNCIL

Internal Audit Progress and Performance Update

July 2024

Introduction

- 1.1 The Internal Audit service for East Cambridgeshire District Council provides 210 days to deliver the 2024/25 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.

Performance

2.1 Delivery of the 2024/25 Audit Plan

At the time of reporting, 33% of audit work is underway. Progress on individual assignments is shown in Table 1.

2.2 Are clients satisfied with the quality of the Internal Audit assignments?

To date, no survey responses have been received in relation to feedback on completed assignments for the 2024/25 audit plan.

2.3 Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?

Since the last Audit Committee meeting, the Internal Audit team has finalised three audit reports. The key findings were as follows:

Creditors (accounts payable)

The audit of the creditors system forms part of the 2023/24 suite of annually performed key financial system reviews and is undertaken in order to inform the Chief Internal Auditor's overall opinion on the financial control environment, which supports the Annual Governance Statement. All creditor payments are processed through the Unit4 Business World system (Unit4) and administered by the Finance Team. The objective of the audit was to review the design of, and compliance with, key controls within the creditor payments system, and to provide assurance over the controls to prevent and detect fraud and error. The scope of testing for the 2023/24 review has been in relation to raising requisitions, authorisation of purchase orders and invoices, processing of payments to suppliers including BACS controls, policies and procedures and reconciliations to the main accounting system.




Documented operating procedure notes are in place for key accounts payable processes ensuring a systematic and standardised approach is taken by the finance team and documented guidance on raising purchase order requisitions is routinely provided to all new employees.

Audit testing confirmed that supplier payments through cheque and BACs are consistently processed in a timely manner, accompanied by thorough documentation

and necessary approvals. Monthly control account reconciliations are conducted promptly and accurately, ensuring the accuracy of the financial accounts. The Council maintains a low number of open, overdue accounts payable items, and proactive measures have been identified to clear these outstanding items.

Appropriate segregation of duties exists between order requisition, order approval, goods receipting and approval of invoices for payment. Sample testing of 25 creditor invoices confirmed controls are generally operating as intended, however the review identified some instances where the purchase order was generated subsequent to the receipt of the invoice. Furthermore, testing identified that the finance system had been configured to bypass budget manager approval for purchases below £1,000 for account code 4532 (planning adverts), and therefore was not compliant with the Council's Financial Procedure Rules.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion		
Control Environment	Substantial	
Compliance	Good	
Organisational Impact	Low	

Governance of trading companies – East Cambs Trading Company

The East Cambs Trading Company (ECTC) is the company owned by East Cambridgeshire District Council incorporated in March 2016. The property division was set up to deliver high-quality and design-led housing of all tenures, generating future dividends for the Council. The commercial services division was set up to manage and operate the Ely Markets on behalf of the Council and provide grounds maintenance services. The Finance and Assets Committee acts as the 'shareholder committee' for ECTC. This audit has sought to provide assurances over the Council's management of this trading company arrangement in relation to robust governance, risk management, performance management and financial reporting. This has included assessment against some key elements of the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Local Authority Owned Companies: A Good Practice Guide (2022).




An assessment against the CIPFA guidance has generally provided assurance that key requirements have been addressed within the Articles of Association, Shareholder Agreement and Operational Management Contracts but this also highlighted some recommended elements which are not currently or clearly addressed within the existing governance documentation. It is recommended that training be provided for company directors to ensure their roles and responsibilities are clear and are exercised effectively.

Risk management in relation to this trading company arrangement is delivered at different levels - both within the Council assessing risks around the company delivering against its objectives, and for the company to identify and report on the risks faced by

the company and to provide the Council with insight into these. With potential scope to also reflect on other types of risks where a tolerance can be set for escalation/reporting to the Council.

It is acknowledged that the nature of services delivered by ECTC vary and the property development side may require different approaches to performance management than standard, statutory services. Assurance was provided by audit testing that performance management arrangements for the grounds maintenance and Ely Markets elements of the Company are operating effectively. For the property division, it is recommended that performance against the trading company business plan is reflected upon as part of annual assurance work.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion		
Control Environment	Moderate	
Compliance	Good	
Organisational Impact	Medium	

Private sector housing enforcement

There are an estimated 4.4 million privately rented households in England and whilst most tenants have a good experience of renting, those who do not may find it contributes to serious illness, financial issues or homelessness. The Department for Levelling Up, Housing & Communities aims to ensure the rented sector is fair for tenants, and to protect them from such harms. While the Department sets the overall policy and regulatory framework, local authorities are responsible for regulating the sector and ensuring landlords comply with legal obligations. The aim of the audit was to provide assurance that the Council is enforcing compliance with local housing regulations and standards through regular inspections and monitoring.

There is a clear management structure and delegation arrangement for private sector housing enforcement, ensuring accountability and effective oversight. Officers responsible for enforcement demonstrate suitable training, experience and qualifications. Procedural and legislative changes are effectively communicated to staff enabling them to remain informed and compliant with regulatory requirements. Senior oversight and monitoring mechanisms ensure performance is regularly assessed and managed.




Appropriate systems are in place for recording, prioritising and handling private sector housing complaints facilitating timely and appropriate responses to concerns. Clear enforcement methods are publicised, enhancing transparency and promoting compliance with housing regulations. Furthermore, sample testing confirmed there is sufficient evidence to support any enforcement action taken.

Audit testing has highlighted the absence of a specific private sector housing strategy and strategic plan to address the findings outlined in the commissioned housing stock survey conducted by the Building Research Establishment (BRE) in 2021. This can

hinder the Council’s ability to effectively prioritise and address housing challenges within the community.

Additionally, standard operating procedures need to be documented to govern certain aspects of private sector enforcement, particularly concerning Minimum Energy Efficiency standard (MEES), Electrical Insulation Condition Reports (EICR) and management of empty homes. There is also scope for the Council to enhance proactive interventions and collaboration with both internal and external partners to tackle housing sector issues effectively.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion		
Control Environment	Moderate	
Compliance	Good	
Organisational Impact	Low	

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, 15 agreed actions have been implemented by officers. An overview is provided in Table 2.

At the time of reporting, there is one action which remains overdue for implementation. This action was categorised as ‘Medium’ priority and is more than three months overdue. Further details are provided in Table 3.

2.5 **Real time risk assurances**

Risk management and compliance with the Risk Management Strategy is the responsibility of the Council’s management but Internal Audit is seeking to provide assurance over the effectiveness of the risk management process via these rolling risk assurance reviews.

Internal Audit select risk entries listed within the register on a rolling basis and conduct targeted reviews to confirm that the controls listed on the register are (a) in place and (b) evidenced in practice. Given that there is a reliance upon these controls to manage the key risks and achieve the residual risk scores, the validity and effectiveness of the controls listed will be verified and reported back to the Audit Committee in regular progress reporting.

The content of the risk entry is also reviewed with the lead officer to seek assurance that the current scoring and details reflect the risk environment at this time. Any potential changes in risk scoring or content are fed back to the Risk Management

Group for discussion/amendment. Internal Audit do not input into risk scoring or content, maintaining independence from this.

The latest of the rolling risk assurance reviews has been completed and the risk selected was **B3: Inability to balance the Council's Medium-Term Financial Strategy (MTFS)**

At the time of reporting, the current inherent risk scoring for this entry is 15 (3 for likelihood and 5 for impact) and the residual risk is 12 (3 for likelihood and 4 for impact). As such, the listed controls are claimed to reduce the impact of the risk. Assurance has been sought over the existence of those controls.

The findings for each control are detailed in Table 4. The risk scoring was not amended as a result of this review.

A RAG (red, amber, green) rating – as defined below Table 4 – has been assigned to each control. The review did not result in any amendments to the risk register entry.

Table 1 - Progress against 2024/25 Internal Audit Plan

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
Key financial systems							
Bank reconciliations	Q4	Not started					
Accounts payable	Q4	Not started					
Payroll	Q3	Not started					
Accounts receivable	Q4	Not started					
Treasury management	Q4	Not started					
Medium term financial strategy	Q3	Not started					
Key policy compliance							
Decision making and delegations	Q1	Fieldwork complete					
UK Shared Prosperity Fund (UKSPF)	TBC	Not started					
Procurement compliance	Q4	Not started					
Risk based audits							
Major project – Bereavement Centre	Q1	Fieldwork underway					

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
Supporting vulnerable people	Q1	Fieldwork underway					
Housing allocations and homeless	Q2	Not started					
Planning service review	Q4	Not started					
Grant claims	All year	Fieldwork underway					
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	-	-	14	93%	1	100%	15	94%
Actions overdue by less than three months	-	-	-	-	-	-	-	-
Actions overdue by more than three months	-	-	1	7%	-	-	1	6%
Totals	-	-	15	100%	1	100%	16	100%


Table 3 – Actions overdue (High or Medium priority)

Audit plan	Audit title	Agreed action and context	Priority	Responsible officer	Date for implementation	Officer update / revised date
2022/23	Asset management	Portley Hill depot – Check to be carried out weekly for water temperature. Fire door assessment to be completed following refurbishment. PAT testing to be carried out. It is noted that the fire door assessment may need to be delayed until completion of the improvement works on site.	Medium	Asset Manager	31/01/2024	<p>Identification of which doors need to be fire doors now completed, awaiting quotes for costs, then the Council can instruct contractor.</p> <p>Water temperature checks and PAT testing evidence now in place.</p>




Table 4: Risk register entries – rolling review of controls

Risk entry			
B3: Inability to balance the Council’s Medium-Term Financial Strategy (MTFS)			
Assurance and Findings			
Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
B3.1	Agree Medium Term Financial Strategy (MTFS) each February as part of budget setting process.	Green ●	<p>Findings: The MTFS is agreed every February. Assurance was provided via the Council’s website with the Council Decision List confirming approval of the MTFS at Full Council for the last four years:</p> <ul style="list-style-type: none"> • 2025/26 to 2027/28 – Approved by Full Council 20 February 2024 - link. • 2024/25 to 2026/27 – Approved by Full Council 21 February 2023 - link. • 2023/24 to 2025/26 – Approved at Full Council 23 February 2022 – link. • 2022/23 to 2024/25 – Approved at Full Council 31 February 2021 - link.
B3.2	The 2023/24 Budget (and MTFS) was approved by Full Council in February 2023 with 2023/24 and 2024/25 balanced.	Green ●	<p>Findings: Full Council papers from 21 February 2023, published on the Council’s website evidence the approval of the balanced 2023/24 Budget (£10,399,934) and MTFS – link.</p> <p>Full Council papers from 20 February 2024, published on the Council’s website evidence the approval of the balanced 2024/25 Draft Budget (£15,710,734) and MTFS – link.</p>
B3.3	Partnership working and on-going consideration of potential opportunities	Green ●	<p>Findings: Grant claims have been submitted to the Combined Authority for joint projects, these include:</p> <ul style="list-style-type: none"> • Cycle Route Feasibility Studies – value of claim £75,968 • Explore East Cambs – value of claim £6,200

Risk entry			
B3: Inability to balance the Council's Medium-Term Financial Strategy (MTFS)			
Assurance and Findings			
Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
	linked to key ambitions.		<p>External funding has been sourced to assist with swimming pool costs – value of the award £134,710.</p> <p>ECDC is part of partnership working with neighbouring District Councils and Cambridgeshire County Council on a Council Tax Counter Fraud Project. The project is funded by Cambridgeshire County Council and seeks to reduce Council tax fraud in the area.</p>
B3.4	Strong leadership from Members and officers to identify savings / income generating opportunities in advance of need.	Green 	<p>Findings: As part of Annual Service Delivery Plan Reporting, Officers look to identify efficiencies and savings opportunities within their respective services and review the output/outcomes from the previous year.</p> <p>2023/24 End of Year Reports and 2024/25 Service Delivery Plans were presented to the relevant Policy Committee (Operational Services Committee or Finance and Assets Committee) in March 2024. The Economic Development End of Year Report provides an example whereby cost savings have been identified and achieved – link (page 13). These include:</p> <ul style="list-style-type: none"> • Facilitated 2 High Street Support Schemes (£75,000+ funding); • Shared Prosperity Fund and Rural England Prosperity Fund and Market town applications for funding have been prepared and submitted/approved. • Installation of solar PV panels at E-space North have led to savings of 40% in power usage over a comparative 12-month period.

Risk entry			
B3: Inability to balance the Council's Medium-Term Financial Strategy (MTFS)			
Assurance and Findings			
Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
			An income generation opportunity was identified and implemented by way of an increase in the car parking charges at the Council's Angel Drove and The Dock car parks from £3 to £4 per day, with similar increases applied to multi-day tickets. This increase still means that these car parks are significantly cheaper than the nearby Network Rail car park, however, has created additional income for the Council – Link (page 6) .
B3.5	Use of one-off funding from the Surplus Savings Reserve to balance future years.	Green 	<p>Findings: The Revenue Budget, Capital Strategy and Council Tax 2024/25 Report approved by Full Council on 20 February 2024 stated that <i>'due to the actions taken by management to reduce the Council's cost base prior to and during 2022/23 and the prudent forecast of Business Rates receipts, the Council underspent in 2022/23 by £1,645,109. This was transferred into the Surplus Savings Reserve.</i></p> <p><i>Management has continued to look for opportunities to reduce the Council's cost base during the current financial year. This work has led to further one-off and ongoing savings being made, which both contribute to the projected outturn for this financial year and also provide savings throughout the term of the MTFS. Although in year, these have been matched to some degree by inflationary increases in excess of those expected when the budget was built, the current year-end forecast for 2023/24, as presented to Finance and Assets Committee on the 25th January 2024, is an underspend of £852,000. This too will be transferred to the Surplus Savings Reserve at year-end and has been reflected in the figures in this report.'</i></p>

Actions from the Strategic Risk Register	
Action	Auditor findings
Budget / MTFS report to be presented to Finance & Assets Committee before approval by Full Council.	<p>On 25th January 2024 the Council's Finance and Assets Committee recommended that Full Council approve the draft revenue budget for 2024/25 and MTFS for 2025/26 to 2027/28. Meeting papers and minutes – link.</p> <p>On 20th February 2024 Full Council approved the draft revenue budget for 2024/25 and MTFS for 2025/26 to 2027/28 - link.</p>

RAG Rating Indicator for risk register entry	
 Red	Control is not present or not currently operating.
 Amber	Control is not operating fully or consistently in line with risk register entry.
 Green	Control in place and evidenced as operating as stated.

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: Global Internal Audit Standards

Committee: Audit Committee

Date: 16th July 2024

Author: Chief Internal Auditor

Report number: Z38

Contact officer:

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1.0 Issue

- 1.1. The new Global Internal Audit Standards represent a number of changes to the requirements for Internal Audit, senior management and the Audit Committee. Having reviewed the requirements of the new Standards, it is considered that the Council's internal audit services align with the intent of the Standards. As the service evolves, processes and templates will be refreshed as part of the ongoing quality assurance and improvement programme to ensure alignment with requirements of the latest Standards.

2.0 Recommendations

- 2.1. Audit Committee notes the main changes and implications arising from the Global Internal Audit Standards.

3.0 Background/Options

- 3.1. Since 2017, the Public Sector Internal Audit Standards (PSIAS) have provided the basis on which the Council's internal audit service must be delivered.
- 3.2. The Global Institute of Internal Auditors (the IIA) published the new Global Internal Audit Standards on 9th January 2024, following an extensive consultation in 2023. The Standards provide a new structure with their arrangement under five domains. There is more emphasis on the working relationship of internal audit, the audit committee (referred to as the Board) and senior management. The Standards become effective from 9th January 2025.
- 3.3. The Standards are arranged into five domains:
- I Purpose of Internal Auditing
 - II Ethics and Professionalism
 - III Governing the Internal Audit Function
 - IV Managing the Internal Audit Function
 - V Performing Internal Audit Services
- 3.4. Across the domains are 15 Principles and 52 Standards. These include requirements, considerations for implementation, and examples of evidence of

conformance. The new International Professional Practices Framework (IPPF) includes the Standards, topical requirements and global guidance.

- 3.5. The new Standards include guidance on application in the public sector which recognises that the application of the Standards may differ for internal auditors in the public sector. This section specifically references implications of different funding arrangements (i.e. the Board may not be able to approve budgets); governance and organisational structure (i.e. recognising that the Board may not be able to appoint, remove, or set remuneration for the chief audit executive); and laws/regulations impacting on delivery.

4.0 Arguments/Conclusions

- 4.1. As an audit committee, members play a vital role in ensuring that the internal audit function adheres to the Standards and fulfils its mandate effectively and efficiently. Audit Committee members and senior management should be familiar with the new Standards and their implications.

- 4.2. Some of the key updates are summarised as follows:

- A new Purpose statement that sets out the value of Internal Audit;
- New behavioural requirements for Internal Auditors, including the concept of 'Professional Scepticism';
- Domain III covers the governance of Internal Audit and represents a significant change. Although it covers areas that were in the 2017 standards, the new standards go further and explicitly lay out requirements for Senior Management and the audit committee (the Board). These are summarised further below, in paragraph 4.3;
- The standards require an Internal Audit Mandate to be approved by the Audit Committee. The mandate sets out the authority, role, responsibilities, scope and types of services. It also considers organisational independence, including interference such as limiting budgets or resources of Internal Audit;
- The chief audit executive (Chief Internal Auditor) must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organisation and aligns with the expectations of the board, senior management, and other key stakeholders;
- The chief audit executive must coordinate with internal and external providers of assurance services and consider relying upon their work. If unable to achieve an appropriate level of coordination, the chief audit executive must raise any concerns with senior management and, if necessary, the board;
- The chief audit executive must strive to ensure that the internal audit function has the technology to support the internal audit process. The chief audit executive must regularly evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency. The chief audit executive must communicate the impact of technology limitations on the effectiveness or efficiency of the internal

audit function to the board and senior management. The chief audit executive must collaborate with the organisation's information technology and information security functions to implement technological resources properly;

- If internal auditors and management disagree about the engagement recommendations and/or action plans, internal auditors must follow an established methodology to allow both parties to express their positions and rationale and to determine a resolution;
- Internal auditors must ensure the final communication to stakeholders for individual engagements is reviewed and approved by the chief audit executive before it is issued; and
- New to the 2024 Global Internal Audit Standards are the setting of Topical Requirements. These are intended to assist the internal audit function by providing structure and consistency in covering governance, risk and control over specified areas. These requirements will be published during 2024 and will be mandatory when Internal Audit scope an audit in these topical areas.

4.3. As noted above, Domain III covers the governance of Internal Audit and represents a significant change and sets out requirements for the Board, which must be exercised by the Audit Committee, as follows:

- Discuss with the chief audit executive and senior management the appropriate authority, role, and responsibilities of the internal audit function;
- Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services;
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter to enable an effective internal audit function;
- Review the internal audit charter with the chief audit executive to consider changes affecting the organisation, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organisation;
- Demonstrate support to Internal Audit by:
 - Specifying that the chief audit executive reports to a level within the organisation that allows the internal audit function to fulfil the internal audit mandate;
 - Approving the internal audit charter, internal audit plan, budget, and resource plan.
 - Making appropriate enquiries of senior management and the chief audit executive to determine whether any restrictions on the internal audit function's scope, access, authority, or resources limit the function's ability to carry out its responsibilities effectively.
 - Meeting periodically with the chief audit executive in sessions without senior management present.

- Champion the internal audit function to enable it to fulfil the Purpose of Internal Auditing and pursue its strategy and objectives.
- Review the requirements necessary for the chief audit executive to manage the internal audit function, as described in Domain IV: Managing the Internal Audit Function.
- Approve the chief audit executive's roles and responsibilities and identify the necessary qualifications, experience, and competencies to carry out these roles and responsibilities.
- Communicate with the chief audit executive to understand how the internal audit function is fulfilling its mandate.
- Communicate the board's perspective on the organisation's strategies, objectives, and risks to assist the chief audit executive with determining internal audit priorities.
- Set expectations with the chief audit executive for:
 - The frequency with which the board wants to receive communications from the chief audit executive.
 - The criteria for determining which issues should be escalated to the board, such as significant risks that exceed the board's risk tolerance.
 - The process for escalating matters of importance to the board.
- Discuss with the chief audit executive disagreements with senior management or other stakeholders and provide support as necessary to enable the chief audit executive to perform the responsibilities outlined in the internal audit mandate.
- Review and approve the chief audit executive's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:
 - The scope and frequency of assessments.
 - The competencies and independence of the external assessor or assessment team.
 - The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.
 - Review and approve the chief audit executive's action plans to address identified deficiencies and opportunities for improvement, if applicable.

4.4. The Council's Internal Audit service is subject to an annual self-assessment against the Public Sector Internal Audit Standards and an initial review of the Global Internal Audit Standards provides assurance that the service operates in line with the intent of these Standards. Integrity, objectivity, competency, confidentiality and due professional care remain the core basis for how internal audit services must be delivered. These are defined within the in-house service's Code of Ethics which each member of the team signs to confirm acceptance of on an annual basis, along with a declaration of any potential conflicts of interest.

4.5. As part of the service's quality assurance and improvement programme, further work will take place to review processes, templates and strategies to align with the latest Standards. The team includes a number of qualified and part qualified

Chartered Internal Auditors and continuous professional development and training will further support the embedding of the Standards across the service. The in-house service was established in April 2022 and has not, as yet, been subject to an external assessment. Consideration will need to be given to the most appropriate timing of the first assessment, in consultation with the Audit Committee. Further updates will be provided for the committee during 2024/25, including the implications of any new Topical Requirements.

- 4.6. The Internal Audit Standards Advisory Board (IASAB) have advised that they will prepare material for application in the UK public sector together with guidance on transition during 2024/25 and this guidance will inform future updates to the Audit Committee. To date, the IASAB have advised that: ‘The effective date of the new material developed by IASAB will be 1 April 2025, to align with requirements for annual opinions and other relevant aspects of UK public sector governance which line up with the financial year. Until then, the existing PSIAS based on the old International Professional Practices Framework will continue to apply but organisations are encouraged to undertake preparatory work to allow them to implement the new requirements when they become effective’.

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

None.

7.0 Background documents

None.

TITLE: Corporate Risk Management update

Committee: Audit Committee

Date: 16th July 2024

Author: Director, Finance

Report number: Z39

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 2024.

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. This includes two new risk entries in relation to the crematorium project and climate change.

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 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 – Risk Register Update Report

Appendix 2 - Corporate Risk Register – July 2024

Appendix 3 – Risk Register Heat Map

7.0 Background documents

N/A

Appendix 1 – Corporate Risk Management Report – July 2024

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
A6 East Cambridgeshire Street Scene (ECSS) Ltd fails to deliver upon its Business Plan	Reduction in residual risk from 12 (likelihood 4 and impact 3) to 6 (likelihood 2 and impact 3). This was on the basis of the greater clarity now gained on legislative changes; the approved fleet purchases; and the general stabilising of the service.
A8 In ability to deliver the Construction of the Bereavement Centre at Mepal in the existing Budget envelope	NEW RISK ENTRY Added to reflect the risks associated with the project.

Risk	Description
B2 Failure to achieve expected levels of development and planning gain	Increase in inherent risk from 12 (likelihood 3 and impact 4) to 16 (likelihood 4 and impact 4). This reflects the national and local trend for reduced planning applications.
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.	NEW RISK ENTRY To reflect the risks associated with delivery of the carbon net zero targets, a Council priority.

Corporate residual risk heat map

- 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 require formal monitoring.

Conclusion

- Risk management processes follow good practice and are considered proportionate. These are documented in a Risk Management Policy, with a supporting framework.
- The Risk Management Group continue to review the Risk Register on a quarterly basis to ensure all risks are recognised and up to date.
- 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.
- The Risk Management Policy requires managers to keep all risks under review, and the Corporate Risk Register has been updated accordingly.

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															

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
A2	East Cambridgeshire Trading Company (ECTC) fails to deliver upon its Business Plan	<p>Poor performance by the Company with a lack of challenge and oversight.</p> <p>Failure to embed effective governance arrangements and segregation of duty.</p> <p>Changing macro-economic environment.</p>	<p>Failing to achieve Corporate Plan and Medium Term Financial Strategy (repayment of loan).</p> <p>Reputational risk.</p>	D-F	3	5	15 (A)	<p>Business Plans, Articles of Association and Shareholder Agreements.</p> <p>Established shareholder arrangements.</p> <p>Regular reporting to Finance and Assets Committee (in remit as Shareholder committee).</p> <p>Company Business Plans include 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>Council has a Debenture Agreement in place providing security over all loan funding it provides to the Company</p>	2	5	10 (A)	<p>2024/25 Business Plan approved by Board and presented to Finance and Assets Committee.</p> <p>An Internal Audit rolling risk review took place of this area in May / June 2023</p> <p>2022/23 Statutory Accounts audited and approved at Board.</p>	<p>Internal Audit report of trading company governance issued in 2023/24. All identified actions completed with one exception with a completion date of September 2024.</p>	D-CS	Sept 2024	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
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 2022 and 31 March 2023, there were 181 affordable dwelling completions which represent approximately 22.7% of gross dwelling completions in that year. This is the highest gross number of affordable housing completions in the district in the plan period, and when combined with the previous year, 335 affordable homes have been delivered in the past two years.</p> <p>2023/24 AMR was published December 2024</p> <p>Funding for the Local Plan was included in the 2024/25 budget approved by Council</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>	D-C	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
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>	<p>Impact on the Council's finance and resources.</p> <p>Reputational risks.</p>	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 visit's 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>Relationships with social housing providers.</p>	3	3	9 (A)	<p>2020/21 Internal Audit of Homelessness – Satisfactory Assurance</p> <p>Annual homelessness count</p>	<p>Investing in a pilot scheme to support vulnerable people and keeping them in their homes – 'Housing First' provides wrap around support for tenants that have previously been homeless and have significant multiple needs such as mental health issues and drug/alcohol addiction. To launch summer 2024.</p> <p>Working with Sanctuary to promote turnaround of voids and transfer housing register to the Council.</p> <p>Homelessness and Housing Applications audit in 2024/25.</p>	DO	Summer 2024	G
															2024/25	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	Increase in cost of utilities and food Increase in interest rates leading to increase in mortgage payments and other debts	Health and wellbeing compromised. Residents having to choose between fuel and food. Financial hardship could lead to homelessness. Increase in mental health issues	D-O	4	5	20 (R)	<p>Cost of living pages on ECDC website</p> <p>Energy efficiency officers providing advice 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 the exceptional hardship fund (£10,000) set up by Council.</p> <p>Action on Energy website available to sign-post residents towards support options.</p> <p>Health and Wellbeing Strategy Approved at Operations Committee.</p>	3	3	9 (A)	<p>Cambridgeshire Acre funded until June 2025.</p> <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>Continue to collaborate with key delivery partners</p> <p>Keep up to date with available funding streams</p> <p>Supporting Vulnerable People internal audit to take place in 2024/5</p>	D-O	On-going	G
														D-O	On-going	G
														D-O	Mar 2024	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	
A6	East Cambridgeshire Street Scene (ECSS) Ltd fails to deliver upon its Business Plan	<p>Poor quality service delivery with a lack of challenge and oversight.</p> <p>Poor financial management of services</p> <p>Increased financial pressures relating to variable costs carried by ECSS (fuel, MRF sales, vehicle maintenance, sickness)</p> <p>Failure to embed effective governance arrangements and segregation of duty.</p> <p>Inability to recruit and retain staff.</p> <p>Failure to achieve performance targets.</p> <p>Availability of fleet.</p> <p>Lack of clarity of Legislative changes.</p> <p>ECDC requesting service delivery beyond MOA.</p>	<p>Failing to achieve ECDC corporate priorities.</p> <p>Disruption to service.</p> <p>Significant reputational risk.</p> <p>Significant overspends.</p> <p>ECDC levy performance sanctions.</p>	D-F	4	5	20 (R)	<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>Updated MOA which includes KPIs and review mechanism for overspends.</p> <p>Fleet management - purchase of 10 RCVs to replace nine-year-old vehicles in 2023. ECSS fleet review in 2023/24 and procurement exercise for vehicles over five-years old.</p> <p>New vehicle maintenance and fuel contract procured by ECSS.</p>	2	3	6 (A)	<p>ECSS Business Plan approved by Board and Operational Services Committee in March 2024.</p> <p>Quarterly performance reports presented to Operational Services Committee.</p> <p>Operational Services Committee monitors progress with Street Smart Project.</p> <p>Management accounts reported to Operational Services Committee.</p> <p>Internal Audit report of trading company governance issued in 2023/24, with all identified actions completed.</p>	<p>ECDC procurement for new MRF contract continues but this is considered a risk linked to A7 and so is not reflected in the risk score here.</p> <p>Review of contract to be considered to reflect implementation of Government Waste Strategy from April 2026</p>	D-O	On-going	On-going	Green

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> <ul style="list-style-type: none"> Lack of guidance relating to extended producer responsibility payments and the impacts on Recycling credits Provision of net burdens funding to enable weekly food waste collections <p>Costly Material Recovery Facilities (MRF) Contract procurement</p> <p>Lack of provision of waste Transfer Station for Recycling (arising from MRF procurement)</p> <p>Increased financial pressures relating to variable costs currently carried by Provider/ECSS - fuel, MRF sales, vehicle maintenance, sickness</p> <p>Inability for Provider/ECSS to recruit and retain staff.</p> <p>Poor service delivery by Provider ECSS, including a failure to achieve performance targets.</p> <p>Current MOA and service specification not fit for Purpose</p> <p>Lack of clarity on ECDC short/medium and long term Waste and Street Cleansing strategy</p> <p>Poor Project implementation for Bins</p> <p>Waste Disposal Authority restrict Service changes (power to direct)</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	5	5	25 (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>Existing MRF contract (expires in October 2024)</p> <p>ECSS Business Plan for Service Delivery</p> <p>Updated MOA which includes KPIs and review mechanism for overspends.</p> <p>Delineation of roles/responsibilities for contract/client-side management.</p>	4	4	16 (R)	<p>ECSS Business Plan approved by Operational Services Committee in March 2024.</p> <p>ECSS Quarterly performance reports presented to Operational Services Committee.</p> <p>Operational Services Committee monitors progress with Street Smart Project.</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>New MRF contract has been re-tendered on 3 plus 3 model, confirmation of preferred supplier in June 2024.</p> <p>ECDC, via a Member working party, to carry out a strategic service review and develop new service specification, including review of infrastructure requirements.</p> <p>New overall Waste and Street Cleansing Arrangement in place from April 2026.</p> <p>Discussions to be continued to secure revenue funding for food waste implementation.</p> <p>Confirmation that ECDC will not get named in TA arrangements. Final funding allocation currently in negotiation.</p> <p>Council approval to be sought for extension of MOA with ECSS to April 2026.</p>	D-O	Sept 2024	Sept 2024	G
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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	In ability 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>	DO DF	4	5	20	<p>A phased approach for the development of the full project is being proposed to reflect the ability of the Council to apply additional CIL funding when secured to the project if necessary.</p> <p>The detailed design having a built in value engineering process. Design and build contract will give more certainty over cost. However, completion of all surveys to be finalised ahead of tendering to mitigate risk</p> <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>Appropriate Construction Procurement Framework</p> <p>Appropriate advice and consultancy to support final design of facility</p> <p>Project Manager appointed</p>	3	4	12	<p>Design team and project management procured.</p> <p>Embedded assurance audit starting in July 2024.</p>	Quantity Surveyor (QS) to undertake more detailed cost calculation prior to a Construction Tender being put out.	D-O	TBC	G
FINANCE AND RESOURCES																

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
B1	Inability to balance the Council's annual budget.	<p>Reductions in public sector funding.</p> <p>Lack of opportunity to make further savings.</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 2024/25 Budget was approved by Full Council in February 2024.</p> <p>Quarterly budget monitoring reports to Management Team and relevant Committees.</p> <p>Partnership working and ongoing 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>	1	3	3 (G)	<p>2023/24 Internal Audit of Budgetary Control – Substantial / Good Assurance.</p> <p>Underspend currently being forecast for 2023/24.</p>	Budget / MTFS update will be presented to Finance & Assets Committee.	D-F	Sept 2024	G
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 2022/23 the Council recorded 820 dwelling completions (gross completions: 796 dwellings minus demolitions: 11 dwellings, plus an (including allowance for C2 equivalent of 35 dwellings). This is the highest recorded number of completions for 15 years.</p> <p>Infrastructure Funding Statement 2022/23 was published December 2023</p> <p>5 year land supply report published in April 2024</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

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
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 not now expected until 1st April 2026, but no formal announcement to confirm this.</p> <p>Lack of opportunity to make further savings.</p> <p>Failure to maximise the opportunity from the Combined Authority deal and other income sources.</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	3	5	15 (A)	<p>Agree Medium Term Financial Strategy (MTFS) each February as part of budget setting process.</p> <p>The 2024/25 Budget (and MTFS) was approved by Full Council in February 2024 with 2024/25 and 2025/26 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.</p>	3	4	12 (A)	Underspend of £2.5 million in 2023/24 used to bolster Surplus Savings Reserve	MTFS up-date to be presented to Finance & Assets Committee.	D-F	Sept 2024	G
PROCESSES AND SYSTEMS																
C1	Failure to maintain service delivery and support the community in the event of an unforeseen emergency or loss of resources	<p>Major civil emergency potentially due to:</p> <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) 	<p>Inability to access key staff or resources resulting in reduced ability to deliver services.</p> <p>Increased requests for Council resources and services</p> <p>Health and safety impact on staff and vulnerable residents</p> <p>Damage to Council property and impact on residents</p> <p>Reputation damage</p>	CEX	3	4	12 (A)	<p>Council Emergency and Business Continuity plans in place with ongoing review programme.</p> <p>Staff training and exercises, both internally and externally facilitated.</p> <p>Member of the Cambridgeshire and Peterborough Local Resilience Forum (CPLRF).</p> <p>CPLRF multi-agency emergency plans.</p> <p>ICT functionality allowing staff to work remotely where required.</p>	2	2	4 (G)	<p>CPLRF monitoring of potential power outage scenarios over the winter. Mighty Oak exercise (work on power outages) completed in March 2023.</p> <p>W Coates Multi agency exercise took place in February 2023.</p>	Recruitment of health and safety officer.		Sept 2024	

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
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. 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.	3	3	9 (A)	Disaster Recovery exercise took place in September 2023 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 compliance.	Reflect on lessons learnt from national incidents – MoveIT.	ITM	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
C3	Non-compliance with legislative and regulatory requirements.	Changes in legislation from Central Government or Professional bodies can impact many areas, for example: <ul style="list-style-type: none"> • health and safety, • equalities, • safeguarding, • environmental legislation, • employment law. 	Financial penalties for non-compliance. Reputational risk.	CMT	3	4	12 (A)	Monitoring changes to legislation that impacts the Council. Topical examples include H&S sentencing guidelines, and earlier closedown of accounts. Procedural rules are changed as required and training delivered at least annually. Safeguarding Policy 2022. Safeguarding leads nominated and all staff trained in 2023. Health and safety management system. Disaster Recovery Plan and supporting systems / hardware. Equality, Diversity and Inclusion policy. Training on equality, diversity and inclusion for Members and officers rolled out. Equality monitoring reports published. Annual health and safety report presented to Finance and Assets Committee RIPA policy (Regulation of Investigatory Powers Act) and Covert Investigation Act Policy Whistleblowing Policy Monitoring of mandatory training completion by CMT leads Member safeguarding training	3	3	9 (A)	Annual senior management assurance statements. 2022/23 Internal Audit review of Assets of Community Value – Good / Substantial Assurance. 2022/23 Internal Audit review of Safeguarding – Satisfactory Assurance 2022/23 Internal Audit review of Enforcement Policy Compliance – Satisfactory Assurance Corporate Health and Safety policy approved by Finance and Assets Committee RIPA inspection in December 2023 provided assurance over compliance. Whistleblowing Policy approved by Finance and Assets Committee March 2024	Further report on Whistleblowing policy to Finance & Assets Committee considering external review of the Council's governance around the Policy	D-LS	Sept 2024	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	3	5	15 (A)	All Council staff required to undertake annual online data protection training. All new staff briefed at Corporate Induction. Data breach register maintained. All breaches risk assessed, investigated and recommendations made. 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 being rolled out to all staff.	2	4	8 (A)	2023/24 Internal Audit review of Information Governance gained Substantial Assurance for control design and Satisfactory Assurance for compliance. 2023 Data Protection Training circulated to all staff in December 2023 and annual programme. Annual report on Information Governance presented to October 2023 Audit Committee.	Annual report on Information Governance going to Audit Committee in July 2024.	D-LS	July 2024	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>	2	3	6 (A)	Annual senior management assurance statements.				
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</p> <p>Annual Climate Change budget</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>	4	3	12 (A)	<p>Council has Investors in the Environment Silver Accreditation</p> <p>29th out of 164 district councils in Climate Emergency UK's rankings for 2023</p> <p>We calculate and report the Council's Carbon Footprint on an annual basis</p>	<p>Carbon Literacy training available for all staff and councillors</p> <p>Climate related actions in the Environment Plan top 20 Actions</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	4	8 (A)	<p>Five Year Land Supply Report published in April 2024 - ECDC 5YLS Report April 2024 combined.pdf (eastcamb.gov.uk), which confirms:</p> <ul style="list-style-type: none"> • 6.48 years supply over the five-year period • A further 7.99 years of pipeline supply, anticipated to come forward from year 6 onwards. • A grand total of 14.5 years' worth of identifiable supply, for the full period 2023-2042 	Monitor Government proposals for planning.	D-C	TBC	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.	Lack of staff resources in terms of numbers due to turnover, aging workforce or failed recruitment exercises. Lack of staff resources in terms of knowledge, skills and behaviours due to poor staff retention. National skills shortage for professional and technical roles.	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. More acute in areas with reliance on single officer.	CMT	4	3	12 (A)	Investment in training and up-skilling existing staff. Absence Management policy. Management Development training has been delivered to all Service Leads and team leaders. Remote working policy. Service Delivery Plans presented to Policy Committees in March 2023. Use of market supplements Use of recruitment agencies where necessary. Starters and leavers report presented to Finance and Assets Committee. Monthly review by Corporate Management Team of impact on service delivery. Review of exit interviews. Apprenticeship opportunities. Career scales. Succession Planning	3	2	6 (A)	Six-month and annual reviews of Service Delivery Plans.	CMT discussion on further options for maintaining staffing levels	CM T	Sept 2024	

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
- HSM Health & Safety Manager
- 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		C4, D2	B2, B3, A8	A7	
	Medium	3	B1	A3, A6, C6	A4, A5, C2, C3	C7	
	Low	2		C1	D8		
	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, Resources and Finance 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
A6	East Cambridgeshire Street Scene Ltd fails to deliver upon its business plan and expected levels of performance
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
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

AGENDA ITEM NO 15

LEAD OFFICER: Ian Smith, Director Finance
Democratic Services Officer: Jane Webb

Tues 22 October 2024	4:30pm
Chair's Announcements	Chair
Annual Governance Statement – Final Draft	Chief Executive
External Audit – Audit Results Report 2023/24	External Audit
Statement of Accounts 2023/24	Director Finance and S151 Officer
Internal Audit Progress Report	Internal Audit
Actions taken by the Director Finance on the grounds of urgency (if any)	Democratic Services Officer
Forward Agenda Plan	Democratic Services Officer
Mon 3 February 2025	4:30pm
Chair's Announcements	Chair
Internal Audit Progress Report	Internal Audit
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
Tues 18 March 2025	4:30pm
Chair's Announcements	Chair
External Audit Plan	External Audit
Internal Audit Charter & Work Plan	Internal Audit
Audit Committee Annual Report	Director Finance and S151 Officer
Internal Audit Progress Report	Internal Audit
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.

