



East Cambridgeshire District Council

Meeting: Audit Committee

Time: 4:30 pm

Date: Monday 3 February 2025

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

Enquiries regarding this agenda: Patrick Adams

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Committee membership

Quorum: 3 members

Conservative Members

Cllr David Brown (Chair)
Cllr Keith Horgan
Cllr Kelli Pettitt (Vice-Chair)

Substitutes:

Cllr Lavinia Edwards
Cllr Lucius Vellacott

Lay Member

Stephen Joyce

Lead Officer

Ian Smith, Director Finance

Liberal Democrat Members

Cllr Lorna Dupré
Cllr James Lay
Cllr Ross Trent

Substitutes:

Cllr Gareth Wilson
Vacant

AGENDA

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

4. Minutes	Page 5	
To confirm as a correct record the Minutes of the meetings of the Audit Committee held on 19 November 2024.		
5. Chair's Announcements		[oral]
6. External Audit – Audit of the 2023/24 Accounts	Page 11	
7. Statement of Accounts 2023/24	Page 65	
8. Internal Audit Progress Report	Page 155	
9. Internal Audit Plan Development 2025/26		[oral]
Oral update.		
10. Corporate Risk Management Monitoring Report	Page 171	
11. Forward Agenda Plan	Page 193	

NOTES:

1. 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.

2. 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>
3. 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).”



Minutes of a meeting of the Audit Committee

Held in the Council Chamber, The Grange, Nutholt Lane, Ely
on Tuesday, 19 November 2024, at 6 pm

Present	Cllr David Brown (Chair) Cllr Keith Horgan Cllr Kelli Pettitt Stephen Joyce – Independent Lay Member
Officers	Patrick Adams – Senior Democratic Services Officer Maggie Camp – Director Legal & Monitoring Officer John Hill – Chief Executive Ian Smith – Director Finance & S151 Officer
In Attendance	Rachel Ashley-Caunt – Head of Internal Audit (IA) Mark Hodgson – External Audit (EY)

16. Public Question Time

No public questions were received.

17. Apologies and Substitutions

No apologies were received.

18. Declarations of Interest

No declarations of interests were made.

19. Minutes

The Committee received the Minutes of the meeting held on 16 July 2024.

It was resolved:

That the Minutes of the meeting of the Committee held on 16 July 2024 be confirmed as a correct record and signed by the Chair.

The Lay Member asked if he could be provided with an update on his suggestion made at the last meeting that the Council develop a cost-of-action plan on how it intended to meet its net zero target. The Director Finance agreed to provide an update. The Chief Executive explained that this had been reflected in the Annual Governance Statement.

20. Chair's Announcements

The Chair made the following announcements:

- The Senior Democratic Services Officer was welcomed to his first meeting of the Committee.
- There would be an additional agenda item after item 8, to allow an oral update by Mark Hodgson of EY on the 2023/24 external audit.

21. Annual Governance Statement 2023/24 – Final Draft

The Committee considered the Annual Governance Statement 2023/24 (reference Z97, previously circulated). The Chief Executive presented the report and highlighted the main points.

In response to a question from the Lay Member, the Director Finance explained that the Council had not yet investigated the potential benefits of AI.

The Chair proposed and Cllr Keith Horgan seconded the recommendation in the report.

It was unanimously resolved:

To approve the final draft of the Annual Governance Statement for 2023/24 for final sign off by the Leader of Council and Chief Executive.

22. External Audit – Audit Results Report 2022/23

The Committee considered the External Auditor's report on the Audit Results 2022/23 (reference Z98, previously circulated). It was noted that the agenda front page erroneously stated that date of the Audit was 2023/24, although the date on the report was correct.

Mark Hodgson, the External Auditor, explained that the Government had enacted legislation in September which stated that all audits up to and including the financial year 2022/23 should be concluded by 13 December 2024. The External Auditors had carried out the minimum amount of work required by the regulations to move to a disclaimed audit opinion. This meant that they were unable to obtain sufficient evidence to provide an audit opinion on the 2022/23 financial statements and could not provide any assurance for these accounts.

In response to a question from the Chair, the External Auditor reported that EY alone were issuing over 200 disclaimed audits.

In response to a query from Cllr Keith Horgan, the External Auditor assured the Committee that the Council's Section 151 Officer and its internal auditors could provide assurances regarding the 2022/23 accounts. According to the Financial Reporting Council (FRC) it would take four financial years after a disclaimed audit opinion to recover to an unqualified audit opinion, as matters such as the opening and closing balances would have to be recalculated.

The Lay Member expressed concern regarding the impact that a disclaimed audit opinion could have on the reputation of the authority, which would be unfair as it was due to a wider audit sector failure outside the control of the Council. In response the External Auditor agreed that there was nothing that the authority could have done differently to avoid the disclaimed audit opinion. It was noted that the FRC could provide guidance to the Council on what could be included in press releases to explain the current position.

The External Auditor assured the Committee that

- The external auditors had not found any significant weaknesses as part of its value for money work.
- The external auditors had not identified any failures in the Council's financial processes, which was not the case with other local authority audits.
- There was no underlying governance issue regarding the delay in the production of the draft statement of accounts.
- The accounts of prior years had been approved by EY with no variances between years.

The External Auditor advised that in future, the Council should ensure that draft accounts were submitted by the required deadline. The Director Finance added that the accounts for 2023/24 had been published within the required timeframe.

In response to a query from Cllr Keith Horgan, the External Auditor estimated that the work on this audit was over 95% complete.

It was resolved:

That the External Audit Results Report for 2022/23 be noted.

23. Statement of Accounts 2022/23

The Committee considered a report on the Council's Statement for Accounts for 2022/23 (Z99, previously circulated).

The Director Finance introduced the report and explained that the previous draft had been amended to show unspent amounts relating to two grants had now been carried forward in a reserve as opposed to receipts in advance. It was noted that the wording of the letter of representations would have to be amended due to a request from EY, which had been made to all of their clients. No material changes would be made to the letter.

Councillor Keith Horgan asked for an explanation for the 22% variance between the budget and outturn in the non domestic rates. The Director Finance explained that the Council had been cautious in estimating the amount of funds that would be received from business rates and the fact that the Council belonged to the wider Cambridgeshire business rates pool, had made the prediction of revenue difficult.

In response to a question from the Lay Member, the Director Finance assured the Committee that the prior comparatives were correct.

The Director Finance explained that the figures in the accounts regarding the Community Infrastructure Levy (CIL) was the reserve balance and the final figure of £10,654,000 for March 2023 was correct.

The Director Finance explained that the long-term debtors included loans which were secured against people's homes and were expected to be repaid by the resident in the future.

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

It was unanimously resolved:

- That the Statement of Accounts 2022/23 be approved.
- To authorise the Chair of Audit Committee and Director Finance to sign the Statement of Accounts and Letter of Representation (Appendix 2) on behalf of the Council (making any changes that, in the opinion of the Section 151 Officer, do not impact on the overall substance of the Accounts) this prior to final sign-off by Ernst and Young (EY) on or around the 22nd November 2024.

24. External Audit Update on 2023/24

The Committee received an oral update from Mark Hodgson, External Auditor, on the 2023/24 audit. He explained that the Committee had already considered the External Audit Plan for 2023/24 and the audit results report was scheduled to come to the next Committee meeting on 3 February 2025. Due to the opening balance issue, it would be a disclaimed audit.

25. Internal Audit Progress Report

The Committee considered a report, (reference Z100, previously circulated), which advised the Committee of the work of Internal Audit completed during the financial year to date, and the progress against the Internal Audit Plan. Rachel Ashley-Caunt, Head of Internal Audit, presented the report and explained that two audits had been finalised since the last Committee meeting, decision making and delegations and supporting vulnerable people.

Decision making and delegations

The Head of Internal Audit reported that it was clear that decisions and minutes had been published in a timely manner, but the audit recommended that work be undertaken to ensure that a proper record was being taken of all relevant delegated decisions. In response to a question by the Lay Member, the Head of Internal Audit reported that no instances had been found of decisions being taken by an officer who did not have the authority to do so.

Supporting vulnerable people

The Head of Internal Audit reported that many procedures were in place to protect vulnerable people across the district and a good level of assurance had been found, with no significant concerns.

Assurance work on risks

Assurance work had been undertaken on the Risk Register and a good level of assurance had been found with regards to the risk on climate change. The Lay Member suggested that the climate change budget might be insufficient. The Director Finance explained that the Operational Services Committee received a report in July each year, which provided details on expenditure on tackling climate change. Cllr Keith Horgan suggested that more work was required on what carbon net zero meant to the Council. The Head of Internal Audit suggested that further work on this matter could be considered as part of next year’s Audit Plan.

The Committee were happy to note that there were no overdue audit actions.

It was resolved:

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

26. Internal Audit Plan Development 2025/26

The Committee considered a report, (reference Z101, previously circulated), which invited the Committee to consider the Internal Audit Plan development process for 2025/26. The Head of Internal Audit presented the report. It was agreed that the deadline for considering areas to be audited be extended to 3 February 2025 to allow the Committee to make suggestions at its next meeting. The Chair requested that the Bereavement Centre at Mepal be reviewed by the Internal Audit team.

It was resolved:

- To note and endorse the proposed approach to the development of the Internal Audit Plan for 2025/26.
- To note any risk areas where assurances are required during the year ahead to the Head of Internal Audit by 3 February 2025.

27. Forward Agenda Plan

The Committee received the Forward Agenda Plan. It was understood that the Internal Audit Plan for 2025/26 would be discussed at the next meeting on 3 February 2024.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 7 pm.

Chair:.....

Date:

East Cambridgeshire District
Council
Audit Results Report
Year ended 31 March 2024
20 January 2025





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

20 January 2025

Dear Audit Committee Members

2023/24 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Audit Committee.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on East Cambridgeshire District Council (the Council's) accounting policies and judgements and material internal control findings.

This report considers the impact of Government proposals, which have now been enacted through secondary legislation, to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals recognise 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. 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.

Given that Statutory Instrument 2024/907 "The Accounts and Audit (Amendment) Regulations 2024 ("SI 2024/907") imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together 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.

As reported in our 4 November 2024 Audit Completion Report, we issued a disclaimed audit report on the Council's financial statements for 2022/23 under these arrangements to reset and recover local government audit. Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, as set out within this report we have not been able to complete our planned programme of work to obtain sufficient evidence to have reasonable assurance over all closing balances.

As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we also do not have assurance over a number of 2023/24 in-year movements that depend on those opening balances, and some closing balances (particularly reserves). We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. Appendix A of this report sets out the level of assurance we have been able to gain from the procedures that we have completed.

Taken together alongside the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

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.

Yours faithfully



Mark Hodgson

Partner

For and on behalf of Ernst & Young LLP

Enc

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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 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 in accordance with the statement of responsibilities. 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.



BOARDROOM

01 Executive Summary

Executive Summary – Context for the audit

Context for the 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 need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- ▶ Lack of capacity within the local authority financial accounting profession
- ▶ Increased complexity of reporting requirements within the sector
- ▶ Lack of capacity within audit firms with public sector experience
- ▶ Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG (formerly DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). The approach to addressing the backlog consists of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1, starting from 2023/24, 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. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- ▶ Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 4/11/2024 Audit Completion Report to the Audit Committee we issued a disclaimed audit report on the Council's financial statements for 2022/23 under these arrangements to reset and recover local government audit. Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to have reasonable assurance over all closing balances. As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we do not have assurance over 2023/24 in-year movements and some closing balances. We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

A summary of the assurances we have gained from our 2023/24 audit procedures is set out at Appendix A.

Expected modification to the audit report

As reported in our 4 November 2024 Audit Completion Report to Those Charged with Governance, we issued a disclaimed audit report on the Council's financial statements for 2021/22 and 2022/23 under the arrangements to reset and recover local government audit.

As a result of the 2022/23 disclaimed audit report, as a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we also do not have assurance over a number of 2023/24 in-year movements that depend on those opening balances, and therefore some closing balances (particularly Reserves). We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. We did not plan to rebuild this assurance in our 2023/24 audit.

The Council have not provided a materially accurate set of draft financial statements supported by good quality working papers which were sufficient and appropriate to support the financial transactions and our audit in a timely manner.

There is insufficient audit resource available to complete the above outstanding procedures on your audit before the 2023/24 backstop date. Insufficient support to the audit meaning that it takes significantly longer than should be necessary is one example of the factors that led to the backlog in the first place, and why the legislative backstop has been introduced.

Taken together, and alongside the requirement to conclude the 2023/24 audit by the legislative back stop date of the 28 February 2025, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion. The extent of the disclaimed audit report will include the additional areas of the 2023/24 financial statements where we have not been able to gain sufficient assurance, over and above those we set out in our 2022/23 disclaimed audit opinion.

Section X of this report sets out the level of assurance we have been able to gain from the procedures that we have completed.

In line with the Government's legislative arrangements set out above and specifically the 'Recovery phase' of those arrangements and with guidance issued by the Financial Reporting Council (FRC) within their 'Accessible Guide' there is an expected minimum 3-year timeline to re-build audit assurances to gain full assurance over opening, closing balances and in year movements. We will reflect on the impact of the areas where we did not gain our planned assurances in 2023/24, through our 2024/25 audit planning and set out our timeline for re-building audit assurance within our Audit Plan.



Executive Summary

Scope update

In our Audit Plan presented at the 16 July 2024 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- ▶ **Changes in materiality:** We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £0.800 million (Audit Planning Report – £0.811 million). This results in updated performance materiality, at 75% of overall materiality, of £0.600 million, and an updated threshold for reporting misstatements of £0.040 million.

For the Group audit, the updated overall materiality and performance materiality is £0.936 million and £0.702 million, respectively (Audit Planning Report – £1.503 million and £1.127 million). Reporting threshold for misstatements is £0.046 million.

- ▶ **Change to the significant risks identified:** We updated the “Pension Liability Valuation (inherent risk)” to “Accounting for pension asset/liability (significant risk)” considering that pension asset has been reported in 2023/24 draft Statement of Accounts. Under IAS 19, there is a limit on the size of the net pension asset that can be recognised on the balance sheet. This is referred to as the asset ceiling. An asset ceiling test limits the amount of the net pension asset that can be recognized to the lower of (1) the amount of the net pension asset or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plans. The subjectivity of assumptions used in determining the value means that we considered there to be a higher risk of material misstatement associated with the significant account.

Status of the audit

Our audit work in respect of the Council and Group opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Accounting for Pension Asset/Liability - we are waiting for IAS19 assurances from the auditor of Cambridgeshire Pension Fund.
- ▶ Journal Testing.

Closing procedures:

- ▶ Subsequent events review;
- ▶ Agreement of the final set of financial statements;
- ▶ Receipt of signed management representation letter; and
- ▶ Final Manager and Engagement Partner reviews.

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix C.

Given that the audit process is still ongoing, we will continue to seek the outstanding assurances and challenge the remaining evidence provided and the final disclosures in the Statement of Accounts which could influence our final audit opinion.



Executive Summary (cont'd)

Value for Money

In our Audit Plan dated 18 April 2024, we reported that we had not completed our value for money (VFM) risk assessment. Having updated and completed the planned procedures in these areas we did not identify a significant weakness. See Section 03 of the report for further details.

Audit differences

Uncorrected Differences

- ▶ We identified 1 audit differences, in relation to the NNDR Appeals over provision which would have the impact of increase operating profit by £0.057 million, if corrected. To date Management has chosen not to adjust the Statement of Accounts in relation to these items.

Corrected Differences

- ▶ Management have corrected 3 misstatements amounting to £0.879 million.
- ▶ Cash Flow reclassification misstatements amounting to £2.155 million.

Disclosure Differences

We also identified a number of audit disclosure misstatements in the Statement of Accounts, which have been corrected by Management.

Further details on the audit differences can be found in Section 05 of this report.

Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We have completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. The Council falls below the threshold (Threshold - £2 billion) for full procedures, so we will be able to submit an assurance statement verifying this position. We do not expect therefore to have any issues to report. However, whilst we do not expect to be a sampled component, until we have that confirmed by the NAO, we cannot certify completion of the audit and issue the audit certificate.

Independence

Please refer to Section 08 for our update on Independence. We have no matters relating to our Independence to bring to your attention.



Executive Summary (cont'd)

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of East Cambridgeshire District Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

Areas of audit focus:

▶ Misstatements due to fraud or error

We have completed our work in this area and have identified one control weakness which is reported in Section 07. We are completing our remaining work in relation to documenting fraud procedures.

▶ Incorrect capitalisation of revenue expenditure

We have completed our work on this area and have no matters to report.

▶ Accounting for Pension Asset/Liability (significant risk)

We have not completed our work in this area. We have not yet received the response from the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to East Cambridgeshire District Council.

▶ Valuation of Property, Plant & Equipment (inherent risk)

We have completed our work in this area and have one matter to report. We considered the annual cycle of valuations to ensure that assets have been valued within a 5-year rolling programme as required by the Code for Property, Plant & Equipment. We noted that the disclosure was calculated incorrectly and proposed amendments, which have been accepted by the Council, and the disclosure has been updated.

▶ National Non-Domestic Rates Appeals Provision (Inherent Risk)

We have completed our work in this area and have identified one difference to report. Our work identified the £0.057 million NNDR Appeals over provision related to incorrect rateable value used by the management expert. See Section 05 of this report for further details. Management has not adjusted for this misstatement.

▶ Bad debt provision and recoverability of debtors (Inherent risk)

We have completed our work in this area and have identified one difference to report. The Council incorrectly categorised £0.493 million of Bad Debt Provisions as a Creditors balance, when this balance should be offset against Debtors (Receivables).



Executive Summary (cont'd)

Areas of audit focus

► Group accounting (inherent risk)

We have completed our work in this area and have number of difference to report.

We have noted a number of errors over our trivial threshold, where 4 of them are material to the Council. Main issues are:

Group Balance Sheet - Reclassification:

- The Council has incorrectly consolidated the Group's current debtor balances as non-current debtor balances amounting to £2.150 million
- Net pension asset was incorrectly presented as a debit balance in Non-Current Liabilities, instead of Non-Current Assets amounting to £3.032 million

Group Balance Sheet and CIES - Intercompany Transactions

- Incorrectly adjusted intercompany debtor and creditor balances between group companies amounting to £9.535 million
- Intercompany sales and purchase transactions between group companies have not been adjusted resulting in overstatement of group income and expenditure by £3.064 million.

Errors over our trivial threshold but below Group materiality level related to the following:

- Intercompany debtor and creditor balances between subsidiary companies have not been adjusted
- The Council does not have the accounting policy for capitalising interest on inventory. Therefore, group inventory balance is adjusted to eliminate the interest capitalised on ECTC inventory balance. The Council has incorrectly calculated this adjustment.
- Depreciation and interest related to IFRS 16 has not been adjusted in group cash flow in non-cash related items.
- Financing and investment income and expenditure from the group companies have been incorrectly adjusted to the group CIES

Due to the errors identified above related to intercompany transactions, the group notes are also amended. See Section 05 of this report for further details. The Council adjusted for this misstatements.

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee

We request that you review these and other matters set out in this report to ensure:

- There are no further considerations or matters that could impact these issues
- You concur with the resolution of the issue
- There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee



Executive Summary (cont'd)

Control observations

During the audit, we did not identify any significant deficiencies in internal control. We have taken a wholly substantive approach to the audit. However, we would like to draw your attention to the following issues identified through our audit:

- ▶ The Council did not comply with the Audit and Account Regulations by publishing the Inspection Notice incorrectly, with an incomplete set of information available for public inspection. The Inspection period was erroneously stated as commencing on 3 June 2024, when the Annual Governance Statement had not been published by that date and was instead published on 1 July 2024. This error was identified by EY and corrected by Management, so the Inspection Period was re-advertised to commence on the 24 July 2024, in accordance with the regulations. Therefore, this did not have a significant impact on the public's rights to inspect the Council's financial statements.
- ▶ The Council does not have any formal procedure in place for the authorisation of journals before they are posted to the General Ledger. This issue was brought to Council's attention in 2021/22 financial year audit but has not been implemented yet. This represents a level of weakness in the Council's overall control environment and increases the potential risk of Management Override.
- ▶ The Department for Levelling Up, Housing and Communities (DLUHC) has issued a consultation on proposed changes to regulations covering the requirement to make a prudent Minimum Revenue Provision (MRP). DLUHC has identified the use of two practices which in the government's view are "not permitted under the Prudential Framework". Consequently, DLUHC is looking to tighten the regulations to remove any scope for authorities to apply these practices. This includes the inappropriate exclusion of a portion of debt (or CFR) from MRP determinations. We are aware that many local authorities do not set aside MRP in relation to certain assets (typically capital loans and equity investments). This has become typical custom and practice but represents a departure from the Statutory Guidance on MRP.
- ▶ The Council has not published the declaration of interests for all Councillors and Officers. This is an important procedure to ensure that the financial statements correctly disclose related party transactions with a link through to the Register of Member Interests.
- ▶ With regards to controls over Property, Plant and Equipment, we have noted control deficiencies associated to the change from the previous Fixed Assets Register (FAR) system to the new FAR (CIPFA Asset Manager). From our work over depreciation, it has been noted that land has been depreciated, which is against IAS 16 Property, Plant and Equipment, but which has not been adjusted for due to trivial amount of error. We have also noted that Infrastructure Assets have not been appropriately depreciated because of an issue in setting up the CIPFA Asset Manager in 2021/22, which has been adjusted by the Council as result of our audit. Whilst these two issues are individually below our trivial threshold, and also offset each other, we have not reported them as audit differences.

However, we would like to make the Audit Committee aware of the control deficiency, given the potential impact this could have on future financial years if not amended by the Management. In addition, the 2023/24 opening balances in the Fixed Asset Register do not reconcile to the Statement of Accounts and has not been amended by the Council. This amounts to a difference of £0.663 million between the Fixed Asset Register balance at the beginning of the 2023/24 financial year and the Statement of Accounts. There are Fixed Asset Register movements amounting to £0.509 million that have not been appropriately disclosed in the Statement of Accounts.

As a result, we have raised recommendations in Section 07 of this report.



02

Areas of Audit Focus

Areas of Audit Focus

Misstatements due to fraud or error



What is the risk, and the key judgements and estimates?

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

As identified in ISA (UK and Ireland) 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.

One area susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's capital programme. The specific procedures undertaken to address this are set out on the next page. This page details standard procedures we undertake to respond to the risk of fraud and error on every engagement.

What are our conclusions?

Our audit procedures identified that the Council does not have any formal procedure in place for the authorisation of journals before they are posted to the General Ledger. This represents a level of weakness in the Council's overall control environment and increases the risk of management override.

However, we did not identify any instances of inappropriate judgements being applied, or of any management bias in accounting estimates.

We did not identify any transactions during our audit which appeared unusual or outside the Council's normal course of business.

Our journal entry testing has not identified any instances of inappropriate posting of journals.

We have no matters to bring to your attention.

Our response to the key areas of challenge and professional judgement

In order to address this risk we undertook the following audit procedures:

- ▶ Identified fraud risks during the planning stages;
- ▶ Inquired of management about risks of fraud and the controls put in place to address those risks;
- ▶ Documented our understanding of the oversight given by those charged with governance of management's processes over fraud;
- ▶ Discussed 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);
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determined an appropriate strategy to address those identified risks of fraud;
- ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including:
 - Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
 - Reviewed the accounting estimates for evidence of management bias;
 - Evaluated the business rationale for significant unusual transactions outside the normal course of business, and;
 - We considered whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud;
- ▶ We utilised our data analytics capabilities to assist with our work, including journal entry testing.

Areas of Audit Focus

Incorrect capitalisation of revenue expenditure

 Fraud Risk

What is the risk, and the key judgements and estimates?

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 that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through the inappropriate capitalisation of revenue expenditure.

This would improve the financial position of the general fund as capitalised revenue expenditure can be funded through borrowing with only minimal charges recorded in the general fund, deferring the expenditure for a number of years until the borrowing is repaid.

Our response to the key areas of challenge and professional judgement

In order to address this risk we undertook the following audit procedures:

- ▶ Obtained a listing of REFCUS for the year and confirmed that total REFCUS is not material;
- ▶ Obtained an analysis of capital additions in the year, reconciled it to the Fixed Assets Register, and reviewed the descriptions to identify whether there are any potential items that could be revenue in nature;
- ▶ Sample tested additions to Property, Plant and Equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised. There were no Investment Property additions; and
- ▶ Used our data analytics tool to identify and test journal entries that move expenditure from revenue codes into capital codes.

What are our conclusions?

Our sample testing of additions to Property, Plant and Equipment found that they had been correctly classified as capital and included at the correct value.

Our sample testing did not identify any revenue items that were incorrectly classified.

Our data analytics procedures did not identify any movements from expenditure to capital outside of the normal course of business.

Areas of Audit Focus

Accounting for Pension Assets/Liabilities (Significant risk)

 Significant Risk

What is the risk, and the key judgements and estimates?

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 valuation is a material estimated balance. At 31 March 2024, this showed a net asset position of £2.891 million.

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 to the key areas of challenge and professional judgement

In order to address this risk we undertook the following audit procedures:

- ▶ Liaised with the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to East Cambridgeshire District Council;
- ▶ Assessed the conclusions drawn on the work of the actuary by the Consulting Actuary, PwC, commissioned by the National Audit Office for all local government sector auditors, and considered the review of this undertaken by the EY actuarial team;
- ▶ Used our internal EY pensions team to calculate an estimate of the Council's pension asset by running their own 'actuarial model' and comparing this to that produced by the Council's actuary; and
- ▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.
- ▶ Reviewed the calculation and accounting treatment for the pension asset ceiling.

What are our conclusions?

We have not at the date of this report completed our work in this area.

We have not received the required assurances (IAS 19) from the auditors of Cambridgeshire Pension Fund in relation to East Cambridgeshire District Council.

We have completed all other procedures and have no matters to report.

Areas of Audit Focus

Valuation of Other Land and Buildings (Inherent Risk)

What is the risk, and the key judgements and estimates?

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 balances recorded in the Balance Sheet.

The valuation basis varies depending on the type of assets, and therefore subject to different input, estimation process and assumptions used.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates

Our response to the key areas of challenge and professional judgement

In order to address this risk we undertook the following audit procedures:

- ▶ Considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Performed testing of key assumptions and methodologies on a sample of assets and considered the reasonableness of the estimation techniques employed;
- ▶ Sample tested key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre) and agreeing this to what has been recorded in the fixed asset register and general ledger;
- ▶ Considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Considered 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, and that any changes were communicated to the valuer;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation;
- ▶ Tested accounting entries have been correctly processed in the financial statements;
- ▶ Reviewed the disclosures to ensure this is adequate in relation to estimation uncertainty.

What are our conclusions?

We did not identify any issues from our review of the work performed by the valuer over the Council's assets, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.

Our sample testing of key assumptions and methodologies did not identify any material issues concerning the reasonableness of the estimation techniques employed.

We did not identify any specific changes to assets that had occurred that required communication to the valuer.

We did not identify any issues in relation to the useful economic lives as a result of the most recent valuation.

All assets had been appropriately revalued within the Council's 5 year rolling programme. However, we noted that the disclosure note was calculated incorrectly and proposed a number of amendments, which have been accepted by Management and the disclosure has been updated in the revised Statement of Accounts.

Areas of Audit Focus

National Non-Domestic Rates Appeals Provision (Inherent risk)

What is the risk, and the key judgements and estimates?

The calculation of the NNDR Appeals Provision is estimate based and is susceptible to manipulation by management. 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 2023/24 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.

Our response to the key areas of challenge and professional judgement

In order to address this risk we undertook the following audit procedures:

- ▶ Reviewed the assumptions made by the Council's NNDR appeals provision specialist; and
- ▶ Assessed the reasonableness of any local adjustments made by the Council on the NNDR appeals provision;
- ▶ Evaluated the reasonableness of the inputs (rateable value and business rates multipliers) used by the specialist to calculate the provision.

What are our conclusions?

We have completed our work in this area and have identified one difference to report. Our work identified the £0.057 million NNDR Appeals over provision related to incorrect rateable value used by the management expert. See Section 05 of this report for further details. Management have chosen not to adjust for this difference.

The Council did not make any local adjustments to the Appeals Provision from the outcome provided by the Council's specialist. We have no other matters to report.

Areas of Audit Focus

Group Accounting (Inherent risk)

What is the risk, and the key judgements and estimates?

The Council has been preparing group accounts for several years. We identified a number of audit differences in this area as part of our previous audits. 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.

Our response to the key areas of challenge and professional judgement

In order to address this risk we undertook the following audit procedures:

- ▶ Reviewed the Council's assessment of its Group boundary;
- ▶ Scoped the audit requirements for each of the companies based on their significance to the group accounts.
- ▶ Liaised with the external auditors and issued Group instructions that detail the required audit procedures they are to undertake in order to provide us with assurance for the opinion we will issue on the group accounts;
- ▶ Evaluated any risks at component level on the Group accounts; and
- ▶ Audited the consolidation process and Group accounts.

What are our conclusions?

We have completed our work in this area and have number of differences to report.

We have noted a number of errors over our trivial threshold, where 4 of them are material to the Council's Group Accounts. The main issues are:

Group Balance Sheet - Classification:

- The Council has incorrectly consolidated the Group's current debtor balances as non-current debtor balances amounting to £2.150 million
- The Net Pension Asset was incorrectly presented as a debit balance in Non-Current Liabilities, instead of Non-Current Assets amounting to £3.032 million

Group Balance Sheet and CIES - Intercompany Transactions

- The Council incorrectly adjusted intercompany debtor and creditor balances between group companies amounting to £9.535 million
- The Intercompany sales and purchase transactions between group companies have not been adjusted resulting in overstatement of group income and expenditure by £3.064 million.

Errors over our trivial threshold but below Group materiality level related to the following:

- The intercompany debtor and creditor balances between subsidiary companies had not been adjusted
- The Council does not have the accounting policy for capitalising interest on inventory. Therefore, the Group Inventory balance is adjusted to eliminate the interest capitalised on the ECTC inventory balance. The Council has incorrectly calculated this adjustment.
- Depreciation and interest related to IFRS 16 has not been adjusted in the Group Cash Flow in 'non-cash' related items.
- Financing and Investment Income and Expenditure from the Group companies have been incorrectly adjusted to the Group CIES

Due to the errors identified above related to intercompany transactions, the group notes are also amended.

See Section 05 of this report for further details. Management have adjusted for this misstatement within the revised Statement of Accounts.

Areas of Audit Focus

Bad Debt Provision and recoverability of debtors (Inherent risk)

What is the risk, and the key judgements and estimates?

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 to the key areas of challenge and professional judgement

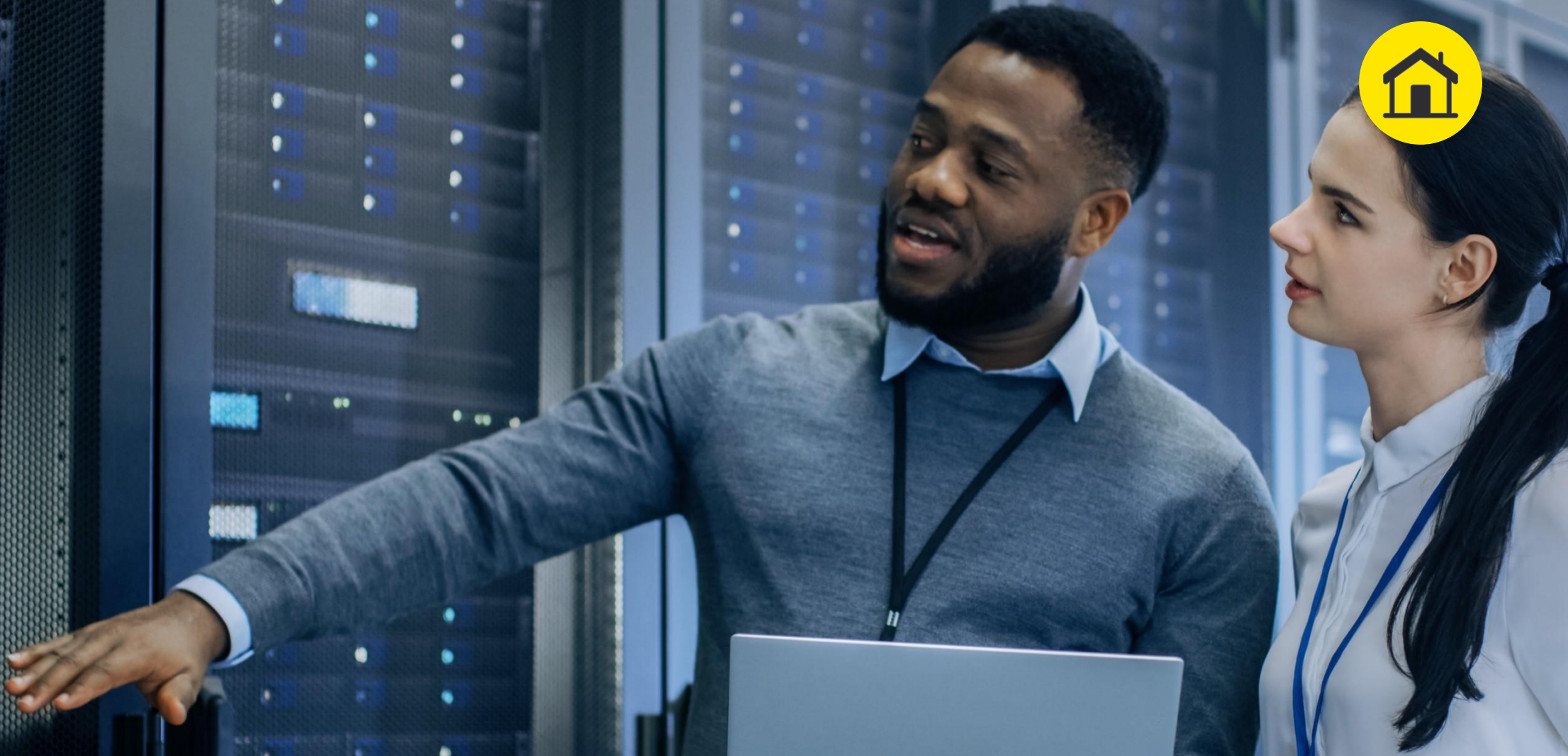
In order to address this risk we undertook the following audit procedures:

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

What are our conclusions?

We have completed our work in this area and have identified one difference to report. The Council incorrectly categorised £0.493 million of Bad Debt Provisions as a Creditor (Payables) balance, whereas this balance should be offset against Debtors (Receivables).

See Section 05 of this report for further details. Management have chosen not to adjust for this difference.



03 Value for Money

Value for Money

The Authority's responsibilities for value for money (VFM)

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 its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment and status of our work

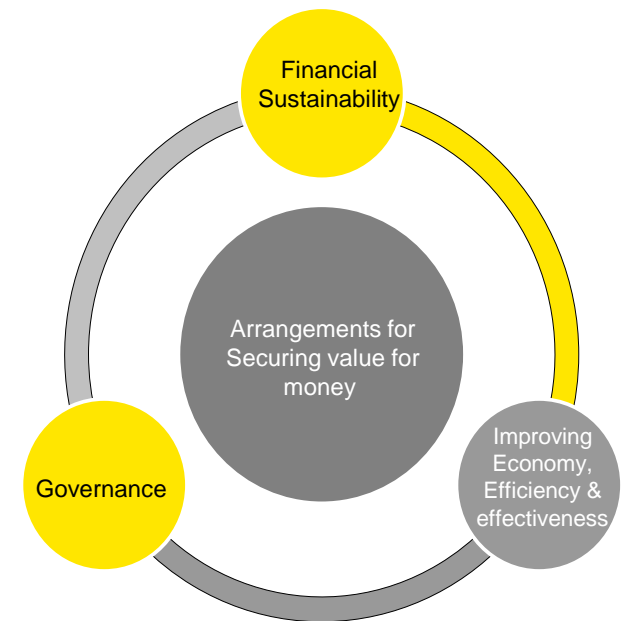
We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Council 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.

We have completed our detailed VFM work and have not identified any risks of significant weaknesses in the Council's arrangements. We will report our commentary on the Council's arrangements in our Auditor's Annual Report in February / March 2025.





04 Audit Report

Audit Report

Expected modification to the audit report

As reported in our 4 November 2024 Audit Completion Report to Those Charged with Governance, we issued a disclaimed audit report on the Council's financial statements for 2022/23 under the arrangements to reset and recover local government audit.

Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, as set out within this report we have not been able to complete our planned programme of work to obtain sufficient evidence to have reasonable assurance over all closing balances.

As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we do not have assurance over 2023/24 in-year movements and some closing balances. We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements.

Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

The form and content of the Audit Report will be shared with the Section 151 officer to enable you to formally authorise the 2023/24 financial statements for issue.



05 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We highlight the following misstatements greater than £0.8 million which have been corrected by management that were identified during the course of our audit:

Corrected Differences:

► Management have corrected the following misstatements:

- **Balance Sheet / Comprehensive Income & Expenditure Statement - £0.473 million** - Overstatement of Grants Received in Advance and understatement of General Fund. The Council incorrectly recognised unspent amount of Homelessness Grants in Grants Received in advance instead of Reserves since 2018. The issue became material in 2022/23 (£0.576 million) which EY have noted and proposed an adjustment for both accounting periods 2023/24 and 2022/23.
- **Balance Sheet - Reclassification of Provision for Bad Debts from Creditors to Debtors: Council Tax £0.202 million, Non-Domestic Rates £0.291 million.** Balance Sheet - Debtors & Creditors - The Council incorrectly categorised Council Tax £0.202 million, Non-Domestic Rates £0.291 million Bad Debt Provisions as a Creditors balance, when this balance should be offset against Debtors (Receivables). This has the impact of reducing both the Debtors and Creditors balances by £0.493 million.
- **Comprehensive Income & Expenditure Statement - £0.407 million - Gain on disposal** - A gain resulting from the sale of an asset for amount of £0.407 million has been incorrectly posted as a loss on disposal instead of gain on disposal. That had an impact of understatement of gain on disposal of non-current assets for £0.242 million and overstatement of loss on disposal £0.157 million.
- We also identified a Cash Flow reclassification misstatements amounting to £2.155 million. Interest received was originally within Cashflow from Investing operations and should be within Operating Cashflow.

Uncorrected Differences

- Management have not corrected misstatements amounting to £0.057 million. £0.057 million NNDR Appeals over provision related to incorrect rateable value used by the management expert.

Management have not corrected the following Disclosure Difference:

• 2023/24 opening balances in the Fixed Asset Register do not reconcile to the Statement of Accounts Note 12b and has not been amended by the Council. This amounts to a difference of £0.663 million between the Fixed Asset Register balance at the beginning of the 2023/24 financial year and the Statement of Accounts. There are Fixed Asset Register movements amounting to £0.509 million that have not been appropriately disclosed in the Statement of Accounts in Note 12b.

We request that these uncorrected misstatements be corrected, or a rationale as to why it is not corrected, be considered and approved by the Audit Committee and provided within the Letter of Representation.

Audit Differences (cont'd)

Summary of adjusted differences (continued)

Disclosure Differences

Disclosure Differences

We also identified a number of audit disclosure differences in the financial statements, which have been adjusted by Management. The most significant of these were as follows:

- ▶ The Revaluation Profile, which aimed to provide assurance that all property had been appropriately revalued within the Council's 5-year rolling programme disclosed in Note 12b, was calculated incorrectly;
- ▶ Loan to subsidiary East Cambs Trading Company as at 31 March 2023 stands at £6 million, however, during the financial year 2022/23 only £1.1 million was released to the subsidiary which should be included in Note 13 - Capital Enhancement and Capital Financing. This overstates the 2023/24 closing balance by £4.9 million;
- ▶ There were number of errors in Collection Fund Statement and related Disclosure Notes. The Council incorrectly charged the reversal of a write off amount for uncollected Council Tax instead of adding it to the Collection Fund Surplus, which resulted in the understatement of the Collection Fund Balance. The total impact of this misstatement was £0.770 million. This ultimately resulted in incorrect calculation of the current year charge for provision of bad debts by the same amount.

We highlight the following Group Financial Statements misstatements greater than £0.702 million (Group TE) which have been corrected by Management that were identified during the course of our audit:

- ▶ The Council has incorrectly consolidated the current debtor balances amounting to £2.15 million from East Cambs Trading Company (ECTC) to the Group's non-current debtor balances. This has the impact of increasing the Short-Term Debtors and reducing the Long-Term Debtors by £2.15 million.
- ▶ The Council's Net Pension Liability has been changed to asset which was incorrectly presented as a debit balance in Non-Current Liabilities, instead of Non-Current Assets. Therefore, this has the impact of increasing both Non-Current Liabilities and Non-Current Assets for £3.032 million.
- ▶ The Council has incorrectly adjusted the intercompany debtor and creditor balances between group companies amounting to £9.535 million. This has the impact of reducing both group debtor and creditor balances by £9.535 million.
- ▶ The Council has not adjusted the intercompany sales and purchase transactions between group companies resulting in overstatement of group income and expenditure by £3.064 million. This has the nil impact on the overall group surplus or deficit.
- ▶ Due to the errors identified above related to intercompany transactions, the group notes are also amended by the above amounts.



06

Assessment of Control Environment

Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control.

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

At the date of this report, we have not identified any significant deficiencies in internal control.



07

Other Reporting Issues

Other Reporting Issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the East Cambridgeshire District Council Statement of Accounts 2023/24 with the audited financial statements.

Financial information in the East Cambridgeshire District Council Statement of Accounts 2023/24 and published with the financial statements was consistent with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements, and we have no other matters to report

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

As the Council falls below the £2 billion threshold for review as per the NAO's group instructions, we are not required to undertake detailed procedures on your consolidation schedule. We are able to submit the required Assurance Statement to the NAO confirming this. We therefore have no matters to report to you. However, whilst we do not expect to be a sampled component, until we have that confirmed by the NAO, we cannot certify completion of the audit and issue the audit certificate.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State,

We have not received any formal questions or objections to the Council's financial statements, following the required Inspection Period.

We did not identify any issues which required us to issue a report in the public interest and issue statutory recommendations under Schedule 7.

Other Reporting Issues (cont'd)

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and
- ▶ Group audits

We would like to draw your attention to the following issues identified through our audit:

- ▶ The Council did not comply with the Audit and Account Regulations by publishing the Inspection Notice incorrectly, with an incomplete set of information available for public inspection. The Inspection period was erroneously stated as commencing on 3 June 2024, when the Annual Governance Statement had not been published by that date and was instead published on 1 July 2024. This error was identified by EY and corrected by Management, so the Inspection Period commenced on 24 July 2024, in accordance with the regulations. Therefore, this did not have a significant impact on the public's rights to inspect the Council's financial statements.
- ▶ The Council does not have any formal procedure in place for the authorisation of journals before they are posted to the General Ledger. This issue was brought to Council's attention in 2021/22 financial year audit but has not been implemented yet. This represents a level of weakness in the Council's overall control environment and increases the potential risk of Management Override.
- ▶ The Council has not published declaration of interests for all Councillors and Officers. This is an important procedure to ensure that the financial statements correctly disclose related party transactions with a link through to the register of member interests.

Other Reporting Issues (cont'd)

Other matters

► With regards to controls over Property, plant and equipment, we have noted control deficiencies associated to the change from the previous Fixed Assets Register (FAR) system to the new FAR (CIPFA Asset Manager). From our work over depreciation, it has been noted that land has been depreciated, which is against IAS 16 Property, Plant and Equipment, which has not been adjusted due to trivial amount of error. We have also noted that Infrastructure Assets have not been appropriately depreciated because of the issue in setting up the CIPFA Asset Manager in 2021-22, which has been adjusted by the Council as result of our audit. These two issues are individually below our trivial threshold, and also offset each other, therefore we have not reported this numerically. However, we would like to make the Audit Committee aware of the control deficiency, given the potential impact this could have on future financial years if not amended by the Council. In addition to this, the 2023/24 opening balances in the Fixed Asset Register do not reconcile to the Statement of Accounts Note 12b and has not been amended by the Council. This amounts to a difference of £0.663 million between the Fixed Asset Register balance at the beginning of the 2023/24 financial year and the Statement of Accounts. There are Fixed Asset Register movements amounting to £0.509 million that have not been appropriately disclosed in the Statement of Accounts in Note 12b.

Recommendations

As a result, we have raised the following recommendations:

1. We recommend that the Council review and comply with the requirements of the Audit and Accounts Regulations to publish the complete set of information required to exercise public's rights to inspect the Council's financial statements.
2. We recommend that the Council initiates a control to authorise journals before they are posted to the General Ledger
3. We recommend that all Members submit their annual Related Party Disclosure returns in a timely manner to the Finance Team and include all relevant details as requested.
4. We recommend that the Council improve controls over the Fixed Asset Register inputs, settings and reconciliation to Statement of Accounts.

We also deem it necessary to bring the following to your attention:

► The Department for Levelling Up, Housing and Communities (DLUHC) has issued a consultation on proposed changes to regulations covering the requirement to make a prudent Minimum Revenue Provision (MRP). DLUHC has identified the use of two practices which in the government's view are "not permitted under the Prudential Framework". Consequently, DLUHC is looking to tighten the regulations to remove any scope for authorities to apply these practices. This includes the inappropriate exclusion of a portion of debt (or CFR) from MRP determinations. We are aware that many local authorities do not set aside MRP in relation to certain assets (typically capital loans and equity investments). This has become typical custom and practice but represents a departure from the Statutory Guidance on MRP. Our testing has identified that the Council do not currently apply MRP on loans made to the subsidiary company. This issue was brought to Council's attention in 2021/22 financial year audit but has not been implemented yet.

As a result we have raised the following recommendation:

5. We recommend that the Council reviews its MRP policy to comply with the updated Statutory Guidance issued by DLUHC.

Other Reporting Issues (cont'd)

ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement

ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment
- Understanding the entity's internal control
- Significant risk
- Approach to addressing significant risk (in combination with ISA 330)

Given that we have disclaimed the 2022/23 audit of the financial statements we have undertaken ISA (UK) 315 (Revised) procedures for the first time in 2023/24.

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:

- 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:
 - 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.

Audit Procedures

We obtained an understanding of the IT processes related to the IT applications of the Council. The Council has 4 relevant IT applications (Agresso, CIPFA Asset Manager, Civica Income Manager, iTrent) for the purposes of our ISA 315 risk assessment. We performed procedures to determine if there are typical controls missing or control deficiencies identified. After determining which process is applicable to each relevant IT application, we reviewed the applicable processes for each IT application.

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.

We reviewed the following processes for the relevant IT applications:

Manage vendor supplied changes
Manage security settings
Manage user access

Audit findings and conclusions

No significant issues were identified in our review of the processes, including the design and implementation effectiveness of relevant controls around the financial statement close process. We have not tested the operational effectiveness of any controls through this review.



08 Independence

Independence - Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors 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 our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

Relationships

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

There are no services provided by EY from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Independence - 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.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements 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.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	Current Year 2023/24	Prior Year 2022/23
	£'s	£'s
Total Fee - Code Work (Note 1)	147,673	48,334
Proposed scale fee variation (Note 3)	TBC - Note 2	Note 1
Total audit	TBC	TBC
Other non-audit services not covered above (Housing benefits) (Note 3)	TBC	TBC
Total other non-audit services	TBC	TBC
Total fees	TBC	TBC

All fees exclude VAT

Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2022/23. In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Note 2 - The scale fee may be impacted by a range of other factors which will result in additional work. The areas where additional audit procedures have been performed are:

- ▶ Revisions to ISA (UK) 315
- ▶ New accounting standards, for example preparedness and additional disclosures in respect of IFRS 16.
- ▶ Identified risks and/or issues in year (i.e IAS 19 asset ceiling calculation, prior period adjustments and additional work performed linked to identified misstatements).

Note 3 - The 2022/23 work has commenced but is not yet complete. The 2023/24 work has not yet commenced. Therefore, the audit fee for this work is TBC as above .



09

Appendices

Appendix A – Summary of assurances

Summary of Assurances

As we have set out in Section 5 and the Executive Summary of this report, we anticipate issuing a disclaimer of opinion on the 2023/24 financial statements. Due to the disclaimer of opinion issued on the 2-22/23 financial statements, we do not have assurance over the comparative figures disclosed in the financial statements, the opening balance position on 1 April 2023, the closing reserves balances on 31 March 2024 or the in-year movements recorded in the Comprehensive Income and Expenditure Statement. This is considered material and pervasive to the 2023/24 financial statements. The table below summarises the audit work we have completed on the 2023/24 financial statements to demonstrate to the committee the level of assurance that has been obtained as a result of the financial statements audit.

Account area	Assurance rating	Summary of work performed
Property, Plant and Equipment ('PPE') and Impairment/Revaluation	Partial	We have completed testing of the 2023/24 additions and disposals to the fixed asset register, audited the valuation of a sample of assets revalued in 2023/24 and performed procedures to obtain assurance over the existence of assets on the fixed asset register and the Council's right to recognize those assets; however, until we are able to rebuild assurance over PPE additions, disposals and revaluations in the disclaimed period, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2024.
Long Term Debtors	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Short Term Debtors (including bad debts provisions)	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Cash and Short-term deposits	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Grants received in advance	None	We have been unable to obtain assurance over the balance at 31 March 2024, as the Council was unable to provide a list of outstanding Grants Received in Advance balances with detailed ageing of the balances at this date.
Creditors Short-term	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Provisions short-term	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Local Government Pension Scheme Asset and Pension Cost	None	We have not yet received the response from the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to East Cambridgeshire District Council and the associated split of assets and liabilities. We do expect to receive this assurance by the date of our opinion.

Appendix A – Summary of assurances (cont'd)

Summary of Assurances

Account area	Assurance rating	Summary of work performed
Reserves	None	We have not completed our planned testing on the Reserves balance as the Council was unable provide sufficient evidence in a timely manner and we have prioritised other areas of obtaining maximum assurance across the Balance Sheet. Also, we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Reserves balance. We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 Audit Plan.
Group Accounts	Partial	We have completed all planned procedures for 2023/24 but, as we do not have assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements or prior year comparatives for the Group Accounts.
REFCUS	Partial	We have completed all planned sample testing of 2023/24 transactions but, as we do not have assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements within REFCUS.
Taxation & Non-Specific Grant Income	Partial	We have completed all planned sample testing of 2023/24 transactions but, as a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements within Taxation and Non-Specific Grant Income.
Other Operating Expenditure - Parish Precepts	Partial	We have completed all planned sample testing of 2023/24 transactions but, as a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements within Other Operating Expenditure - Parish Precepts.
Staff Costs	Partial	We have completed all planned sample testing of 2023/24 transactions but, as a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements within Staff Costs.
Housing benefits expenditure	Partial	We have completed all planned sample testing of 2023/24 transactions but, as a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements within Housing Benefits Expenditure.
Grant Income	Partial	We have completed all planned sample testing of 2023/24 transactions but, as a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements within Grant Income.

Appendix A – Summary of assurances (cont'd)

Summary of Assurances

Account area	Assurance rating	Summary of work performed
Other Income and Expenditure	None	We have not completed our planned testing on the Other Income and Expenditure in 2023/24 as the Council was unable provide sufficient evidence in a timely manner and we have prioritised maximum assurance across the balance sheet. Also, we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Other Income and Expenditure.
Cash Flow Statement	Partial	We have completed all planned sample testing of 2023/24 transactions but, as a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements or prior year comparatives for the Cash Flow Statement.
Collection Fund	Partial	We have completed all planned sample testing of 2023/24 transactions but, as a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements or prior year comparatives for the Collection Fund.
Other Disclosure Notes	Partial	We have completed all planned sample testing of 2023/24 transactions but, as a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements or prior year comparatives for the Other Disclosure Notes.
Annual Governance Statement	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the Annual Governance Statement for the 2023/24 reporting period.

Appendix B - Required communications with the Audit Committee

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK entities. We have detailed these here together with a reference of when and where they were covered:

		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.	Audit Plan 16 July 2024 Audit Committee
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 16 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 	Audit Results Report 3 February 2025 Audit Committee

Appendix B - Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	<p>Audit Results Report 3 February 2025 Audit Committee</p>
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 	<p>Audit Results Report 3 February 2025 Audit Committee</p>
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit Committee responsibility. 	<p>Audit Results Report 3 February 2025 Audit Committee</p>

Appendix B - 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 	<p>Audit Results Report 3 February 2025 Audit Committee</p>
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> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <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>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Plan 16 July 2024 Audit Committee</p> <p>Audit Results Report 3 February 2025 Audit Committee</p>
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. 	<p>Audit Results Report 3 February 2025 Audit Committee</p>
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 	<p>Audit Results Report 3 February 2025 Audit Committee</p>

Appendix B - Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report 3 February 2025 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 ▶ 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. 	Audit Plan 16 July 2024 Audit Committee Audit Results Report 3 February 2025 Audit Committee
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report 3 February 2025 Audit Committee
System of quality management	<ul style="list-style-type: none"> ▶ How the system of quality management (SQM) supports the consistent performance of a quality audit 	Audit Results Report 3 February 2025 Audit Committee
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report 3 February 2025 Audit Committee
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report 3 February 2025 Audit Committee Annual Audit Report, March/April 2025

Appendix C – Outstanding matters

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Pension Scheme Asset	We have not received the response from the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to East Cambridgeshire District Council	Pension Fund Auditor
Journal Testing	We need to complete our documentation on fraud procedures in relation to journal entry testing	EY and Management
Manager and Partner review of completed work	Manager and partner to complete review of outstanding items	EY
Management representation letter	Receipt of signed management representation letter	Management and Audit Committee
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and Management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that key disclosures above remain to be finalised and audited.

Appendix D - Accounting and regulatory update

Accounting and regulatory update

Accounting update

Since the date of our last report to the Audit Committee/Board, a number of new accounting standards and interpretations have been issued. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures	Impact on East Cambridgeshire District Council
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">▶ We have assessed the Council's readiness to implement IFRS 16 as part of our 2023/24 programme of work. That assessment considered:<ul style="list-style-type: none">▶ The Council's processes to collect the required data.▶ Whether reasonable accounting policy choices had been made.▶ Whether relevant finance staff are familiar with the requirements of the CIPFA Code in this area and training has been provided.▶ The transitional and ongoing accounting arrangements that have been established.▶ Systems and processes to establish and distinguish between lease remeasurements and modifications.▶ Based on this assessment we have concluded that the Council has reasonable arrangements in place to support the adoption of IFRS 16 in 2024/25

Appendix E – Management representation letter

Management representation letter

Management Rep Letter

Mark Hodgson
Ernst & Young
One Cambridge Square
Cambridge
CB4 0AE

This letter of representations is provided in connection with your audit of the financial statements of London Borough of Havering (“the Council”) for the year ended 31 March 2024. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of London Borough of Havering as of 31 March 2024 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].
6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

Appendix E – Management representation letter

Management representation letter

Management Rep Letter

2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by “whistleblowers”) including non-compliance matters:
 - involving financial improprieties;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council’s financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council’s activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Council and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the 2023/24 to the most recent meeting on the following date: [list date].
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council’s related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

Appendix E – Management representation letter

Management representation letter

Management Rep Letter

7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 50 to the financial statements all guarantees that we have given to third parties.
4. No claims in connection with litigation have been or are expected to be received.

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral, other than those that are disclosed in Note X to the financial statements. All assets to which the Council has satisfactory title appear in the balance sheet.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements, we have no other line of credit arrangements.

F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of land and buildings, IAS 19 pension liabilities, and Non Domestic Rate (NDR) Appeals Provisions and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

G. Estimates

1. We confirm that the significant judgments made in making the valuation of land and buildings, IAS 19 pension liabilities, and Non Domestic Rate (NDR) Appeals Provisions have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of land and buildings, IAS 19 pension liabilities, and Non Domestic Rate (NDR) Appeals Provisions

Appendix E – Management representation letter

Management representation letter

Management Rep Letter

3. We confirm that the significant assumptions used in making the valuation of land and buildings, IAS 19 pension liabilities, and Non Domestic Rate (NDR) Appeals Provisions appropriately reflect our intent and ability to carry out the assessments and valuations, and any specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of land and buildings, IAS 19 pension liabilities, and Non Domestic Rate (NDR) Appeals Provisions.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:
 - Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

K. Going Concern

1. Note X to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. Other than the events described in Note X to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

Appendix G – Management representation letter

Management representation letter

Management Rep Letter

M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Governance Statement and Narrative Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered including the impact resulting from the commitments made by the Council and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us.

Yours faithfully,

(Chief Financial Officer)

(Chairman of the Audit Committee)

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ED None

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Title: 2023/24 Statement of Accounts

Committee: Audit Committee

Date: 3rd February 2025

Author: Director, Finance

Report No: Z130

Contact Officer:

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1.0 Issue

1.1. To approve the draft 2023/24 Statement of Accounts.

2.0 Recommendations

2.1. To approve the draft 2023/24 Statement of Accounts as set out in appendix 1.

2.2. To authorise the Chair of Audit Committee and Director Finance, to sign the Statement of Accounts and Letter of Representation on behalf of the Council (making any changes necessary), this prior to final sign-off by Ernst and Young (EY) before the 28th February 2025 backstop date.

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 the 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 were available for public inspection from the 24th July 2024 to the 6th September 2024. During this period neither the Council nor EY 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
 - The Accounts must be published together with any certificate, opinion or report issued by the appointed auditor.

3.3 For the reasons detailed in the Audit Results Report (the previous item on the agenda), it was not possible for EY to complete the audit of the Council’s financial statements within the legislative timeframe.

3.4 With the national view being that the Local Audit system is “broken”, Government has legislated to create backstop dates when each years’ accounts must be signed by the External Auditor, thus allowing the system to catch-up, although resulting in a significant number of disclaimed audits; as indeed our Statements were in 2022/23.

3.5 The backstop date for the 2023/24 Accounts is the 28th February 2025. With this date rapidly approaching and with this being the last Audit Committee before the backstop date, it is requested that Committee both approve the draft Statements presented to them today, but also give the Section 151 Officer, in conjunction with the Chair of Committee, authority to make any changes identified in the intervening period, which will improve the Statements. It should be noted (again as detailed in the previous report) that due to a disclaimed audit opinion being given for 2022/23, the same disclaimed audit opinion will be given on the 2023/24 Accounts, as EY are unable to confirm all the brought forward balances.

3.5 Under the Council’s Constitution, it is the Audit Committee’s function to approve the Statement of Accounts.

4.0 Arguments / Conclusions

4.1 Four adjustment has been made to the Statement of Accounts between the draft version published on the website and the version now in front of you for approval. These adjustment are detailed on page 26 of the Audit Results Report.

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:

The Code of Practice on Local Authority Accounting in the United Kingdom
2023/24 (the Code)
Final Accounts working papers

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

<p>Plan funding allocation in the Council's 2024/25 budget.</p>	<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>
<p>Meet the milestones of the Street Smart Project, including implementation of a new digital service for waste.</p>	<p>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.</p>
<p>Bring forward proposals for the waste collection service to prepare for the introduction of the Environment Act 2021.</p>	<p>Member Waste Working Party established, and Waste collection methodologies modelled and shortlisted. Timetable for final proposals to come forward in September 2024.</p>

Sustainable communities

Priorities

Support our residents to live happy and healthy lives.

Support our businesses to thrive in East Cambridgeshire.

Improve our roads and local transport.

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

Invest in community infrastructure.

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 ballpark 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 Specials who are not currently operational, to open various deployment possibilities as</p>

	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

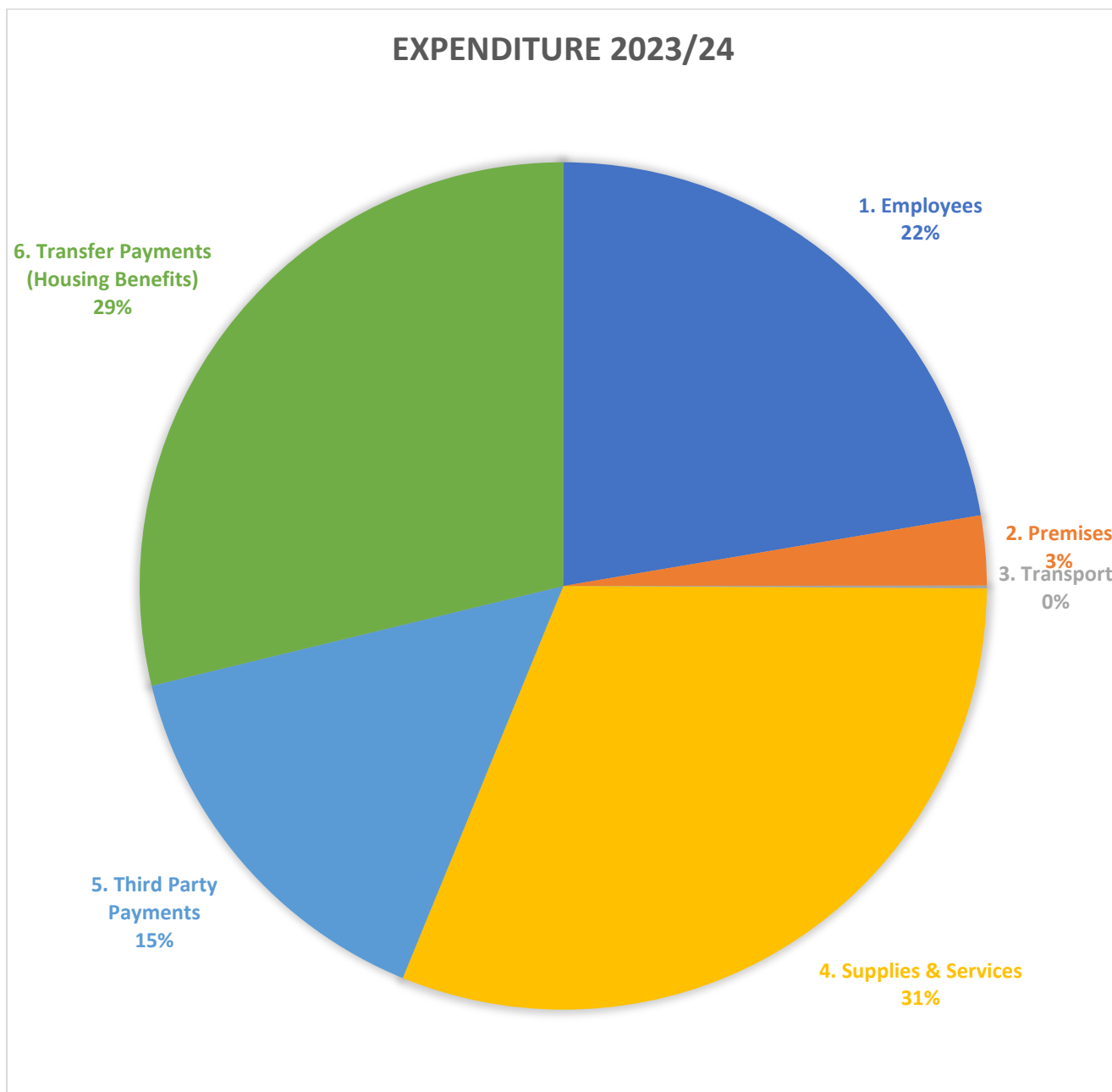
The Table below sets out the Council's budget for 2023/24 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	Budget	Outturn	Variance
	£000	£000	£000
Service			
Finance & Assets	6,028	4,063	(1,965)
Operational Services	6,907	7,043	136
Service Net Revenue Expenditure	12,935	11,106	(1,829)
Land Drainage	633	572	(61)
Parish Precepts	3,001	3,001	0
Movement in Corporate Reserves	288	335	47
Total Net Revenue Expenditure	16,857	15,014	(1,843)
Financing			
Council Tax	(7,581)	(7,581)	0
Non Domestic Rates	(5,717)	(6,376)	(659)
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	(16,857)	(17,611)	(754)
Transfer to Surplus Savings Reserve			(2,597)
Net (Increase)/Decrease in Earmarked Reserves			(2,023)
Total Reported General Fund Movements			575
Adjustment between Funding & Accounting Basis			(996)
Reported (Surplus) upon Services in Income & Expenditure Account			(3,019)

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 £44.606 million (gross) 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	Brought Forward £'000	Contributions		Carried Forward £'000
		To £'000	From £'000	
General Fund	1,063	175		1,238
Surplus Savings & Earmarked	24,810	2,949	(1,099)	26,660
TOTAL GENERAL FUND	25,873	3,124	(1,099)	27,898
Capital Receipts Reserve	1,481	305	0	1,786
Capital Grants Unapplied	404	0	(15)	389
Total Usable Reserves	27,758	3,429	(1,114)	30,073

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	<u>(5)</u>	
Updated Capital Programme for 2023/24		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	666.8
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	Extension of Ely County Park	0
209.3	Depot Improvements	288.6
70.8	Wheelie Bins	50.8
<u>8,850.6</u>	Gross Expenditure	<u>3,171.7</u>
	Funded From	
289.4	Capital Receipts Reserve Applied	158.2
607.3	Grants	623.6
773.9	CIL Earmarked Reserve Contribution	391.3
5,871.0	Internal Borrowing Contributions	1,844.9
1,064.9	Other Revenue Contributions	(28.7)
244.1	Section 106	182.4
<u>8,850.6</u>		<u>3,171.7</u>

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 (with organisations in line with the Council's Treasury Management Strategy) and in Money Market funds during the year, this to maximise interest receipts, but while ensuring, as its main focus, the security and availability of the invested funds.

Looking to the Future

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

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

The Financial Statements

The Council's financial statements for 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 £'000		31 March 2024 £'000
43,019	Long Term Assets	47,288
34,628	Current Assets	35,392
(12,346)	Current Liabilities	(10,777)
(5,532)	Long Term Liabilities	(3,716)
<u>59,769</u>	Net Assets	<u>68,187</u>
27,758	Useable Reserves	30,071
32,011	Unusable Reserves	38,116
<u>59,769</u>	Total Reserves	<u>68,187</u>

The Council's Balance Sheet has moved from a position at 31st March 2023 of £59.193 million to £67.241 million at 31 March 2024. The principal reasons for this movement of £8.048 million is largely attributable to the increase in movement on the pension asset and increase in Cash & cash equivalents. The full Balance Sheet is on page 23 of the Accounts.

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

- Any deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e., before payments fall due), as assessed by the scheme and actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.
- The overall gain at 31 March 2024 does not result in a return of funds from the Local Government Pension Scheme, therefore a further calculation determines an asset ceiling for which the Council can reflect an asset on the balance sheet. The asset ceiling reduces the overall gain by £0.141M.

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	1,377
Investing activities	5,722
Financing activities	1,502
Net Increase or Decrease in cash and cash equivalents	8,601
Cash and cash equivalents	
At the beginning of the reporting period	13,044
At the end of the reporting period	21,645

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

The Collection Fund Revenue Accounts

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

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

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

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

Technical Information

East Cambridgeshire's financial statements for 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		22,689	(16,341)	6,348
15,764	(11,686)	4,078	Operational Services		14,052	(8,904)	5,149
38,775	(27,920)	10,855	Cost of Services	8	36,742	(25,245)	11,497
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		(277)		(277)
3,323	(4)	3,319	Other Operating Expenditure		3,295	(4)	3,291
	(809)	(809)	Interest Receivable & Investment Income	32		(2,115)	(2,115)
580		580	Net Interest on the net Pension Liability		232		232
580	(809)	(229)	Financing & Investment Income & Expenditure	21	232	(2,115)	(1,883)
	(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	(44,510)	(1,832)	(Surplus)/Deficit on Provision of services	8	40,269	(43,288)	(3,019)
	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	(64,126)	(21,448)	TOTAL COMPREHENSIVE INCOME & EXPENDITURE		40,269	(48,688)	(8,419)

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		(151)	(24)	56	(119)	(861)	(981)
Net Increase/Decrease before Transfers to/from earmarked reserves	(12)	(1,395)	(24)	56	(799)	(20,477)	(21,276)
Transfer To/from Earmarked reserves	(12)	(1,395)	(24)	56	(799)	(20,477)	(21,276)
Balance at 31 March 2023	(1,063)	(24,810)	(404)	(1,481)	(27,758)	(32,010)	(59,769)

COUNCIL Movement in Reserves Statement 2023/24

	General Fund	Other Earmarked Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Useable Reserves		Total Unusable reserves	TOTAL Council Reserves
Carried Forward at 31 March 2023	(1,063)	(24,810)	(404)	(1,481)	(27,758)		(32,010)	(59,769)
Movement in reserves								
(Surplus) or Deficit on provision of services		(3,019)			(3,019)			(3,019)
Other Comprehensive Income and Expenditure	(175)	175			0		(5,400)	(5,400)
Total Comprehensive Income and Expenditure	(175)	(2,844)			(2,650)		(5,400)	(8,419)
ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS		996	15	(305)	706		(706)	0
Net Increase/Decrease before Transfers to/from earmarked reserves	(175)	(1,848)	15	(305)	(1,944)		(6,106)	(8,419)
Balance at 31 March 2024	(1,238)	(26,658)	(389)	(1,786)	(30,071)		(38,116)	(68,187)

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
	Net Pension Asset	21	2,891
43,019	TOTAL LONG TERM ASSETS		47,288
	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		82,680
	CURRENT LIABILITIES		
(11,296)	Short Term Creditors & Receipts in Advance	19	(9,711)
(1,050)	Provisions	20	(1,066)
(12,346)	TOTAL CURRENT LIABILITIES		(10,777)
22,282	TOTAL CURRENT ASSETS/LIABILITIES		24,615
65,301	TOTAL ASSETS LESS CURRENT LIABILITIES		71,903
	LONG TERM LIABILITIES		
(3,467)	Capital Grants Received in Advance		(3,716)
(2,065)	Net Pensions Liability	21	0
(5,532)			(3,716)
59,769	NET ASSETS		68,187
	FINANCED BY:		
27,758	USABLE RESERVES	10	30,071
32,011	UNUSABLE RESERVES	11	38,116
59,769	TOTAL RESERVES		68,187

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	5,135
	Adjustments for Non-cash items:	
(809)	Interest Receivable	(2,115)
1,168	Depreciation & Amortisation, Impairment	550
1,795	Pension Liability/(asset)	(43)
(6,293)	Change in Debtors, Creditors and provisions and inventories (excluding collection Fund)	(2,149)
(4,139)	Total Adjustments	(3,758)
(2,883)	Net Cash Flows from Operating Activities	1,377
(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	0
(12,191)	Investing Activities	5,721
(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 surplus / (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	21,645

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	4,799	(162)	4,637	1,845	(134)	6,348
Operational Services	7,587	(2,438)	5,149			5,149
NET COST OF SERVICES	12,386	(2,600)	9,786	1,845	(134)	11,497
Other Operating Expenditure plus Taxation & Grant Income	(13,824)		(13,824)	(319)	(372)	(14,516)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	(1,439)	(2,600)	(4,039)	1,526	(506)	(3,019)
Other Comprehensive I&E				(487)	(4,913)	(5,400)
TOTAL	(1,439)	(2,600)	(4,039)	1,039	(5,419)	(8,419)

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

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

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

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

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

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

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

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

- 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 31, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- In line with the Code of Practice on local authority accounting in the United Kingdom 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 £34.142 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 affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 4.
 - The revenue impact of the surplus is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the forthcoming 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non-Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2010.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 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 considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 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>81% 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 £0.442 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 (*)	9,415	(134)	9,281
27,915	380	28,295	Other Service Expenses (*)	26,910	0	26,910
0	1,168	1,168	Depreciation, Amortisation & Impairment (*)	0	550	550
(1,342)	653	(689)	REFCUS (*)	(667)	667	0
0	580	580	Interest payable	141	91	232
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	(277)	0	(277)
38,976	3,690	42,666	TOTAL EXPENDITURE	39,415	854	40,269
(21,139)	0	(21,139)	Government Grants (Services) (*)	(19,124)	0	(19,124)
(1,958)	380	(1,578)	Government Grants (Central)	(1,583)	0	(1,583)
(6,194)	0	(6,194)	Sales Fees & Charges (*)	(6,122)	0	(6,122)
(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	(42,905)	(384)	(43,289)
(2,861)	1,605	(1,256)	NET EXPENDITURE	(3,491)	470	(3,019)
8,014	3,416	11,430	COST OF SERVICES (*)	10,414	1,083	11,497

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	(2,096)
(477)	Collection Costs	(139)
(7)	Sport England	0
(234)	Other	(437)
(21,139)	TOTAL Credited to services	(19,123)

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	9,182	1,657	(1,222)	9,618	2,771	(1,976)	10,413
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	244	0	(12)	231	0	(174)	57
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	79	0	0	79	0	(6)	73
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
Homelessness				0	473	0	473
Other Earmarked	485	674	(29)	1,130	110	(402)	838
Total Earmarked	15,284	4,025	(3,052)	16,256	3,094	(1,864)	17,485
TOTAL	24,466	5,682	(4,274)	25,873	5,864	(3,840)	27,898

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		380				380
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	380	(289)	99	0	245
Revaluation				991		991
TOTAL RESERVES MOVEMENT	55	380	(289)	1,090	0	1,236

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
Revaluation			(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	(134)
1,795	Pensions Reserve	(43)
	(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	(996)
1,256	SURPLUS/(DEFICIT) UPON PROVISION OF SERVICES	3,019
832	GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)	2,023

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	
Accumulated Depreciation & Impairment W/O to GCA						
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)	
Depreciation restated to the Income & Expenditure Account Upon Revaluation						
Accumulated Depreciation & Impairment W/O to GCA						
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	0	3,115	643	876	4,634
Valued at Fair Value as at:					
31st March 2024	23,075				23,075
31st March 2023	8,213				8,213
31st March 2022	2,821				2,821
31 st March 2021	36				36
Total Cost of Valuation	34,148	3,115	643	876	38,779

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.

Restated 2022/23		2023/24
£000		£000
9,451	Opening Capital Financing Requirement	10,088
	Capital Enhancement	
690	Property, Plant and Equipment	2,505
1,251	Highways contribution	0
1,100	Loan to Subsidiary Company	0
235	Loan to EC CLT	0
676	Revenue Expenditure Funded from Capital under Statute Repayable Advances	667
3,951	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)
0	Repayment of Loans from Individuals	(43)
(334)	Minimum revenue provision	(319)
(3,314)	TOTAL SOURCES OF FINANCE	(2,689)
10,088	Closing Capital Finance Requirement	10,571

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	(1,301)
(9,557)	Sub Total	(7,752)
(11,872)	Total	(9,711)

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
0	[C] Asset ceiling	(141)
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	56,675
(2,065)	TOTAL NET LIABILITIES / ASSETS	2,891

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	(134)
580	[I] Interest cost minus return on plan assets to financing income & expenditure	91
3,357	Charge to Surplus/(Deficit) upon Provision of Services	1,655
(20,607)	[A] Actuarial Gains/Losses to other income & expenditure	(4,913)
(17,250)	Charge to Comprehensive Income & Expenditure Account for the Year	(3,258)
(1,562)	Less General Fund Charge - Employer Contributions	(1,698)
(18,812)	TOTAL MOVEMENT IN PENSION RESERVE	(4,956)

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 £2.891 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.

- The overall gain at 31 March 2024 does not result in a return of funds from the Local Government Pension Scheme, therefore a further calculation determines an asset ceiling for which the Council can reflect an asset on the balance sheet. The asset ceiling reduces the overall gain by £0.141M.

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
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	Impact on the defined benefit obligation in the scheme	Increase Assumption 31 Mar 24
£000		£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, 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	861
Three to six months	10	5
Six months to one year	12	6
More than one year	124	138
Total	1,253	1,010

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 1	8,501	19,769		28,270	1,537	29,807
Director Operations 2	39,418		496	39,914	6,780	46,694
Director Commercial	112,688			112,688	19,382	132,070
Director Legal Services	80,575		400	80,975	13,859	94,834
Director Finance	80,575		362	80,937	13,859	94,796
Director Corporate	80,575			80,575	13,859	94,434

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	PSAA 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 £1,764K,

Payments from ECDC to ECTC £1,245K

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 £955K

Payments from ECDC to ECSS £4,417K

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	365

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	381
118	Later than 5 years	108
635		498

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).

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

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

No adjustments for leases for which the underlying asset is of low value (less than £5,000) No adjustment for leases for which the lease term ends within 12 months of initial application

Our expectation is that around 12 of the Council's operating leases will meet the definition of a lease under IFRS 16, resulting in recognition from 1 April 2024 of assets with a value of £1.113 million, along with a lease liability of a similar amount. As a result of recognising these assets on the balance sheet, the Council expects that the impact on the CIES from associated depreciation and finance costs will amount to approximately £1.025 million in 2024-25.

Note 30. Interest received

The Council benefited from improved interest rates on its treasury investments

Interest received during the financial year was £2,115,332, this figure was made up of £1,859,879 from investment in money markets and other short, fixed term investments and £255,453 from the loan to ECTC.

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

The Statement of Accounts summarises the Council's transactions for the **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 based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where the Council is acting as an agent for another party (e.g., in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services provided or the Council incurs expenses directly on its own behalf in providing the services.
- Government Grants are recorded as Income when they are received provided there is reasonable assurance that the conditions of receipt are complied with or at a later date should the conditions be met at that later date.
- In relation to the Local Government Pension scheme the liability that the Authority has for meeting the future cost of retirement benefits arising from service provided by employees up to the Balance Sheet date net of the contributions paid into the fund and the investment income generated.
- Changes in fair values of Investment Properties are recognised.
- The Statutory basis of accounting for the Council differs from that reported in the Comprehensive Income & Expenditure Account as required under IFRS. Details are provided on the following page:

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

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

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 32. 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 conducting 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
31 st March 2024	£1.238	£13,734

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					
(21,574)	(64,322)	(64,322)		(69,881)	(69,881)
(9)		(21,574)	(23,494)		(23,494)
		(9)	(2,621)		(2,621)
(21,582)	(64,322)	(85,904)	(26,115)	(69,881)	(95,996)
Expenditure					
Repay Previous Years Surplus / Deficit					
(1,687)	0	(1,687)	(172)	0	(172)
(1,350)	244	(1,106)	(137)	37	(100)
(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)	325	(18)
Precepts and Demands					
9,861		9,861	11,373		11,373
8,020	7,163	15,183	9,186	7,544	16,730
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	2,555	2,784
				384	384
19,887	63,238	83,125	22,855	68,512	91,367
Charges to Collection Fund					
(18)	(220)	(238)	0	(385)	(385)
143	333	476	158	584	742
(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	69,036	93,333
(5,481)	1,134	(4,346)	(1,818)	(845)	(2,663)
4,422	(2,101)	2,321	(1,059)	(967)	(2,026)
(1,059)	(967)	(2,025)	(2,877)	(1,812)	(4,689)

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	4103.2	831.0	3272.2	6/9	2181.5
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	36,767.4	2,481.8	34,285.6		32,943.3

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 £70.995 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	4,569	1,661	6,230
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	(2,876)	(1,810)	(4,686)
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)	(202)	(492)
(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)	(1,781)	(6,179)

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)
(424)	Non Domestic Rates - Core	(727)
(433)	Non Domestic Rates - Renewable Energy	433
		(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	(45,736)	5,360	Finance & Assets	26,019	(18,922)	7,097
20,345	(15,692)	4,653	Operational Services	13,443	(8,294)	5,149
71,442	(61,428)	10,013	Cost of Services	39,462	(27,216)	12,246
3,323	(4)	3,319	Other Operating Costs	3,295	(4)	3,291
430	(569)	(139)	Financing & Investment Items	173	(1,850)	(1,677)
58	(15,776)	(15,718)	Taxation & Grant Income	0	(15,963)	(15,963)
75,253	(77,777)	(2,525)	Net Surplus/Deficit on provision of services	42,930	(45,032)	(2,103)
0	(19,616)	(19,616)	Other comprehensive income & expenditure	0	(5,400)	(5,400)
75,253	(97,393)	(22,141)	TOTAL	42,930	(50,432)	(7,503)

GROUP Movement in Reserves Statement

2022/23				2023/24			
Opening Balance Group	Adjust between Account basis and fund basis	Other Income & Expenditure	Closing Balance	Opening Balance Group	Adjust between Account basis and fund basis	Other Income & Expenditure	Closing Balance
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
24,385	(425)	1,926	25,886	General Fund	(996)	2,380	27,270
1,536	(56)	1	1,481	Capital Receipts Reserve	305	0	1,786
379	25	0	404	Capital Grants Unapplied	(15)	0	389
26,300	(456)	1,927	27,771	Total Useable	(706)	2,380	29,445
19,791	289	0	20,080	Capital Adjustments Account	431	0	20,511
14,068	(99)	(992)	12,977	Revaluation Reserve	(186)	487	13,278
(22,242)	266	21,206	(770)	Other Unusable	460	4,637	4,327
11,616	456	20,214	32,287	Total Unusable	706	5,124	38,116
37,917	0	22,141	60,058	TOTAL	0	7,503	67,561

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	0
557	Long Term Debtors	513
0	Net Pension Asset	2,891
39,715	TOTAL LONG TERM ASSETS	42,396
17,000	Investments (Short Term)	10,000
165	Assets Held for Sale	0
4,128	Short Term Debtors	4,871
4,916	Inventories	3,379
	Trade & other receivables	
13,805	Cash and Cash Equivalents	22,403
40,014	TOTAL CURRENT ASSETS	40,653
(12,793)	Short Term Creditors & Receipts in Advance	(10,429)
(1,193)	Provisions	(1,194)
(153)	Borrowings	(149)
(14,139)	TOTAL CURRENT LIABILITIES	(11,772)
0	Borrowings	0
(3,467)	Capital Grants Received in Advance	(3,716)
(2,065)	Net Pensions Liability	0
(5,532)	LONG TERM LIABILITIES	(3,716)
60,058	NET ASSETS	67,561
	FINANCED BY:	
27,771	USABLE RESERVES	29,445
32,287	UNUSABLE RESERVES	38,116
60,058	TOTAL RESERVES	67,561

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)	3,924
(126)	Interest receivable	(1,878)
	Adjustments for Non-cash Items:	
1,264	Depreciation & Amortisation	589
	Impairment	
1,795	Pension Liability	(43)
21,136	Change in Inventories	1,500
(5,609)	Change in Debtors & Creditors	(1,351)
18,460	Total Adjustments (ii)	(1,184)
19,936	A - Net Cash Flows from Operating Activities (i)+(ii)	2,740
(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	14
(12,189)	B - Investing Activities	5,668
(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	(55)
(55)	Interest Paid	0
(23,067)	C - Financing Activities	192
(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	(1,028)	(897)
Total Company Reserves portion of Group Balance Sheet	131	(1,028)	(897)
Represented by:			
East Cambs Trading Company Profit & Loss	131	(1,028)	(897)
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	0
Debtors & Cash	482	277	(106)	653
Inventories	3,395	11		3,406
Borrowings	(149)			(149)
Creditors	(1,025)	(837)	386	(1,476)
TOTAL ASSETS NET OF COUNCIL SHARE	(2,213)	(525)	5,280	2,542

The Group Balance Sheet has moved from a position at 31st March 2023 of £59.499 million to £66.691 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 require the Council to provide misleading information i.e., to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the “true and fair view” is appropriately acknowledged in the notes to the accounts.

ABBREVIATIONS

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

Title: Internal Audit Progress Report

Committee: Audit Committee

Date: 3rd February 2025

Author: Chief Internal Auditor

Report number: Z131

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 100% 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, two actions arising from audit reports have been implemented by officers. There are three overdue actions.

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 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: Internal Audit Progress report – February 2025

7.0 Background documents

Internal Audit Plan 2024/25



Internal Audit Progress and Performance Update

February 2025

1. 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.

2. Performance

Delivery of the 2024/25 Audit Plan

- 2.1 At the time of reporting, 100% of audit work is either complete or underway. Progress on individual assignments is shown in Table 1.

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

- 2.2 To date, four survey responses have been received in relation to feedback on completed assignments for the 2024/25 audit plan. This is summarised in Table 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?

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

Medium term financial strategy (MTFS)

The Council's Medium-Term Financial Strategy (MTFS) should set a robust financial framework for the Council's plans over the next four years which supports the delivery of the Council's priorities within a context of an annual balanced budget. The MTFS for the period 2024/25 to 2027/28 was approved by Full Council on 20th February 2024. The audit reviewed the processes in place to inform the MTFS and alignment to associated strategies.

The MTFS provides a clear financial outlook with evidenced based assumptions that appear reasonable when compared to external forecasts and economic expectations. It is well aligned with the Council's strategic objectives, ensuring that financial resources are directed towards key priorities and service delivery goals.

The Council's Constitution clearly defines roles and responsibilities for financial monitoring and reporting ensuring accountability at all levels. The MTFS is developed collaboratively with senior officers, with regular updates and discussions involving members of the management team. It is subject to regular review by Council Members through the Finance and Assets Committee and there are mechanisms in place to address budget variances.

The MTFS identifies key financial risks such as government funding levels and inflationary pressures. However, the Council could benefit from formalising its approach to sensitivity analysis and scenario planning, documenting the best- and worst-case scenarios. This would allow for a more structured assessment of how changes in key financial assumptions might affect the Council's financial position in the medium term. Additionally, developing savings plans to address the future gaps identified in the MTFS would further enhance the Council's ability to manage financial risks and ensure the long-term sustainability of its resources.

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

Assurance Opinion	
Control Environment	Good (Green)
Compliance	Substantial (Green)
Organisational Impact	Low (Green)

Bereavement Centre – project management – stage 1

Since the closure of the Mepal outdoor centre at the end of 2016 the site has suffered from antisocial behaviour, vandalism and arson. In response to this challenge, the Council has developed a green crematorium project with the objective to deliver a sustainable end use that will benefit residents and create jobs for local people, while protecting the natural assets of the site.

Based on the audit findings, appropriate governance and management arrangements are in place to ensure that the project is effectively managed to deliver its objectives. Some project documents remain under development, such as the benefits log, internal project plan and communications plan. A formal resource plan has not yet been prepared although a need for additional specialist procurement and communications support has been identified. Priority should be given to completing the resource plan and ensuring the necessary procurement support is in place prior to commencement of the tender process next February. This should help to ensure full compliance with Contract Procedure Rules and relevant procurement legislation. The Procurement Act 2023 has significant new transparency requirements which could have a major impact on tender preparations.

At the time of audit, the project timeline remained on track although the latest cost plan indicates a potential significant increase in costs over the approved budget, which is clearly identified as a key risk. A decision has been made to progress to tender stage so that actual costs can be determined with certainty and all options reported to Council for decision at that stage. In the meantime, monthly project highlight reports should be updated to ensure that all project costs are clearly reported in a timely manner.

The audit seeks to provide assurance over the project management arrangements. Subject to the implementation of the recommendations in this report, a sound overall

governance framework has been established at this stage and should provide a good foundation for managing the project going forward.

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

Assurance Opinion	
Control Environment	Good (Green)
Compliance	Good (Green)
Organisational Impact	Low (Green)

UK Shared Prosperity Fund (UKSPF)

In April 2022, the Department for Levelling Up, Housing and Communities (now the Ministry of Housing, Communities and Local Government) launched the UK Shared Prosperity Fund (UKSPF). The UKSPF replaced the European Structural Investment Programme (ESIF) and aims to build pride in place and improve life chances. East Cambridgeshire District Council was allocated £839,851 from the UKSPF to be spent over three financial years between April 2022 and March 2025. In September 2022, the Department for Environment, Food and Rural Affairs (DEFRA) launched an additional Rural England Prosperity Fund (REPF) which provides top-up funding to UKSPF for eligible local authorities. It replaced the European LEADER and rural growth programmes and aims to support the rural economy and communities. The Council was allocated £550,000 from the REPF to be spent over two financial years between April 2023 and March 2025. This audit sought assurance on the Council's governance arrangements and financial management of the UKSPF and REPF funds.

In summary, the audit found that the purpose, scope and objectives of the UKSPF and REPF have been defined. Established governance structures are in place to oversee the management and delivery of projects and regular reports are provided to the Cambridgeshire and Peterborough Combined Authority (CPCA) who are the lead local authority for the region. The Finance and Assets Committee receive updates on UKSPF and REPF projects, however officers should provide a detailed briefing to Members on overall progress. Also, whilst programme level risks are monitored by the CPCA, officers should maintain a local risk register to formally monitor risks and issues at a project level.

Testing of a sample of projects found that processes are in place to support the delivery of projects and, where applicable, procurement rules have been adhered to. Similarly, testing of a sample of business grants awarded found that applications have been assessed and authorised in line with the approved eligibility criteria. Expenditure across UKSPF and REPF projects is recorded and monitored against the budget. It has been suggested that Finance officers review guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) on the accounting of capital projects to ensure that the capital elements of UKSPF and REPF funds have been appropriately accounted for.

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

Assurance Opinion	
Control Environment	Substantial (Green)
Compliance	Good (Green)
Organisational Impact	Low (Green)

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

At the time of reporting, there are three actions which are overdue for implementation - all of which are less than three months overdue and relate to private sector housing.

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	Fieldwork underway					
Accounts payable	Q4	Fieldwork underway					
Payroll	Q3	Draft report issued					
Accounts receivable	Q4	Fieldwork underway					
Treasury management	Q4	Draft report issued					
Medium term financial strategy	Q3	Final report issued	Assurances over the processes in place to inform the medium term financial strategy and linking this to associated strategies.	Good (Green)	Substantial (Green)	Low (Green)	See section 2.3
Key policy compliance							
Decision making and delegations	Q1	Final report issued	To provide assurance over compliance with the Council's Constitution and scheme of delegation in relation to decision making and evidence of compliance with delegated powers.	Moderate (Amber)	Good (Green)	Medium (Amber)	Reported in November 2024
UK Shared Prosperity Fund (UKSPF)	Q3	Final report issued	To provide assurance over the use of UKSPF monies (£839k); compliance with the terms and conditions; and consistent application of approved criteria for awarding grant monies.	Good (Green)	Good (Green)	Low (Green)	See section 2.3

					Assurance Opinion				
Assignment		Planned start	Status		Assurance sought	Control Environment	Compliance	Org impact	Comments
Procurement compliance		Q4	Fieldwork underway						
Risk based audits									
Major project – Bereavement Centre		Q1	Final report issued		To provide assurance over the project management arrangements in place to support delivery of this major projects on budget, within timescales and to expected standards. To include assurances at key stages of the project in relation to risk/issue management, governance and decision making, communications, project resources, project planning, quality management, benefits realisation and cost management.	Good (Green)	Good (Green)	Low (Green)	See section 2.3
Supporting vulnerable people		Q1	Final report issued		To seek assurance on the arrangements for supporting vulnerable customers and meeting legal duties (i.e. domestic abuse / antisocial behaviour / safeguarding arrangements / financial advice); adapting to and providing for emerging needs (i.e. cost of living / asylum contingency and dispersal / refugees); and ensuring support mechanisms including cost of living support funds have been designed to meet the needs of the right people and administered in accordance with expected controls.	Substantial (Green)	Good (Green)	Low (Green)	Reported in November 2024
Housing allocations and homelessness		Q4	Fieldwork underway						
Planning service review		Q4	Planning						

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
Grant claims	All year	Complete					
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	1	100%	-	-	1	33%	2	40%
Actions overdue by less than three months	-	-	1	100%	2	67%	3	60%
Actions overdue by more than three months	-	-	-	-	-	-	-	-
Totals	1	100%	1	100%	3	100%	5	100%

Table 3: Customer satisfaction

At the completion of each assignment, the auditor issues a customer satisfaction questionnaire (CSQ) to each client with whom there was a significant engagement during the assignment. The standard CSQ asks for the client's opinion on four key aspects of the assignment. The responses received in the year to date are set out below.

Aspects of Audit Assignments	Not applicable	Outstanding	Good	Satisfactory	Poor
Design of Assignment	-	4	-	-	-
Communication during Assignments	-	4	-	-	-
Quality of Reporting	-	4	-	-	-
Quality of Recommendations	-	3	1	-	-
Total	-	15	1	-	-

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: Corporate Risk Management update

Committee: Audit Committee

Date: 3rd February 2025

Author: Chief Internal Auditor

Report number: Z132

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 July 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 one new risk entry in relation to local government reorganisation.

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 – February 2025

Appendix 3 – Risk Register Heat Map

7.0 Background documents

N/A

Appendix 1 – Corporate Risk Management Report – February 2025

Background

1. Risk management is a key element of East Cambridgeshire District Council’s Code of Governance.
2. The Audit Committee is responsible for overseeing the Council’s Corporate Risk Register. Six monthly updates on the Corporate Risk Register are presented to the Audit Committee.

Corporate risk register updates

3. The Corporate Risk Register has been updated, and is attached at **Appendix 2**.
4. The register includes scores for **inherent** risks (before any mitigating controls are considered) and **residual** risk (after taking account of key controls, which are listed). Any planned actions to further mitigate risks are also shown.
5. Also included is a column capturing sources of assurance.
6. The risk scoring and rating is illustrated in the scoring matrix, which is also used to highlight the significance of the residual risks in a “heat map”, which accompanies the Corporate Risk Register.
7. The Corporate Risk Register is reported to the Committee twice per year. Changes to the risk register, and relevant updates, are reported to the Committee for awareness. Current developments are detailed below:

Risk	Description
A7 Failing to deliver a cost effective, sustainable and high quality domestic Waste Collection and Street Cleansing Service	Reduction in residual risk from 16 (likelihood 4 and impact 4) to 8 (likelihood 2 and impact 4). This was on the basis of the greater clarity around legislative changes; the completed fleet purchases and award of fuel contract; the general stabilising of the current service and greater clarity around the ongoing service following the decision of Council on the 17 th October 2024.
A8 Inability to deliver the Construction of the Bereavement Centre at Mepal in the existing Budget envelope	Increase in residual risk from 12 (likelihood 3 and impact 4) to 20 (likelihood 4 and impact 5). This is pending the construction tender exercise.

Risk	Description
<p>C8</p> <p>Local Government Reorganisation - having change forced upon us, as opposed to being a party at the table and having our voice heard as decisions are made.</p>	<p>NEW RISK ENTRY</p> <p>Following the English Devolution White Paper and plans for a programme of devolution and local government reorganisation. Residual risk score assigned is 15 (likelihood 5 and impact 3).</p>
<p>D8</p> <p>Difficulties with staff recruitment, absence (including sick leave) and retention – leading to lack of resources.</p>	<p>Increase in residual risk from 6 (likelihood 3 and impact 2) to 12 (likelihood 3 and impact 4). This was on the basis of potential greater risk to recruitment and retention following local government reorganisation plans and difficulties recruiting to some key service areas and roles.</p>

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 would 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.

Appendix 2 - Corporate Risk Register

Risk Management Group Meeting date: 19th December 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
CUSTOMER PERSPECTIVE																
A2	East Cambridgeshire Trading Company (ECTC) fails to deliver upon its Business Plan	Poor performance by the Company with a lack of challenge and oversight. Failure to embed effective governance arrangements and segregation of duty. Changing macro-economic environment. Failure to identify an ongoing pipeline of development opportunities.	Failing to achieve Corporate Plan and Medium Term Financial Strategy (repayment of loan). Reputational risk.	D-F	3	5	15 (A)	Business Plans, Articles of Association and Shareholder Agreements. Established shareholder arrangements. Regular reporting to Finance & Assets Committee (in remit as Shareholder committee). Company Business Plans include risk register. Independent Chairperson. Independent external audit review of accounts, and opportunity to commission ad-hoc advice if required. S151 Officer and Monitoring Officer are expected to attend Board meetings as representatives of the Council. Council has a Debenture Agreement in place providing security over all loan funding it provides to the Company	2	5	10 (A)	2024/25 Business Plan approved by Board and presented to Finance & Assets Committee. An Internal Audit rolling risk review took place of this area in May / June 2023 2023/24 Statutory Accounts audited, approved at Board and presented to Finance & Assets Committee Internal Audit report of trading company governance issued in 2023/24. All identified actions completed.				

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
A3	Failure to deliver the housing strategy and provide affordable housing to residents within the District	Challenges to future supply due to housing market and Government policy.	Failure to deliver the Council's commitment to 'genuine affordable' housing.	D-C	3	4	12 (A)	<p>Council Support Programme to Community Land Trusts.</p> <p>Community Led Development SPD.</p> <p>Published Strategic Housing Market Assessment (SHMA)</p> <p>Loan provided to ECCLT to deliver 15 Shared Ownership Units in Ely.</p> <p>Approved £100k homes allocation policy.</p> <p>Establish relationship with Homes England and local allocation policy.</p> <p>First Homes Interim Policy Statement approved by Finance & Assets Committee in June 2022.</p> <p>Land supply monitoring report published.</p> <p>At the Full Council meeting held on 17 October 2024 the Council agreed to commence work on a new East Cambridgeshire Local Plan</p>	2	3	6 (A)	<p>Between 1 April 2023 and 31 March 2024, there were 154 affordable dwelling completions, which represent approximately 25% of gross dwelling completions in that year. This is one of the highest gross number of affordable housing completed in the District in the plan period and, when combined with the previous year, 489 affordable homes have been delivered in the past three years</p> <p>2023/24 AMR was published December 2024</p> <p>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>Housing register brought in-house at the Council from 1st November 2024</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. Launched summer 2024.</p> <p>Homelessness and Housing Applications audit currently taking place</p>	<p>Working with Sanctuary to promote turnaround of voids.</p> <p>Homelessness and rough sleeping strategy in development for Committee approval in March 2025.</p>	D-O	On-going	G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
A5	Cost of living crisis impacting on the residents of East Cambridgeshire	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)	Cost of living support being provided by Housing Team. Cost of living pages on ECDC website Energy efficiency officers and Action on Energy website providing advice and sign posting on available funding for fuel and energy efficiency measures PECT – providing additional support on energy efficiency and funding for fuel Community hubs open throughout the district – Cambridgeshire Acre Sign post to food banks Joining up with community groups/voluntary organisations/CCC/PCN to ensure effective sign posting to most appropriate organisation. Funding available to those impacted by hardship and ensuring they access it, including Housing Benefit and the exceptional hardship fund (£10,000) set up by Council. Health and Wellbeing Strategy Approved at Operations Committee. Contact with those eligible for winter fuel grant / pension credit to support application.	3	3	9 (A)	Cambridgeshire Acre funded until June 2025. Both CAWS and VCAEC grant funding approved at Committee in January 2024 for 3 and 2 years respectively. Health and Wellbeing Strategy Approved at Operations Committee in March 2024 Performance Management information from ARP around the payment of Housing Benefit payments Supporting vulnerable people internal audit took place in 2024/25 – Substantial/Good Assurance.	Continue to collaborate with key delivery partners Keep up to date with available funding streams VCAEC performance report to be presented to Operational Services Committee in March 2025	D-O D-O D-O	On-going On-going Mar 2025	G G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
A7	Failing to deliver a cost effective, sustainable and high quality domestic Waste Collection and Street Cleansing Service	<p>Lack of clarity of legislative changes in relation to the implementation of the Environment Act including:</p> <p>Lack of guidance relating to extended producer responsibility payments and the impacts on Recycling credits</p> <p>Provision of net burdens funding to enable weekly food waste collections</p> <p>East Cambridgeshire Street Scene (ECSS) Ltd fails to deliver upon its Business Plan</p> <p>Due to:</p> <p>Increased financial pressures relating to variable costs currently carried by Provider/ECSS - fuel, vehicle maintenance, sickness</p> <p>Inability for Provider/ECSS to recruit and retain staff.</p> <p>Failure to achieve performance targets.</p> <p>Current MOA and service specification not fit for Purpose</p> <p>Poor Project implementation for new Waste Collection service</p>	<p>Failing to achieve corporate priorities</p> <p>Failure to achieve national recycling rates</p> <p>Inability to introduce new services</p> <p>Disruption or failure to service</p> <p>Significant reputational risk</p> <p>Significant cost pressures</p>	D-F	4	4	16 (R)	<p>RECAP Partnership and joint working with other Cambridgeshire collection and disposal authorities</p> <p>DEFRA confirmation of capital for new waste service</p> <p>New MRF and Waste bulking and Haulage contract in place from 1 September (3+2 yrs)</p> <p>Updated MOA which includes KPIs and review mechanism for overspends.</p> <p>Delineation of roles/ responsibilities for contract/ client-side management.</p> <p>Agreement from Council to implement new waste services from circa April 2026 (final date to be confirmed)</p> <p>New Joint Waste Project Board (ECSS and ECDC) set up to oversee implementation of service changes and additional project resource secured.</p> <p>ECSS Business Plan for Service Delivery</p> <p>Business Plans, Articles of Association and Shareholder Agreements.</p> <p>Established shareholder arrangements.</p> <p>Regular financial reporting to Operational Services Committee (in remit as Shareholder Committee).</p> <p>Company Business Plan includes a risk register.</p> <p>Independent Chairperson.</p> <p>Independent external audit review of accounts, and opportunity to commission ad-hoc advice if required.</p> <p>S151 Officer and Monitoring Officer are expected to attend Board meetings as representatives of the Council.</p> <p>All end of life vehicles now replaced and vehicle maintenance and fuel contract procured by ECSS.</p>	2	4	8 (A)	<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>Internal Audit report of trading company governance issued in 2023/24, with all actions completed.</p> <p>Council approval for extension of MOA with ECSS to April 2026.</p>	<p>New overall Waste and Street Cleansing Arrangement in place from 2026.</p> <p>Discussions to be continued to secure revenue funding for food waste implementation.</p> <p>Procurement underway to source Food Waste collection vehicles and bins prior to April 2026 deadline</p> <p>Review of ECSS contract and specification to implemented in line with new service roll out in 2026</p>	D-O	April 2026	

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
A8	Inability to deliver the Construction of the Bereavement Centre at Mepal in the existing Budget envelope	<p>Tendered construction costs exceeding FBC assumptions</p> <p>Unknown costs associated with works e.g. Groundworks</p> <p>Construction Market fluctuations (cost of materials and resource availability)</p> <p>Poor specification or over specifying of works required.</p> <p>Surveys show additional work required.</p>	<p>Unaffordable build costs</p> <p>Failure to deliver a Bereavement Centre</p> <p>Increased allocation of CIL or new allocation of borrowing required by the council</p> <p>Reduction in Service offer</p> <p>Reduction in agreed build (value engineering)</p>	D-O D-F	4	5	20	<p>A 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> <p>Tender exercise commenced</p>	4	5	20	<p>Design team and project management procured.</p> <p>Embedded assurance audit in 2024/25 – initial report providing good assurance.</p>	<p>Final RIBA stage 3 to be produced ahead of tender. Will include opportunities to phase and package the work programme to allow for flexibility around scope and timing of the project to maximise VFM</p> <p>Construction Tender has been put out across approved framework with a return date of April 2025</p> <p>Any changes to scope or budget need to go back to Council for final approval</p>	D-O D-O	Feb 2025 Apr 2025 May 2025	
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 savings or increase income levels.</p> <p>"Cost of living crisis" resulting in lost Council Tax receipts and increased direct costs to the Council as inflation increases.</p>	<p>Failure to spend in line with the budget in 2024/25.</p> <p>Failure to set a legal budget for 2025/26 in February 2025.</p>	D-F	3	5	15 (A)	<p>The 2024/25 Budget was approved by Full Council in February 2024.</p> <p>Quarterly budget monitoring reports are presented to Management Team and relevant Committees.</p> <p>Partnership working and on-going consideration of potential opportunities linked to key ambitions.</p> <p>Strong leadership from Members and officers.</p> <p>Use of Surplus Savings Reserve to balance budget.</p>	1	3	3 (G)	<p>2023/24 Internal Audit of Budgetary Control – Substantial / Good Assurance.</p> <p>Small underspend currently being forecast for 2024/25.</p> <p>Budget / MTFS update presented to Finance & Assets Committee in September 2024</p> <p>Balanced budget for 2025/26</p>	Draft budget for 2025/26 to be presented to Finance & Assets Committee	D-F	Jan 2025	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>	<p>Council failing to deliver its growth trajectory and not generating projected Section 106 and CIL income.</p>	D-C	4	4	16 (A)	<p>CIL and Section 106 collection and monitoring</p> <p>CLT support programme</p> <p>Working with developers</p>	3	4	12 (A)	<p>In 2023/24 the Council recorded 616 dwelling completions (621 gross housing completions, minus 5 demolitions)</p> <p>Infrastructure Funding Statement 2023/24 was published December 2024</p> <p>5 year land supply report published in October 2024</p> <p>ECDC exceeded its Housing Delivery Test target for housing delivery in 2023 achieving a score of 113%</p>	<p>Respond to the outcomes of the Levelling Up and Regeneration Act.</p> <p>New major projects board – including early negotiations on s106 agreements.</p> <p>Actions from 2023/24 audit of CIL.</p>	D-C D-O D-C	On-going On-going	G

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 now expected from 1st April 2026, but very unclear the impact of this at this time.</p> <p>Lack of opportunity to make savings or identify additional sources of income.</p> <p>Failure to maximise the opportunity from partnership working.</p> <p>"Cost of living crisis" resulting in lost Council Tax receipts and increased direct costs to the Council as inflation increases.</p>	Failure to have a balanced budget beyond year 2 of the MTFS.	D-F	4	4	16 (R)	<p>Agree Medium Term Financial Strategy (MTFS) each February as part of budget setting process.</p> <p>The 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)	<p>Underspend of £2.5 million in 2023/24 used to increase Surplus Savings Reserve</p> <p>MTFS update presented to Finance & Assets Committee in September 2024.</p> <p>Significant increase in Government funding in 2025/26 with the introduction of pEPR grants</p>	<p>Draft budget for 2025/26 and MTFS to be presented to Finance & Assets Committee</p> <p>Savings and / or additional sources of income need to be found to balance MTFS in year 2 (2026/27) and future years</p>	D-F	Jan 2025	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> <p>JESIP training for directors during 2024.</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>	Terrorism legislation going through Parliament			

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 in place with annual testing undertaken. System and penetration testing regime. ICT Information Security Policy. Government Connect and Public Sector Network (PSN) compliance. Implementation of Office 365 Regular backups and restoration tests undertaken New ICT Information Security Policy approved. Regular phishing exercise for staff carried out. Password protocol in place. Annual GDPR including cyber awareness training carried out. Reflect on lessons learnt from national incidents before purchasing new software.	3	3	9 (A)	Disaster Recovery exercise took place in September 2024 ICT Monitoring Strategy now in place PSN Compliance certificate awarded May 2024 Incident Management log prepared and regularly monitored 2023/24 Internal Audit assurances around cyber security and PCI DSS compliance.	Ransomware desktop exercise	HS A		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)	<p>Monitoring changes to legislation that impacts the Council. Topical examples include H&S sentencing guidelines, and earlier closedown of accounts.</p> <p>Procedural rules are changed as required and training delivered at least annually.</p> <p>Safeguarding Policy 2022. Safeguarding leads nominated and all staff trained in 2023.</p> <p>Health and safety management system.</p> <p>Disaster Recovery Plan and supporting systems / hardware.</p> <p>Equality, Diversity and Inclusion policy.</p> <p>Training on equality, diversity and inclusion for Members and officers rolled out.</p> <p>Equality monitoring reports published.</p> <p>Annual health and safety report presented to Finance & Assets Committee</p> <p>RIPA policy (Regulation of Investigatory Powers Act) and Covert Investigation Act Policy</p> <p>Whistleblowing Policy</p> <p>Monitoring of mandatory training completion by CMT leads</p> <p>Member safeguarding training</p>	3	3	9 (A)	<p>Annual senior management assurance statements (AGS).</p> <p>2022/23 Internal Audit review of Assets of Community Value – Good / Substantial Assurance.</p> <p>2022/23 Internal Audit review of Safeguarding – Satisfactory Assurance</p> <p>2022/23 Internal Audit review of Enforcement Policy Compliance – Satisfactory Assurance</p> <p>Corporate Health and Safety policy approved by Finance & Assets Committee</p> <p>RIPA inspection in December 2023 provided assurance over compliance.</p> <p>Whistleblowing Policy approved by Finance & Assets Committee March 2024, with further update to Committee following external review of the Council's governance around the policy in November 2024</p>	<p>Updated Equality, Diversity and Inclusion Policy currently being consulted upon to take back to Finance and Assets Committee January 2025</p> <p>Building control – currently being audited by the regulator</p>	HR M	Jan 2025	G
													D- O	Jan 2025		

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
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 July 2024 Audit Committee.				
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)	Gifts and hospitality registers. Counter fraud and ethical governance policies and procedures. Fraud awareness training module for staff – mandatory. Anti-money laundering policy is part of the Constitution. Internal control framework including segregation of duties and authorisations. Reviewed annually for Annual Governance Statement. Participation in National Fraud Initiative. Fraud awareness promotion on annual basis, with targeted reminders in year. Fraud reporting tool available internally and externally. Cambridgeshire Fraud Hub launched to reduce Council Tax fraud in March 2023. Introduction of £70 fine (from April 2025) for failure to declare change of circumstances for single person discount.	2	3	6 (A)	Annual senior management assurance statements (AGS).				

Inherent Risk								Residual Risk				Assurances	Actions				
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG	
C7	Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036	Failure to implement the necessary measures to reduce the Council's carbon emissions and put in place revised working practices that allow the Council to continue to operate effectively in a changing environment	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. Impact on the residents of East Cambs and the potential additional support the Council needs to provide Reputational damage	D-C	4	3	12 (A)	Corporate Plan includes a priority to 'Enhance the natural environment and build on our sustainable goals' and an action to 'work with stakeholders and external organisations to further our sustainability goals and implement our Environment Plan', and a corporate action for 2024/25 related to climate change. Annual Climate Change budget allocated to demonstrate Council's commitment to acting on climate change and to enable the council to deliver climate related projects Environmental Action Plan published each June with results reported the following year Roll out of HVO use in refuse collection vehicles (80% of the Council's entire CO2e emissions) Solar Panels being fitted to the roofs of various Council buildings See risk C1 for key controls relating to severe weather events	4	3	12 (A)	Council has Investors in the Environment Silver Accreditation 29 th out of 164 district councils in Climate Emergency UK's rankings for 2023 We calculate and report the Council's Carbon Footprint on an annual basis 122 members of staff have attended the Carbon Literacy Training and 81 completed the accreditation process.	Carbon Literacy training available for all staff and councillors Climate related actions in the Environment Plan top 20 Actions Climate related Corporate Plan Action for 2024/25 to deliver the Climate and Nature Top 20 actions for 2024 including a focus on water resilience, further nature improvements in our parks and open spaces, and hedgehog recovery projects. Application for funding for renewables at the bereavement centre.				
C8	Local Government Reorganisation - having change forced upon us, as opposed to being a party at the table and having our voice heard as decisions are made.	Preparedness for change <ul style="list-style-type: none"> Resource change Staff retention Briefing Members 	Staff feel unsure about role and therefore unmotivated. Difficulty with delivering services to residents	CMT	5	5	25 (R)	Ensure that all staff and members are fully informed as the process develops	5	3	15 (A)		Creation of an internal project team to ensure staff and members remain fully updated as the process moves forward. Make representations to Government to ensure that the cost of change is covered	CM T			

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> <p>At the Full Council meeting held on 17 October 2024 the Council agreed to commence work on a new East Cambridgeshire Local Plan.</p>	2	4	8 (A)	<p>Five Year Land Supply Report published in December 2024 – East cambridgeshire AMR 2023-24</p> <p>which confirms:</p> <p>6.28 years supply over the five-year period</p> <p>A further 6.80 years of pipeline supply, anticipated to come forward from year 6 onwards.</p> <p>A grand total of 13.08 years' worth of identifiable supply, for the full period 2024-2043</p>	Monitor Government proposals for planning.	D-C	On-going	G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
D8	Difficulties with staff recruitment, absence (including sick leave) and retention – leading to lack of resources	<p>Lack of staff resources in terms of numbers due to turnover, aging workforce or failed recruitment exercises.</p> <p>Lack of staff resources in terms of knowledge, skills and behaviours due to poor staff retention.</p> <p>National skills shortage for professional and technical roles.</p> <p>Local Government Reorganisation (LGR).</p>	<p>A shortage of staff in roles across the Council and a loss of knowledge and skills, could lead to service failure, which in-turn could result in an increased level of complaints, poor reputation and financial penalties from breaches in legislation or failure to follow rules, procedures and meet deadlines.</p> <p>More acute in areas with reliance on single officer.</p> <p>More challenging to recruit with lack of attractive terms and conditions, based on feedback from recent exercises.</p> <p>Increased costs in relation to recruitment campaigns and the cost of temporary staff.</p> <p>Less movement between authorities during the uncertainty of LGR</p>	CMT	4	4	16 (R)	<p>Investment in training and up-skilling existing staff.</p> <p>Absence Management policy.</p> <p>Management Development training has been delivered to all Service Leads and team leaders.</p> <p>Remote working policy.</p> <p>Service Delivery Plans presented to Policy Committees in March 2024.</p> <p>Use of market supplements</p> <p>Use of recruitment agencies where necessary.</p> <p>Starters and leavers report presented to Finance & Assets Committee.</p> <p>Review of exit interviews.</p> <p>Apprenticeship opportunities.</p> <p>Career scales.</p> <p>Succession Planning</p>	3	4	12 (R)	Six-month and annual reviews of Service Delivery Plans.	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
- HSA Health & Safety Adviser
- HRM Human Resources Manager
- CMT Corporate Management Team
- ITM IT Manager
- H&CA-M Housing & Community Advice Manager

Appendix 3 - Corporate Risk Register Heat Map

Summary of Residual Scores for Corporate Risks

Impact	Very High	5		A2		A8	
	High	4		C4, D2, A7	B2, B3, D8		
	Medium	3	B1	A3, C6	A4, A5, C2, C3		C8
	Low	2		C1, C7			
	Negligible	1					
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
			Likelihood				

Red scores – in excess of the Council’s risk appetite. Action is needed to redress, with regular monitoring. In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Finance and Assets Committee and Council.

Amber scores – likely to cause the Council some difficulties (risk score 5 to 15) – six monthly monitoring.

Green scores (risk score 1 to 4) – low risk, monitor as necessary.

Code	Title
A2	East Cambridgeshire Trading Company fails to deliver upon its business plan and expected levels of performance
A3	Failure to deliver the housing strategy, and provide affordable housing to residents within the district
A4	Homelessness in the district
A5	Cost of Living crisis
A7	Failing to deliver a cost effective, sustainable and high quality domestic Waste Collection and Street Cleansing Service
A8	In ability to deliver the Construction of the Bereavement Centre at Mepal in the existing Budget envelope
B1	Inability to balance the Council’s annual budget.
B2	Failure to achieve expected levels of development and planning income
B3	Inability to balance the Council’s Medium Term Financial Strategy
C1	Failure to maintain service delivery and support the community in the event of an unforeseen emergency or loss of resources
C2	Loss of data or access to ICT systems due to a breach of information security or weaknesses in the IT infrastructure
C3	Non-compliance with legislative and regulatory requirements

C4	Failure to achieve compliance with the General Data Protection Regulations & Data Protection Act
C6	Failure of corporate governance and counter fraud and corruption controls
C7	Failure to achieve the Council's goal to be Carbon net zero by 2036
C8	Local Government Reorganisation
D2	Failure to deliver upon strategic development plans and requirements
D8	Difficulties with staff recruitment, absence and retention – leading to lack of resources

Audit Committee Annual Agenda Plan

Lead Officer: Ian Smith, Director Finance
Democratic Services Officer: Patrick Adams

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.**