



East Cambridgeshire District Council

Meeting: Audit Committee

Time: 2 pm

Date: Tuesday 20 January 2026

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 Lucius Vellacott (Vice-Chair)

Substitutes:

Cllr Christine Ambrose Smith

Liberal Democrat and Independent Group Members

Cllr Lorna Dupré

Cllr James Lay

Cllr Ross Trent

Substitutes:

Cllr Mark Inskip

Cllr Gareth Wilson

Lay Member

Stephen Joyce

Lead Officer

Jude Antony, Director Finance

AGENDA

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

4. Minutes	Page 5
To confirm as a correct record the Minutes of the meetings of the Audit Committee held on 21 October 2025	
5. Chair's Announcements	[oral]
6. Statement of Accounts 2024/25	Page 11
7. External Audit Update for 2024/25	Page 99
8. Internal Audit Progress Report	Page 161
9. Corporate Risk Management Update	Page 173
10. Forward Agenda Plan	Page 195

NOTES:

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

The meeting will be webcast and a live stream of the meeting will be available. Further details can be found at <https://eastcambs.gov.uk/node/2647> 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://eastcambs.gov.uk/about-council/meetings-agendas-and-minutes/public-participation-meetings>
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@eastcambs.gov.uk
7. If the Committee wishes to exclude the public and press from the meeting, a resolution in the following terms will need to be passed:

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



East Cambridgeshire District Council

Minutes of a meeting of the Audit Committee

Held in the Council Chamber, The Grange, Nutholt Lane, Ely
on Tuesday, 21st October 2025, at 4:30 pm

Present	Cllr David Brown (Chair) Cllr Keith Horgan Cllr Lucius Vellacott (Vice Chair) Cllr Gareth Wilson (Substitute) Stephen Joyce – Independent Lay Member
Officers	Patrick Adams – Senior Democratic Services Officer Jude Antony – Director Finance & S151 Officer Maggie Camp – Director Legal John Hill – Chief Executive
In Attendance	Rachel Ashley-Caunt – Chief Internal Auditor (IA) Anastasia Lukhtan – External Audit (EY) Jacob McHugh – External Audit (EY)

14. Public Question Time

No public questions were received.

15. Apologies and Substitutions

Apologies were received from Cllr Lorna Dupré, Cllr James Lay and Cllr Ross Trent. Cllr Gareth Wilson attended as a substitute for Cllr Ross Trent.

16. Declarations of Interest

No declarations of interests were made.

17. Minutes

The Committee received the Minutes of the meeting held on 15th July 2025.

In reply to Stephen Joyce, the Director Finance stated that he would send the Finance Manager's response to the query raised at the last meeting regarding the security of the loan to East Cambs Trading Company Ltd to the members of the Committee.

In reply to Stephen Joyce, the Director Finance explained that a meeting on risk management had been held on 9th October and so it had been too late to include

an update on the agenda. He would provide this information to all members of the Committee.

It was resolved:

That the Minutes of the meeting of the Committee held on 15th July 2025 be confirmed as a correct record and be signed by the Chair.

18. Chair's Announcements

The Chair welcomed Jude Antony to his first meeting as the Director Finance and Section 151 Officer.

19. Annual Governance Statement 2024/25 – Final Draft

John Hill, the Chief Executive, presented the final draft of the Annual Governance Statement 2024/25 (AA75, previously circulated). He thanked members of the Committee for their suggested amendments, which had been incorporated into the document.

Cllr Keith Horgan stated that there were repetitions under the heading "Development in 2024/25" on page 21 and page 24 and he asked whether these was necessary. The Chief Executive agreed to review this. Cllr Gareth Wilson recommended that the final word on page 27 of the agenda be amended from "too" to "to".

Cllr Keith Horgan noted that the Annual Governance Statement stated that the Housing Register had been brought back in house from 1st November 2024. In view of this, he suggested that the overdue action relating to procurement in housing allocation and homelessness, which the Chief Internal Auditor had reported to the Committee at its last meeting, should be referred to the Operational Services Committee. The Chief Executive agreed to refer this matter to the Lead Director for the Operational Services Committee, who could discuss it with the Chair of that Committee. The outcome will then be reported back to the Audit Committee. It was understood that the Operational Services Committee would be receiving a report on the housing service in the near future.

In reply to Stephen Joyce, the Chief Executive explained that after the Annual Governance Statement was signed by him and the Leader, it would become part of the Council's governance framework and would be reviewed by the Council's directors. The Director Finance stated that he would monitor its implementation.

The Chair proposed and the Vice Chair seconded the recommendation in the report. A vote was taken and

It was unanimously resolved:

- A)** That the Chief Executive will review the Annual Governance Statement 2024/25, specifically in relation to pages 21 and 24 of the report. Any further changes should be made in consultation with the Chair of the Audit Committee.

B) To approve the final draft of the Annual Governance Statement for 2024/25 for final sign off by the Leader of the Council and Chief Executive.

20. External Audit Plan for 2024/25 – Oral Update

Anastasia Lukhtan of EY presented this update from External Audit. She explained that the audit of the 2024/25 accounts was in its final stages and the results would be reported at the next meeting of the Committee. Some supporting documentation had not been provided to the auditors and this had resulted in a high number of audit adjustments. Whilst this would not affect the overall audit opinion it would mean more work in future years.

In reply to Cllr Keith Horgan, Jacob McHugh of EY reported that there had been a turnover of staff in the finance team and the expected audit quality standards had increased. This had resulted in the accounting and supporting records provided by officers not being up to the required standard. The Committee could expect further details of this at their next meeting. He further explained that the annual report would be provided by External Audit by the end of November.

In reply to Stephen Joyce, the Director Finance stated that experienced officers had left the Council just before year end, but he was in the process of recruiting and was confident that the team would be able to fully support the auditors in the future. Jacob McHugh stated that the auditors had no concerns regarding their capacity to carry out their work.

Cllr Lucuis Vellacott asked what extra work needed to be done for future audits. Jacob McHugh explained that the whole sector were focussing on how to carry out future audits where there would be no opening position for the accounts. Nationally all audits of the 2024/25 accounts needed to be completed by February 2026. The audit of the 2025/26 accounts would have to be agreed by January 2027 and the audit of the 2026/27 accounts would have to be agreed by November 2027.

It was resolved:

To note the update.

21. Internal Audit Plan Development 2026/27

The Committee received a report on the Internal Audit plan development process for 2026/27 (AA76, previously circulated), presented by Rachel Ashley-Caunt, Chief Internal Auditor. She explained that Internal Audit had looked at the Council's risk register, previous assurances given and issues that had not been audited recently to identify areas that should be audited. She now invited the Committee to identify any areas that they felt required attention, either at the meeting or by e-mail before the deadline of mid-January. Stephen Joyce hoped that data security would be reviewed.

The Chair proposed and the Vice Chair seconded the recommendations in the report. A vote was taken and

It was unanimously resolved

- A)** To note and endorse the proposed approach to development of the Internal Audit Plan for 2026/27.
- B)** To consider risk areas where assurances were required during the year ahead and report these to the Chief Internal Auditor by 16th January 2026.

22. Internal Audit Progress Report

The Committee considered the Internal Audit Progress Report (AA77, previously circulated). Rachel Ashley-Caunt, Chief Internal Auditor, presented the report and summarised the key findings.

Cllr Keith Horgan thanked the Chief Internal Auditor for an excellent report. He suggested that in future any overdue actions mentioned in the report should be cross referenced with the appropriate part of the Appendix.

In response to a question by Cllr Gareth Wilson, the Chief Internal Auditor explained that there had been inconsistencies in the Council's asset registers and the recommendation was to have a single, consolidated and consistent list of assets. This was being reviewed by officers and the Chief Internal Auditor did not consider the matter to be a high risk. Stephen Joyce expressed concern regarding this issue and he hoped that it would be resolved promptly. It was agreed that the Committee should be updated on any developments.

In reply to Cllr Lucius Vellacott, the Chief Internal Auditor explained that the audit of Information Requests had not covered data breaches. The audit had recommended a single, central system for the recording of Environmental Information Regulations requests.

In reply to Cllr Gareth Wilson, the Chief Internal Auditor assured the Committee that the Internal Audit service had the resources to complete its plan for the year.

The Chair proposed and Cllr Keith Horgan seconded the recommendation in the report. A vote was taken and

It was unanimously resolved:

To note the progress made by Internal Audit in the delivery of the Audit Plan and the key findings.

23. Information Governance Annual Report

Maggie Camp, Director Legal, presented this report (AA78, previously circulated), which provided the Committee with an overview of the Council's activity in respect of how it has discharged its responsibilities in matters relating to information governance during 2024/25.

In reply to Stephen Joyce, the Director Legal explained that there had been a data breach when signatures had been accidentally published by Democratic Services. These had been on the website for approximately one hour before being removed. The Information Commissioner's Officer had been informed and they had responded with advice. As a result, documents were now being double-checked before being put on the website.

In reply to Stephen Joyce, the Director Legal also welcomed that all officers had undergone data protection training which had been compulsory for all staff. It was not compulsory for councillors and whilst it was disappointing that only two members had completed this training, this matter was covered in councillors' inductions and it was possible that councillors had completed similar training as a member of another authority. Cllr Lucius Vellacott suggested that some councillors could have completed the online training after the data for attendance was collected in the final quarter of 2024/25. The Director Legal agreed to send a reminder to councillors inviting them to complete this training. Stephen Joyce asked to receive a copy of this message.

In reply to Stephen Joyce, the Director Legal explained that officers had a procedure for dealing with vexatious and repeated complaints. She concluded that the Council had allocated sufficient resources to deal with information governance issues.

It was unanimously resolved:

To note the report.

24. Anti-Fraud and Corruption Strategy

Jude Antony, Director Finance, presented this report (AA79, previously circulated), which reviewed the Council's Anti-Fraud and Corruption strategy in Part 4, Section 7 of the Council's Constitution and invited the Committee to recommend that Council agree an amended Strategy.

Cllr Keith Horgan requested that the Corporate Risk Register be published on the website after it was amended.

Stephen Joyce suggested that additional examples of fraud should be added to paragraph 1.7 of the strategy, such as property fraud and unregistered businesses. He asked how much of the £550,000 lost to fraud in 2024/25 had been recovered and whether 1.6 Full Time Equivalent members of staff was enough to deal with the challenges caused by fraud. The Director Finance agreed to consider these points and report any changes to the Committee.

Cllr Keith Horgan proposed and Cllr Lucius Vellacott seconded the recommendation in the report. A vote was taken and

It was unanimously resolved:

To recommend to Full Council the adoption of the updated Anti-Fraud and Corruption Strategy, as attached as Appendix 1 to this report.

25. Forward Agenda Plan

The Committee received the Forward Agenda Plan. It was noted that the Internal Audit Plan Development 2025/26 had been discussed at this meeting and so should be removed from the Forward Plan.

It was agreed that the meeting scheduled for 2nd February 2026 should be moved to Tuesday 20th January and the meeting scheduled for 17th March should be moved to Tuesday 31st March.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 5:33 pm.

Chair:

Date:

Title: 2024/25 Statement of Accounts

Committee: Audit Committee

Date: 20 January 2026

Author: Director, Finance

Report No: AA120

Contact Officer:

Jude Antony, Director Finance

jude.antony@eastcambs.gov.uk 01353 616470

1.0 Issue

1.1. To approve the draft 2024/25 Statement of Accounts.

2.0 Recommendations

2.1. To approve the draft 2024/25 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 27th February 2026 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 2025 required the following:

- The draft Accounts must be certified by the Council's Responsible Financial Officer (Section 151 Officer) by 30th June following the end of the financial year. It is confirmed that the accounts were signed off by the statutory deadline, being signed and loaded onto the Council's website on the 30th June 2025.
- The draft accounts and any associated financial documentation are made available for public inspection for a period of 30 working days. The accounts were available for public inspection from the 1st July 2025 to the 11th August 2025. 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 and 2023/24.

3.5 The backstop date for the 2024/25 Accounts is the 27th February 2026. 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 and 2023/24, the same disclaimed audit opinion will be given on the 2024/25 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 2024/25

7.0 Background Documents:

The Code of Practice on Local Authority Accounting in the United Kingdom
2024/25 (the Code)
Final Accounts working papers

East Cambridgeshire District Council



Statement of Accounts 2024/25

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Narrative Report**By the Director, Finance**

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

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

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

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

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

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

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

Sound Financial Management

Priorities:

Ensure the Council is financially sustainable.

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

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

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

	under one service, a negotiation protocol to ensure applications are of a high quality at the outset, new committee report templates and conditions templates, office improvements and new pre-app and PPA services to increase income to the Council. Phase two has now commenced.
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Cleaner, greener East Cambridgeshire

Priorities:

Improve the public realm.

Reduce environmental crime across the district.

Enhance the natural environment and build on our sustainability goals.

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

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

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

Sustainable communities

Priorities:

Support our residents to live happy and healthy lives.

Support our businesses to thrive in East Cambridgeshire.

Improve our roads and local transport.

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

Invest in community infrastructure.

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

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

Revenue Spending and Sources of Income

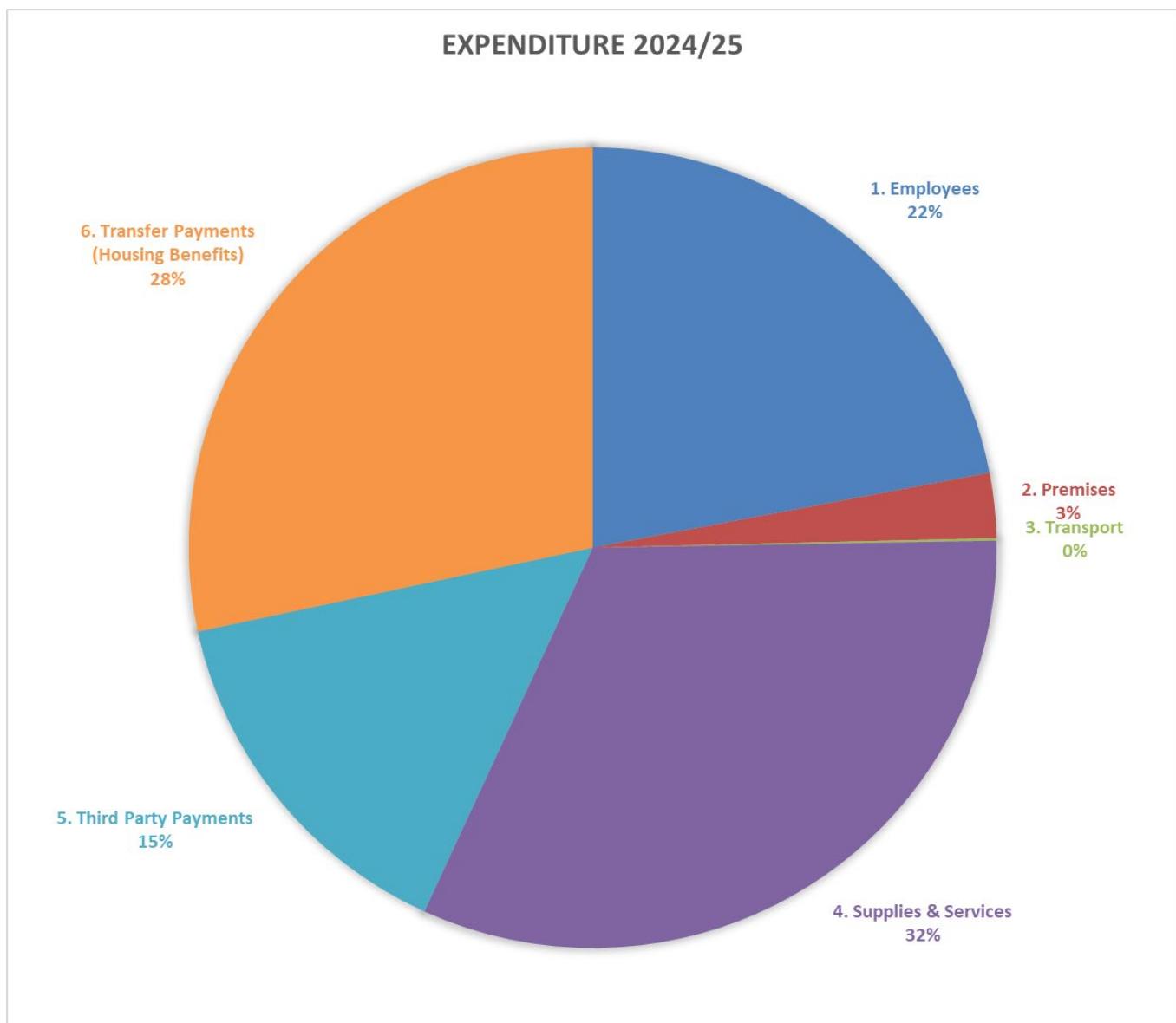
The Table below sets out the Council's budget for 2024/25 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	Budget	Outturn	Variance
	£000	£000	£000
Service			
Finance & Assets	7,017	5,413	(1,604)
Operational Services	7,134	7,329	195
Service Net Revenue Expenditure	14,151	12,742	(1,409)
Land Drainage	730	673	(57)
Parish Precepts	3,271	3,271	0
Movement in Corporate Reserves	688	711	23
Total Net Revenue Expenditure	18,840	17,397	(1,443)
Financing			
Council Tax	(8,112)	(8,112)	0
Non-Domestic Rates	(7,490)	(8,669)	(1,179)
Revenue Support Grant	(109)	(109)	(0)
Other Government Grants	(1,562)	(1,562)	(0)
Budget - draw from Surplus Savings Reserve	(1,567)	(1,567)	(0)
Total Financing	(18,840)	(20,019)	(1,179)
Transfer to Surplus Savings Reserve			(2,622)
Net (Increase)/Decrease in Earmarked Reserves			(2,391)
Total Reported General Fund Movements			231
Adjustment between Funding & Accounting Basis			0
Reported (Surplus) upon Services in Income & Expenditure Account			(2,391)

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

Analysis of Revenue Expenditure

The Council spent £43.436 million (gross) in 2024/25; 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	Brought Forward	Contributions		Carried Forward
	£'000	To £'000	From £'000	£'000
Reserves 2024/25				
General Fund	1,238	148		1,386
Surplus Savings & Earmarked	26,658	2,240		28,898
TOTAL GENERAL FUND	27,896	2,388		30,284
Capital Receipts Reserve	1,786		(27)	1,759
Capital Grants Unapplied	389	1,026		1,415
Total Usable Reserves	30,071	3,414	(27)	33,458

Capital Spending

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

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

Key areas contributing to the underspend include £1 million allocated for the purchase of wheelie bins and £1 million for the construction of the Bereavement Centre, both of which are progressing but have experienced delays. Other underspends include £623,000 for Refuse and Cleansing Vehicles, £521,000 for Mandatory Disabled Facilities Grants, £281,000 for the Depot project, and £825,000 related to the ECTC loan. An additional £191,000 is attributed to various smaller capital items. These savings are partially offset by an overspend of £354,000 on vehicle replacements.

Spend in 2024/25 was as shown below:

2023/24 £'000	Capital Spending	2024/25 £'000
666.8	Housing Grants	682.0
168.1	Vehicle Replacement Programme	445.0
1,947.5	Refuse Vehicles	203.9
49.9	Solar Panel Project	0
0	Loan to subsidiary company	1,675.0
0	Loan to EC CLT	42.5
288.6	Depot Improvements	67.1
0	Bereavement Centre	498.7
50.8	Wheelie Bins	39.4
3171.7	Gross Expenditure	3,653.6
Funded From		
158.2	Capital Receipts Reserve Applied	74.2
623.8	Grants	637.2
391.3	CIL Earmarked Reserve Contribution	1,498.7
1,844.9	Internal Borrowing Contributions	988.5
(28.7)	Other Revenue Contributions	0.0
182.4	Section 106	455.0
3171.7		3,653.6

Treasury Management

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

Looking to the Future

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

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

The Financial Statements

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

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

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

The Comprehensive Income and Expenditure Statement (CIES)

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

Movement in Reserves Statement

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

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

Balance Sheet

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

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

31 March 2024	31 March 2025
£'000	£'000
47,288 Long Term Assets	46,546
35,392 Current Assets	36,939
(10,777) Current Liabilities	(8,461)
(3,716) Long Term Liabilities	(10,416)
<u>68,187 Net Assets</u>	<u>64,608</u>
30,071 Useable Reserves	33,458
38,116 Unusable Reserves	31,150
<u>68,187 Total Reserves</u>	<u>64,608</u>

The Council's Balance Sheet has moved from a position at 31st March 2024 of £68.187 million to £64,608 million at 31 March 2025. The principal reasons for this movement of £3,579 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 24 of the Accounts.

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

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

The Cash Flow Statement

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

Net Cash Flows from:	31 March 2025 £'000
Operating activities	2,722
Investing activities	(12,349)
Financing activities	(1,640)
Net Increase or Decrease in cash and cash equivalents	(11,267)
Cash and cash equivalents	
At the beginning of the reporting period	21,644
At the end of the reporting period	10,377

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

The Collection Fund Revenue Accounts

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

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

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

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

Technical Information

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

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

International Financial Reporting Standards

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

Statement of Accounting Policies

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

True and Fair View Override

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

Changes to the Statement of Accounts

There are no material changes to the Statement of Accounts.

Material and Unusual Charges or Credits in the Accounts

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

Material Events after the Reporting Date

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

Material Assets Acquired or Liabilities Incurred

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

Changes in Statutory Functions

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

Jude Antony - FCCA

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 2025 and its income and expenditure for the year ended 31 March 2025.

Jude Antony - FCCA

Director, Finance

Audit Committee Certificate for the Approval of the Accounts

COUNCIL Comprehensive Income and Expenditure Statement

2023/24			2024/25			
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000	N O T E	GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
22,690	(16,341)	6,348	Finance & Assets	38,458	(18,708)	19,750
14,155	(9,007)	5,149	Operational Services	15,178	(8,871)	6,307
36,845	(25,348)	11,497	Cost of Services	8	53,636	(27,579)
3,001		3,001	Parish Council Precepts	3,271		3,271
572		572	Internal Drainage Board	673		673
	(4)	(4)	Interest on soft Loans			
(277)		(277)	Loss/(Gain) on disposal of non-current assets	30		30
3,295	(4)	3,291	Other Operating Expenditure	3,974	0	3,974
	(2115)	(2115)	Interest Receivable & Investment Income		(2,191)	(2,191)
232		232	Net Interest on the net Pension Liability		(156)	(156)
232	(2115)	(1883)	Financing & Investment Income & Expenditure	21	(2,347)	(2,347)
	(7,671)	(7,671)	Council Tax Income		(7,957)	(7,957)
	(6,670)	(6,670)	Non-Domestic Rates income & Expenditure		(7,718)	(7,718)
	(1,583)	(1,583)	Non Ring Fenced Government Grants	8	(1,671)	(1,671)
0	(15,924)	(15,924)	TAXATION & NON SPECIFIC GRANT INCOME (Surplus)/Deficit on Provision of services	8	0	(17,347)
40,372	(43,391)	(3,019)		57,610	(47,273)	10,337
	(487)	(487)	(Surplus) or deficit in the revaluation of non-current assets	11		367
	(4,913)	(4,913)	Actuarial losses (Gains) on pension assets & liabilities	21		(7,124)
0	(5,400)	(5,400)	Other comprehensive income & expenditure		0	(6,757)
40,372	(48,791)	(8,419)	TOTAL COMPREHENSIVE INCOME & EXPENDITURE		57,610	(54,030)
						3,580

COUNCIL Movement in Reserves Statement 2023/24

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

COUNCIL Movement in Reserves Statement 2024/25

	General Fund	Other Earmarked Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Useable Reserves	Total Unusable reserves	TOTAL Council Reserves
Carried Forward at 31 March 2024	(1,238)	(26,658)	(389)	(1,786)	(30,071)	(38,116)	(68,187)
Movement in reserves							
(Surplus) or Deficit on provision of services		10,337			10,337		10,337
Other Comprehensive Income and Expenditure	(148)	381			232	(6,990)	(6,757)
Total Comprehensive Income and Expenditure	(148)	10,718			10,566	(6,990)	3,580
ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS		(12,957)	(1,026)	27	(13,956)	13,956	0
Net Increase/Decrease before Transfers to/from earmarked reserves	(148)	(2,239)	(1026)	27	(3,386)	6,966	3,580
Balance at 31 March 2025	(1,386)	(28,898)	(1,415)	(1,759)	(33,458)	(31,150)	(64,608)

Balance Sheet

31 Mar 24 £'000		Note	31 Mar 25 £'000
	LONG TERM ASSETS		
38,779	Property, Plant and Equipment	12	39,998
105	Heritage Assets		105
5,513	Long Term Debtors	16	6,446
2,891	Net Pension Asset	21	0
47,288	TOTAL LONG TERM ASSETS		46,549
	CURRENT ASSETS		
10,000	Investments (Short Term)	23	22,101
3,737	Short Term Debtors	17	4,447
11	Inventories		14
21,644	Cash and Cash Equivalents	18	10,377
35,392	TOTAL CURRENT ASSETS		36,939
82,680	TOTAL ASSETS		83,488
	CURRENT LIABILITIES		
(9,711)	Short Term Creditors & Receipts in Advance	19	(7,234)
(1,066)	Provisions	20	(1,227)
(10,777)	TOTAL CURRENT LIABILITIES		(8,461)
24,615	NET CURRENT ASSETS		28,478
71,903	TOTAL ASSETS LESS CURRENT LIABILITIES		75,027
	LONG TERM LIABILITIES		
(3,716)	Capital Grants Received in Advance		(4,724)
0	Net Pensions Liability		(5,695)
(3,716)			(10,416)
68,187	NET ASSETS		64,608
	FINANCED BY:		
30,071	USABLE RESERVES	10a	33,458
38,116	UNUSABLE RESERVES	10b	31,150
68,187	TOTAL RESERVES		64,608

Jude Antony - FCCA
Director, Finance

Cash Flow Statement

31 March 2024 £'000		31 March 2025 £'000
5,135	Net Surplus on the Provision of Services	(10,337)
	Adjustments for Non-cash items:	
(2,115)	Interest Receivable	(2,191)
550	Depreciation & Amortisation, Impairment	(76)
(43)	Pension Liability/(asset)	15,707
(2,149)	Change in Debtors, Creditors and provisions and inventories (excluding collection Fund)	(380)
(3,758)	Total Adjustments	13,060
1,377	Net Cash Flows from Operating Activities	2,723
(2,323)	Purchase of PPE & Intangibles	(1,508)
1,044	Change in Long Term Debtors	(932)
7,000	Net Purchase of Investments	(12,101)
	Interest Received	2,191
5,721	Investing Activities	(12,350)
249	Net Receipt of Capital Grants	1,009
1,254	Change in Collection Fund agencies, Debtors & Creditors	(2,648)
1,502	Financing Activities	(1,640)
(8,600)	Net surplus / (decrease) in cash and cash equivalents	(11,267)
13,044	Cash and cash equivalents at the beginning of the reporting period	21,644
21,645	Cash and cash equivalents at the end of the reporting period	10,377

Note 1 Expenditure & Funding Analysis

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

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

2024/25	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Finance & Assets	(10,937)	12,979	2,042	1,845	15,863	19,750
Operational Services	16,895	(10,588)	6,307			6,307
NET COST OF SERVICES	5,958	2,391	8,349	1,845	15,863	26,057
Other Operating Expenditure plus Taxation & Grant Income	(16,039)		(16,039)	(319)	639	(15,720)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	(10,081)	2,391	(7,690)	1,526	16,502	10,337
Other Comprehensive I&E				367	(7,124)	(6,757)
TOTAL	(10,081)	2,391	(7,690)	1,893	9,378	3,580

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 27 to 30).
- (ii) Notes directly supporting the prime Financial Statements (Notes 8 to 21, Pages 32 to 48).
- (iii) Notes containing memorandum notes in support of the Accounts (Notes 22 to 30, Pages 49 to 61).
- (iv) Accounting Policies (Note 31, Pages 61 to 71)
- (v) Going Concern Statement (Note 32, Page 71 to 72).

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

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

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

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

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

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

Note 4. Critical Judgements in Applying Accounting Policies

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

- In line with the Code of Practice on local authority accounting in the United Kingdom 2024/25, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, assets held for sale and assets under construction. For all assets subject to valuation, the total value for 2024/25 for Land and Buildings (NBV) is £34.325 million (2023/24; Land and Buildings (NBV) is £34.148 million).
- The Council has taken professional advice from the Pension Fund's actuary, Hymans Robertson LLP, to determine the overall net liability of the fund which is £5.483 million for 2024/25; this has decreased by £8.374 million since 2023/24. However:
 - This does not affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 4.
 - The revenue impact of the surplus is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the forthcoming 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non-Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2010.

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

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

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

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

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

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

Note 6. Material Items of Income and Expenditure

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

Note 7. Events after the Balance Sheet Date

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

With regard to 2024/25:

- **Adjusting Events**

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

- **Non-Adjusting Events**

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

Note 8. Expenditure & Income by Nature

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
General Fund	Other Reserves	Total		General Fund	Other Reserves	Total
9,415	(134)	9,281	Employees (*)	10,031	15,863	25,894
27,013	0	27,013	Other Service Expenses (*)	26,890	0	26,890
0	550	550	Depreciation, Amortisation & Impairment (*)	0	852	852
(667)	667	0	REFCUS (*)	(655)	655	0
141	91	232	Interest payable		(156)	(156)
319	(319)	0	Statutory Minimum Provision	631	(631)	0
3,572	0	3,572	Precept Payments	3,944	0	3,944
(277)	0	(277)	Loss/(Gain) on disposal of non-current assets	30	0	30
39,516	854	40,372	TOTAL EXPENDITURE	40,870	16,583	57,454
(19,227)	0	(19,227)	Government Grants (Services) (*)	(18,961)	0	(18,961)
(1,583)	0	(1,583)	Government Grants (Central)	(1,671)	0	(1,671)
(6,122)	0	(6,122)	Sales Fees & Charges (*)	(8,619)	0	(8,619)
(2,119)	0	(2,119)	Interest Receivable	(2,191)	0	(2,191)
(7,581)	(90)	(7,671)	Council Tax	(8,112)	154	(7,957)
(6,376)	(294)	(6,670)	Business Rates	(8,347)	629	(7,718)
(43,008)	(384)	(43,391)	TOTAL INCOME	(47,901)	783	(47,117)
(3,491)	470	(3,019)	NET EXPENDITURE	(7,030)	17,366	10,337
10,414	1,083	11,497	COST OF SERVICES (*)	8,686	17,370	26,056

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

Note 8a. Grant Income

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

2023/24		2024/25
£000		£000
	Credited to non-specific income	
(102)	Revenue Support Grant	(109)
(838)	New Homes Bonus	(1,070)
(643)	Rural Services Grant	(493)
(1,583)	TOTAL	(1,672)
	Credited to services	
(12,148)	Benefits	(12,135)
(91)	HB Admin Grants	(106)
(299)	Section 106	(1,415)
(3,913)	Community Infrastructure Levy	(2,750)
(2,096)	Homelessness	(2,150)
(139)	Collection Costs	(116)
(437)	Other	(289)
(19,123)	TOTAL Credited to services	(18,961)

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

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

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

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

Note 10a. Useable Reserves other than General Fund

Capital Receipts Reserve

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

Capital Grants Unapplied Reserve

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

Note 10b. Un-useable Reserves

Capital Adjustment Reserve

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

Revaluation Reserve

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

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

Financial Instruments Adjustment Reserve

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

Deferred Capital Receipts Reserve

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

Pensions Reserve

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

Collection Fund Adjustment Reserve

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

Accumulated Absences Adjustment Reserve

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

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

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

Transfers between Reserves

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

General Fund (GF) Contribution to Capital

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

Capital Grant Receipts

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

Expenditure Grants to Third Parties

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

Profit Upon Sale of Assets

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

Depreciation

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

Impairment

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

Revaluation

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

Movements in 2023/24	Usable Capital Receipts Reserve	Usable Capital Grants	Unapplied Reserve	Un-usable Capital Adjustment Reserve	Un-usable Revaluation Reserve	Un-usable Deferred Capital Receipts -	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	0		(490)
Revaluation				(487)			(487)
TOTAL RESERVES MOVEMENT	(305)	15	(431)	(301)	45		(977)

Movements in 2024/25	Usable Capital Receipts Reserve	Usable Capital Grants Unapplied Reserve	Un-usable Capital Adjustment Reserve	Un-usable Revaluation Reserve	Un-usable Deferred Capital Receipts -	Capital Outturn for the year TOTAL
Transfers between reserves	74					74
GF Contributions to Capital			(729)			(729)
Grants Received		(1026)				(1,026)
Expenditure Grants to Third Parties						
Capital Receipts	(47)				3	(44)
Repayment of soft loans						0
Additions		(2,057)				(2,057)
Depreciation		779		112		891
Amortisation		0				0
Revaluation		(39)				(39)
Statutory Minimum Provision		(631)				(631)
Disposals		55	15			70
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE - Balance Sheet Side	27	(1026)	(2,622)	127	3	(3,492)
Revaluation				367		367
TOTAL RESERVES MOVEMENT	27	(1026)	(2,622)	494	3	(3,125)

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

	2023/24	2024/25
	£'000	£'000
(490)	Total Capital Items from previous page	(3,208)
91	Net interest on the Pension Liability	(156)
(134)	Current & Past Cost Pension Adjustment	15,863
(43)	Pensions Reserve	15,707
	(see Note 21 for detail)	
(90)	Change in Council Tax Entitlement	154
(727)	Change in Business Rates entitlement	746
433	Change in Renewable Energy NNDR	(117)
(384)	Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)	783
(79)	Other Items	12
(996)	TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION	13,295
3,019	SURPLUS/(DEFICIT) UPON PROVISION OF SERVICES	(10,337)
2,023	GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)	2,957

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

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

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

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

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

Movement of Property, Plant and Equipment 2024-25	Land & Buildings £'000	Vehicles, Plant, Furniture & Fixtures £'000	Infrastructure Assets £'000	Community Assets £'000	Right of Use Assets £'000	Total Assets £'000	Assets Held for Sale £'000
Cost or Valuation							
At 1 April 2024	35,856	6,931	720	877	862	45,246	0
Transfers							
Additions in Year	566	686			105	1,357	
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(367)					(367)	
Revaluation increases / (decreases) recognised in the CI&ES	323					323	
Accumulated Depreciation & Impairment W/O to GCA	(233)					(233)	
Disposals	(448)	(75)				(523)	0
At 31 March 2025	35,697	7,542	720	877	967	45,802	0
Accumulated Depreciation & Impairment							
At 1 April 2024	(1,708)	(3,817)	(76)	0		(5,601)	0
Depreciation Charge in year	(311)	(545)			(35)	(891)	
Depreciation restated to the Income & Expenditure Account Upon Revaluation							
Accumulated Depreciation & Impairment W/O to GCA	233					233	
Derecognition - Disposals	412	41				453	
Adjustment for disposal							
At year end	(1,374)	(4,321)	(76)	0	(35)	(6,259)	0
Balance Sheet Value at year end	34,323	3,221	644	877	932	39,998	0
Balance Sheet Value at year start	34,148	3,114	644	877	0	38,779	0

Capital Commitments

At 31 March 2025, the authority had a retention amount of £0.018 million with the Pellikaan contract on the Hive Leisure Centre to be paid in 2025/26.

Revaluations**Land and buildings**

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

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

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

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

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

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

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

Revaluation Profile 2024/25	Land and Buildings £'000	Vehicles Plant Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Right of Use Assets £'000	Total £'000
Carried at Historic Cost	0	3,221	644	877	129	4,871
Valued at Fair Value as at:						
31st March 2025	22,334			803		22,334
31st March 2024	3,870					4,673
31st March 2023	8,103					8,103
31 st March 2022	0					0
31 st March 2021	15					15

Total Cost of Valuation	34,322	3,221	644	877	932	39,998
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Note 13. Capital Enhancement and Capital Financing

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

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

	2023/24	2024/25
	£000	£000
10,088	Opening Capital Financing Requirement	10,571
	Capital Enhancement	
2,505	Property, Plant and Equipment	1,254
0	Loan to Subsidiary Company	1675
0	Loan to EC CLT	43
667	Revenue Expenditure Funded from Capital under Statute	655
	Repayable Advances	
3,171	TOTAL CAPITAL ENHANCEMENT	3,627
	Sources of Finance	
(158)	Capital receipts	(74)
(595)	Grants and other contributions	(610)
(574)	Direct Revenue Financing – Other	(1,954)
(1,000)	Repayment of loan from subsidiary company	(850)
(43)	Repayment of Loans from Individuals	0
(319)	Minimum revenue provision	(631)
(2,689)	TOTAL SOURCES OF FINANCE	(4,119)
10,571	Closing Capital Finance Requirement	10,079

Note 14. Heritage Assets

Cultural Heritage Assets

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

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

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

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

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

Note 15. Intangible Assets

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

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

Note 16. Long Term Debtors

2023/24 £'000		2024/25 £'000
5,000	Loan to Trading Companies	5,825
235	Loan to CLT	277
279	Loans to Individuals & Private Sector	344
5,513	Total	6,446

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

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

Other long term loans are not charged interest.

Note 17. Debtors

2023/24 £000		2024/25 £000
463	Council Taxpayers	629
670	Non-Domestic Rate Payers	561
1,133	Sub Total Local taxation	1,190
360	Trading Company	670
1,229	Sundry Debtors & Accruals	1,899
1,589	Sub Total Financial Instruments definition	2,569
347	Payments in Advance	376
(912)	Bad Debt Provisions	(892)
353	Local Govt.	635
220	Central Govt. – Customs & Excise	191
1,008	Central Govt. – Other	378
1,016	Sub Total	689
3,737	TOTAL	4,447

Note 18. Cash and Cash Equivalents

2023/24 £000		2024/25 £000
21,000	Money Market Funds	10,000
644	Bank Account - Operational	377
21,644	Total	10,377

Note 19. Creditors

2023/24 £000		2024/25 £000
(307)	Payroll Creditors	(315)
(1,511)	Sundry Creditors	(1,950)
(142)	Trading Company	(144)
(1,959)	Sub Total Financial Instruments	(2,409)
	Definition	
(2,431)	Local Govt. - Collection Fund Account	(694)
(2,285)	Central Govt. – Collection Fund Account	(1,611)
(1,028)	Other Local Government	(639)
(707)	Central Govt. – DWP, DCLG	(780)
(1,301)	Receipts in Advance	(1,101)
(7,752)	Sub Total	(4,825)
(9,711)	Total	(7,234)

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

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

1. Maintenance of Amenity Areas

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

2. NNDR Appeals Provision

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

Contingent Liabilities

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

Contingent Assets

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

Note 21. Pension Fund Net Long Term Liability & Reserve

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

31 March 2024		Gross Assets	31 March 2025
		£'000	£'000
52,057	Opening fair value of scheme assets balance as at 1 April		56,816
2,427	[I] Interest Expense	2,754	
(3,274)	[A] Actuarial (losses) / gains from changes in financial assumptions	(1,861)	
141	[C] Asset ceiling		
1,624	[C] Contributions by the employer	1,628	
74	[C] Contributions for unfunded (Discretionary benefits)	68	
455	[N] Contributions by employees into the scheme	463	
(2,021)	[N] Benefits paid	(2,061)	
(74)	[N] Unfunded (Discretionary benefits)	(68)	
56,675	Closing balance at 31 March		57,739
(141)	Effect of Asset Ceiling		(16,185)
(2,891)	TOTAL NET LIABILITIES / ASSETS		(5,483)

Net Movement		Net Movement
2023/24		2024/25
1,698	General Fund Charge - Employer Contributions	1,696
(134)	[C] Other items to net cost of services	15,863
91	[I] Interest cost minus return on plan assets to financing income & expenditure	(156)
1,655	Charge to Surplus/(Deficit) upon Provision of Services	17,403
(4,913)	[A] Actuarial Gains/Losses to other income & expenditure	(7,124)
(3,258)	Charge to Comprehensive Income &Expenditure Account for the Year	10,279
(1,698)	Less General Fund Charge - Employer Contributions	(1,696)
(4,956)	TOTAL MOVEMENT IN PENSION RESERVE	8,583

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

Note 22. Defined Benefit Pension Scheme

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments and this needs to be disclosed at the time that employees earn their future entitlement.

Employees of East Cambridgeshire District Council may participate in the Cambridgeshire Pension Fund, part of the Local Government Pension Scheme (LGPS). The fund is administered as a defined benefit final salary scheme by Cambridgeshire County Council in accordance with LGPS Regulations 1997, as amended.

Valuation of Pension Fund

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

In 2023/24 the Council paid an employer's contribution of £1.62 million representing 25% of employees' pensionable pay (2023/24 £1.62 million @ 25%) into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service. Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Our actuary has allowed for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum for post-April service.

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

Transactions Relating to Post-Employment Benefits

The Council charges the cost of retirement benefits to the cost of services when they are earned by employees as distinct from when the benefits are eventually paid as pensions. However, the charge the Council is required to make to the General Fund is based

on the cash payable in the year. The difference between the two different methods is charged to the Pension Reserve.

Assets and Liabilities in relation to Post-employment Benefits

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

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liabilities of £5.483 million have an impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

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

Virgin Media vs NTL Pension Trustees II Limited ruling

No additional allowance has been made within the accounting balance sheet for this June 2023 legal judgement.

- The ruling only applies to the above-named private sector pension scheme,
- The legal judgement was subject to appeal (however the Court of Appeal dismissed in July 2024 and the original ruling stands),
- It is unknown whether Section 37 certificates exist for prior LGPS scheme amendments,
- It is unknown whether there would be any potential remedy required to public service schemes (including the LGPS)
- It is unknown what the impact of any potential remedy would be
- DWP are being asked by pension bodies to look at pragmatic solutions where schemes are unable to evidence historic section 37 confirmation (eg introduce legislation that would allow retrospective section 37 certificates to be produced now to validate historic changes).

Basis for estimating Liabilities and Assets

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

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

Local Government Pension Scheme Assets Comprised:

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

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

Sensitivity analysis:

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

Further information

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

Note 23. Financial Instruments

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

	Current	
	2023/24	2024/25
	£'000	£'000
Measured at Amortised Cost		
Investments and Cash & Cash Equivalents		
Investments in subsidiaries		
Short term Investments	10,000	22,101
Money Market Funds	21,000	10,000
Cash & Cash Equivalents	644	377
Total Investments and Cash & Cash Equivalents	31,644	32,478
Debtors	1,589	2,569
Loans & Investments	0	0
TOTAL FINANCIAL ASSETS	33,233	35,047
Long Term		
Loans & Investments	5,513	6,446
Borrowings	0	0
TOTAL BORROWINGS	0	0
Measured at Amortised Cost		
Creditors		
Financial Liabilities at amortised cost	(1,959)	(2,409)
TOTAL CREDITORS	(1,959)	(2,409)
TOTAL FINANCIAL LIABILITIES	(1,959)	(2,409)

Fair value of assets and liabilities carried at amortised cost.

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

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

- There were no long or short term borrowings at the yearend so no estimated rates were needed.

- No early repayment or impairment is recognised.
- Where an instrument will mature in the next twelve months the carrying amount is assumed to approximate to fair value.
- The fair value of debtors is taken to be the invoiced or billed amount.
- No changes in the classification of financial instruments were required as part of the implementation of IFRS 9.

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

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

Credit risk

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

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

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

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

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

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

Liquidity risk

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

Market risk – Interest Rate Risk

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

Price risk

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

Foreign Exchange Risk

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

IFRS 9 Disclosure

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

Note 24. Trading Operations

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

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

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

Note 25. Members' Allowances

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

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

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

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

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

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

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

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

Key – 2023/24

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

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

Key – 2024/25

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

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

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

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

Note 27. External Audit Related Costs

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

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

Note 28. Related Parties

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

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

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

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

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

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

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

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

Entities Controlled or Significantly Influenced by the Authority

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

East Cambridgeshire Trading Company Ltd

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

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

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

Payments from ECTC to ECDC £1,396K,
Payments from ECDC to ECTC £1,443K

East Cambs Street Scene Ltd

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

Payments from ECSS to ECDC £2,007K
Payments from ECDC to ECSS £6,381K

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

Anglia Revenue Partnership

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

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

Note 29. Leases – Right of Use Assets

Council as Lessee

Finance Leases

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

2023/24		2024/25
£000		£000
365	Public Conveniences, Car Park, Open Space	360

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

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

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

Operating Leases

The Authority has no material operating leases as lessee.

Council as Lessor**Finance leases**

The Council has no finance leases as lessor.

Operating Leases

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

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

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

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

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

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

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

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

Note 30. Interest received

The Council benefited from improved interest rates on its treasury investments

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

Note 31. Accounting Policies

Accounting Policies in respect of Concepts and Principles

General Principles

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

The underlying concepts of the accounts include the:

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

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

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

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

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

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

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

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

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

Exceptional Items

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

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

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

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

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

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

Reserves

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

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

Value Added Tax

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

Events after the Balance Sheet Date

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

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

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

Accounting Policies in respect of Non-Current Assets

Property, Plant and Equipment (IAS 16)

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

Components

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

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

Impairment

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

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

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by allocating the value of the asset over its useful 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

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

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

reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

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

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

The Council as Lessor

Finance Leases

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

Operating Leases.

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

Current Value Measurement (IFRS 13)

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

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

Accounting Policies in respect of Employee Benefits

Benefits payable during employment.

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

Termination Benefits

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

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

Post-Employment Benefits (Pensions)

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

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

Discretionary Benefits

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

Accounting Policies in respect of Financial Instruments

Financial Instruments

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

Financial Assets

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

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

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

- **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument, are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principle receivable. The Interest credited to the Comprehensive Income and Expenditure Statement for the loans is the amount receivable for the year in the loan agreement. Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investments income and expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Liabilities

- Financial liabilities are initially measured at fair value and are subsequently carried at their amortised cost.

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

the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Provisions and Contingent Liabilities

Provisions

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

Contingent Liabilities

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

Note 32. Going Concern

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

In conducting its assessment that this basis is appropriate, in relation to the going concern period up to 31st March 2027, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

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

Date	General Fund	Earmarked reserves
31 st March 2025	£1,385	£18,674

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

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

The current forecast (including the 2024/25 underspend) is that after allocations from the Surplus Savings Reserve in 2025/26 there will still be over £6.497 million in this reserve as at the 31st March 2026. It is therefore strongly believed that any pressures will be able to be absorbed within this balance, if required, up until this time.

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

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

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

Jude Antony
Director, Finance
East Cambridgeshire District Council

Collection Fund

2023/24			2024/25		
Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000	Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000
Income					
(23,494)	(69,881)	(69,881)	Council Tax Payers	(75,156)	(75,156)
(2,621)	(2,621)	(2,621)	Business Rate Payers	(26,183)	(26,183)
			Transitional relief	(783)	(783)
(26,115)	(69,881)	(95,996)	Total Income	(26,966)	(75,156)
					(102,122)
Expenditure					
Rепay Previous Years Surplus / Deficit					
(172)	0	(172)	Central Government	1,119	0
			East Cambridgeshire District		1,119
(137)	37	(100)	Council	959	154
(31)	235	204	Cambridgeshire County	216	1004
0	41	41	Cambridgeshire Police	0	177
(3)	12	9	Cambridgeshire Fire	24	52
			Cambridge & Peterborough		76
0	0	0	Combined Authority		8
(343)	325	(18)		2,398	1,395
					3,793
Precepts and Demands					
11,373		11,373	Central Government	12,077	12,077
9,186	7,544	16,730	East Cambridgeshire District	9,750	7,958
2,067	49,318	51,385	Cambridgeshire County	2,194	53,409
	8,711	8,711	Cambridgeshire Police		9,413
229	2,555	2,784	Cambridgeshire Fire	244	2,712
			Cambridge & Peterborough		2,956
			Combined Authority		1,187
22,855	68,512	91,367		24,265	74,679
					98,944
Charges to Collection Fund					
0	(385)	(385)	Less Write off of Uncollectable		
			Amounts	(282)	(142)
			Less Increase/(Decrease) in Bad		(424)
158	584	742	Debt Provision	122	623
			Less Increase/(Decrease) in		745
40	40	40	Provision for Appeals	403	403
99	99	99	Less Costs of Collection	101	101
1,008		1,008	Renewable Energy Retentions	1,227	1,227
480	480	480	Enterprise Zone Retentions	597	597
(1,785)	199	(1,984)		2,168	481
24,297	69,036	93,333	Total Expenditure	28,831	76,555
					105,386
(Increase) / Decrease in Collection Fund Balance					
(1,818)	(845)	(2,663)		1,865	1,399
					3,264
(1,059)	(967)	2,024	Fund Balance - (Surplus) / Deficit at 1 April	(2,877)	(1,812)
					(4,689)
(2,877)	(1,812)	(4,689)	Fund Balance - (Surplus) / Deficit at 31 March	(1,012)	(413)
					(1,425)

Notes to the Collection Fund

1. Purpose of Fund

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

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

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

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

2. Council Tax

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

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

Council Tax charge per band D property for 2024/25 £2,246.91

3. Non Domestic Rates (NNDR)

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

4. Non Domestic Rates Appeals

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

5. Collection Fund Balance Sheet

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

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

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

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

7. Collection Fund Adjustment Reserve

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

2023/24 £'000	Collection Fund Adjustment Account	2024/25 £'000
(965)	Opening Balance	(1,349)
(384)	Movement in Year	783
(1,349)	Closing Balance	(566)
	Movement	Closing Balance
(198)	Council Tax	(154) (44)
(1,151)	Non Domestic Rates - Core	746 (405)
0	Non Domestic Rates - Renewable Energy	(117) (117)
		(566)

GROUP Comprehensive Income & Expenditure Account

2023/24			2024/25		
GROSS EXPENDITURE	GROSS INCOME	NET EXPENDITURE	GROSS EXPENDITURE	GROSS INCOME	NET EXPENDITURE
£'000	£'000	£'000	£'000	£'000	£'000
26,019	(18,922)	7,097	Finance & Assets	40,592	(20,165)
13,443	(8,294)	5,149	Operational Services	13,653	(7,351)
39,462	(27,216)	12,246	Cost of Services	54,245	(27,516)
3,295	(4)	3,291	Other Operating Costs	3,974	(7)
173	(1,850)	(1,677)	Financing & Investment Items	(287)	(2,060)
0	(15,963)	(15,963)	Taxation & Grant Income		(17,337)
42,930	(45,032)	(2,103)	Net Surplus/Deficit on provision of services	57,932	(46,919)
0	(5,400)	(5,400)	Other comprehensive income & expenditure	0	(6,757)
42,930	(50,432)	(7,503)	TOTAL	57,932	(53,676)
					4,256

GROUP Movement in Reserves Statement

Opening Balance Group	2023/24			2024/25		
	Adjust between Account basis and fund basis	Other Income & Expenditure	Closing Balance	Adjust between Account basis and fund basis	Other Income & Expenditure	Closing Balance
£'000	£'000	£'000	£'000	£'000	£'000	£'000
25,886	(996)	2,380	27,270	General Fund	12,960	(11,242)
1,481	305	0	1,786	Capital Receipts Reserve	(27)	0
404	(15)	0	389	Capital Grants Unapplied	1026	0
27,771	(706)	3,019	29,445	Total Useable	13,958	(11,242)
20,080	431	0	20,511	Capital Adjustments Account	2,907	0
12,977	(186)	487	13,278	Revaluation Reserve	(360)	(134)
(1,047)	460	4,914	4,327	Other Unusable	(16,505)	6990
32,287	706	5,124	38,116	Total Unusable	13,958	7,274
60,058	0	7,503	67,561	TOTAL	0	(4,252)
						63,197

Group Balance Sheet

31 Mar 24		31 Mar 25
	£'000	£'000
38,890	Property, Plant and Equipment	40,080
105	Heritage Assets	105
513	Long Term Debtors	621
2,891	Net Pension Asset	0
42,396	TOTAL LONG TERM ASSETS	40,806
10,000	Investments (Short Term)	22,101
4,871	Short Term Debtors	3,544
3,379	Inventories	3,383
	Trade & other receivables	1,183
22,403	Cash and Cash Equivalents	11,923
40,653	TOTAL CURRENT ASSETS	42,134
(10,429)	Short Term Creditors & Receipts in Advance	(8,100)
(1,194)	Provisions	(1,227)
(149)	Borrowings	
(11,772)	TOTAL CURRENT LIABILITIES	(9,327)
(3,716)	Capital Grants Received in Advance	(4,724)
0	Net Pensions Liability	(5,692)
(3,716)	LONG TERM LIABILITIES	(10,416)
67,561	NET ASSETS	63,196
FINANCED BY:		
29,445	USABLE RESERVES	32,049
38,116	UNUSABLE RESERVES	31,147
67,561	TOTAL RESERVES	63,196

Jude Antony - FCCA
 Director, Finance
 East Cambridgeshire District Council

Group Cash Flow Statement

Group		Group
31 March 2024	£'000	31 March 2025
4,294	Net Surplus / (Deficit) on the Provision of Services – (i)	(11,113)
(1,878)	Interest receivable	(1,944)
	Adjustments for Non-cash Items:	
589	Depreciation & Amortisation	(28)
	Impairment	
(43)	Pension Liability	15,707
1,500	Change in Inventories	(77)
(1,721)	Change in Debtors & Creditors	496
1,184	Total Adjustments (ii)	14,153
2,740	A - Net Cash Flows from Operating Activities (i)+(ii)	3,040
(2,390)	Purchase of Property, Plant & Equipment	(1,528)
(1,044)	Change in Long Term Debtors	(932)
(7,000)	Change in Short term Investments	(12,101)
14	Interest Received	12
(5,668)	B - Investing Activities	(12,358)
249	Net receipt / (application) of Capital Grants	1,009
	Change in Collection Fund agencies	
124	Debtors & Creditors	(2,648)
0	Loans Advanced	676
(1,255)	Loans Repaid	(265)
(55)	Leasing Liabilities Repayment	(48)
(192)	C - Financing Activities	(1,277)
8,600	Net (decrease) in cash and cash equivalents (A+B+C)	(10,595)
13,804	Cash and cash equivalents at the beginning of the reporting period	22,404
22,404	Cash and cash equivalents at the end of the reporting period	11,809

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.

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

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

	Trading Company	Street Scene	Inter Company	Total Change upon Council
Property Plant & Equipment	55	31		86
Long Term Debtor/Loan	(5,825)	0	5,825	0
Debtors & Cash	1,735	994	(144)	2,585
Inventories	3,413	13	(57)	3,369
Borrowings	0			0
Creditors	(752)	(1,017)	670	(1,099)
TOTAL ASSETS NET OF COUNCIL SHARE	(1,374)	21	6,294	4,952

The Group Balance Sheet has moved from a position at 31st March 2024 of £67.561 million to £63.196 million at 31 March 2025.

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

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

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

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

G3. Group Audit Fees

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

Glossary of Terms and Abbreviations

Glossary of terms

Accrual

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

Actuarial Assumptions

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

Amortisation

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

Asset

An item having value to the Council in monetary terms.

Capital Enhancement

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

Capital Receipts

Income received from selling non-current assets.

Carrying amount

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

CIPFA

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

Collection Fund

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

Community Infrastructure Levy (CIL)

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

Contingent Liabilities

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

Council Tax

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

Creditors

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

Current Assets

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

Debtors

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

Earmarked Reserves

Money set aside for a specific purpose.

Exceptional Item

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

Fair value

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

Finance Lease

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

Impairment of debts

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

Intangible Assets

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

Liabilities

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

Liquid Resources

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

Minimum Revenue Provision (MRP)

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

Non Domestic Rates

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

Operating Leases

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

Precept

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

Prior Year Adjustments

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

Property, Plant and Equipment

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

Provisions

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

Reclassification

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

Responsible Financial Officer

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

Restated

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

Revenue Expenditure Funded from Capital under Statute

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

Revenue Support Grant

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

Safety Net

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

Section 106

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

Tariff

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

True and Fair View Override

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

ABBREVIATIONS

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

East Cambridgeshire District Council

Audit results report

Year ended 31 March 2025

5 January 2026



The better the question. The better the answer. The better the world works.



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

5 January 2026

Dear Audit Committee Members

2024/25 Audit results report

We attach our audit results report, summarising the status of our audit for the forthcoming meeting of the Audit Committee. We will update the Audit Committee at its meeting scheduled for 20 January 2026 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2024/25 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 accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

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 consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the audit committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements; and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so. We draw Audit Committee members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly sets out what is expected of audited bodies in preparing their 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.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 20 January 2026.

The [EY UK 2025 Transparency Report | EY - UK](#) for EY UK provides details regarding the firm's system of quality management, including EY UK's system of quality management annual evaluation conclusion as of 30 June 2025.

Yours faithfully

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

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- 02** Areas of Audit Focus
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- 05** Audit Differences
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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.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA 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.



01

Executive Summary

Executive Summary - Context for the audit

Context for the audit - 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; and
- increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG has worked collaboratively with the FRC and other system partners, to develop and implement measures to clear the backlog. 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 2024/25 financial statements is 27 February 2026.
- Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 14/02/2025 Audit Results Report we issued a disclaimer of opinion on the Council's 2023/24, and 2022/23 financial statements under the arrangements to reset and recover local government audit.

We concluded that the Council have not provided a materially accurate set of draft financial statements, supported by good quality working papers sufficient and appropriate to support the financial transactions and our audit in a timely manner. We therefore did not undertake all of our planned procedures on the 2023/24 financial statements and have not been able to start rebuilding assurance ahead of the planned backstop date of 27 February 2026.

EY's Head of UK Government and Public Sector Audit wrote to the Section 151 officer at the Council on 3 June 2025 to set out our current approach to Phase 2. In line with the Government's requirement to deliver audits to an earlier timetable in future years, and considering our available resource, we phased a large proportion of our audits to be finalised prior to 31 December 2025, with a smaller proportion extending through to February 2026. At the same time, we needed to remain mindful of the expectations on us to safeguard the timeliness of the audits in other priority sectors where we audit public funds - central government, the NHS and higher education. In respect of the delivery of 2024/25 audits, as in 2023/24, we therefore prioritised those audits that we considered to meet the following criteria:

- high-quality draft unaudited financial statements published by 1 July 2025;
- evidence that the relevant finance teams can effectively and efficiently support the audit process; and
- high-quality audit evidence and supporting information that is delivered in accordance with our agreed timetable and in advance of the commencement of the audit.

Appendix A sets out the current position of East Cambridgeshire District Council in rebuilding to return to a position of full assurance on its financial statements. This is informed by the summary of the assurances we have gained from our 2023/24 and 2024/25 audit procedures, set out at Appendix B.

Executive Summary - Context for the audit

Scope update

In our Audit Planning Report presented at the 15 July 2025 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:

- New Risk identified - Other area of audit focus - Valuation for Work in progress for the East Cambs Trading Company Group Component. The change was driven by the recent changes to the International Standard on Auditing (ISA) 600 which requires a risk-based approach to group audits, focusing on account-level risks rather than component size or significance. The component includes an account that does not appear in the parent's single-entity financial statements and is presented as a new line item in the consolidated group accounts. We have added this inherent risk as it was also identified by the component auditors. The Primary Team is responsible for identifying and assessing risks of material misstatement (RoMMS) at the group financial statement level, including significant accounts and disclosures.
- 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 £0.871 million (Audit Planning Report – £0.8 million). This results in updated performance materiality, at 50% of overall materiality, of £0.435 million, and an updated threshold for reporting misstatements of £0.044 million.

Value for Money

In our Audit Planning Report dated 28 April 2025, we reported that we had not completed our value for money (VFM) risk assessment and we had identified no risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did identify one significant weakness.

We have completed our detailed VFM work and identified one significant weakness concerning the Council's financial reporting arrangements. We conclude that this risk represents a significant weaknesses in the Council's underlying arrangements. We therefore anticipate that we will have 'Other matters' to report by exception within our Audit Report.

See Section 03 of the report for further details.

Status of the audit

We are currently concluding our audit work in respect of the Council's financial statements audit. The audit commenced on the 26 August 2025 following the Council's request to delay the start of the audit by four weeks so that working papers could be finalised.

There were areas of the audit that we were unable to conclude because the working papers and requested evidence were not provided in line with the agreed revised timetable and were generally not to the expected standard.

Executive Summary (cont'd)

Status of the audit (cont'd)

We have communicated these areas throughout the report, in our summary of assurances Appendix B, and list below the areas of the audit that we were unable to conclude:

- Balance Sheet - Grants Received in Advance;
- Balance Sheet - Short Term Debtors;
- Balance Sheet - Short Term Creditors;
- Balance Sheet - Reserves;
- Comprehensive Income & Expenditure Statement - Finance & Assets;
- Comprehensive Income & Expenditure Statement - Operational Services;
- Collection Fund;
- Cash Flow Statement;
- Other disclosures not separately identified;
- Leases (IFRS 16)

Details of each outstanding item including the actions required to resolve them is summarised below:

- Comprehensive Income & Expenditure Statement - Staff Costs subject to reconciliation of FTE to SOA and testing of starters and leavers during 2024/25;
- Comprehensive Income & Expenditure Statement - Taxation and Non Specific Grant Income - we are awaiting the evidence from the Council;

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.

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

Executive Summary (cont'd)

Audit differences

Unadjusted Audit Differences

At the date of this report, we have not identified any unadjusted audit differences which require reporting to the Audit Committee.

Adjusted Audit Differences

We highlight the following misstatements greater than £0.044 million which have been corrected by Management that were identified during our audit:

Factual Misstatement:

Balance Sheet - Pension Asset/Liability: Audit difference of £16.185 million in relation to an increase in the valuation of Pension Liability. The misstatement was due to the impact of the asset ceiling on the valuation of the Pension Liability. The adjustment was made due to updated information being provided by the Actuary, as part of the audit, after the draft Statement of Accounts had been prepared.

Comprehensive Income and Expenditure Statement - (Surplus) or deficit in the revaluation of non-current assets: Audit difference of £0.284 million in relation to the revaluation uplift historically incorrectly recorded in Revaluation Reserve instead of CIES.

Balance Sheet - Cash and Cash Equivalents and Debtors: The year-end cash reconciliation exercise correctly identified £0.361 million which has been received in the cash book but not recorded in the General Ledger at 31 March 2025. However, the required journal entries to correct this were not posted. This has the overall impact of increasing Cash and reducing Receivables by £0.361 million.

Comprehensive Income and Expenditure Statement - Operational Services (Gross Expenditure) and Operational Services (Gross Income): £0.123 million of Contribution Income for Home Improvements was incorrectly Recorded in REFCUS.

Reclassification Misstatement:

Balance Sheet - Cash and Cash Equivalents and Investments: The Council incorrectly classified £17 million Investments as cash equivalents.

Balance Sheet - Cash and Cash Equivalents and Creditors: Creditors control account shared with the Bank Control account not split out on the account mapper leading to £0.501 million overstatement in creditors and understatement in Cash and Cash Equivalents.

Balance Sheet - Debtors and Creditors: £0.273 million understatement of Creditors incorrectly recorded in Debtors for DWP - Housing Benefits.

Balance Sheet - Capital Grants Received in Advance - PPE - Net Pension Assets: We identified that Balance Sheet amounts do not agree to the General Ledger leading to the understatement of Net Pension Asset for £0.068 million, PPE £0.004 million and overstatement of Capital Grants Received in Advance for £0.072 million.

Disclosure Differences

We have identified several disclosure differences which Management are planning to correct in the revised financial statements for authorisation. Please see section 05 for further details.

Executive Summary (cont'd)

Areas of audit focus

In our Audit Planning Report we identified a number of key areas of focus for our audit of the financial report of the 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.

Where applicable we have identified those matters that we consider to be key audit matters. Key audit matters are selected from the matters we communicate to you that in our opinion are of most significance to the current period audit and required significant attention in performing the audit. In accordance with ISA (UK) 701 key audit matters are included in our auditor's report.

Risk	Status of our work
Misstatements due to fraud or error	<p>Our work on the testing of journal entries is complete, and we have no matters to bring to the attention of the Audit Committee.</p> <p>During our work performed to date, we have not identified any significant unusual transactions or evidence of management bias in estimates.</p>
Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)*	<p>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.</p> <p>Our sample testing identified that £0.123 million of Contribution Income for Home Improvements was incorrectly recorded in REFCUS which has been amended by the Council.</p> <p>Our data analytics procedures did not identify any movements from expenditure to capital outside of the normal course of business.</p>
Accounting for Pension Assets/Liabilities	<p>We have completed our work in this area and have one error to report:</p> <p>Audit difference of £16.185 million in relation to an increase in the valuation of Pension Liability. The misstatement was due to the impact of the asset ceiling on the valuation of the Pension Liability. The adjustment was made due to updated information being provided by the Actuary, as part of the audit, after the draft Statement of Accounts had been prepared.</p>
Valuation of Property, Plant & Equipment	<p>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.</p> <p>Our sample testing of key assumptions and methodologies did not identify any material issues concerning the reasonableness of the estimation techniques employed.</p> <p>We did not identify any specific changes to assets that had occurred that required communication to the valuer.</p> <p>We did not identify any issues in relation to the useful economic lives as a result of the most recent valuation.</p> <p>All assets had been appropriately revalued within the Council's 5 year rolling programme. However, we noted that the disclosure note was incorrectly presented ROU assets as valued at historic cost instead of Fair Value. Amendment have been accepted by Management.</p>

Executive Summary (cont'd)

Areas of audit focus

Risk	Status of our work
Group Accounting	<p>We have completed our work in this area and have number of differences to report.</p> <p>We have noted several errors over our reporting threshold. The main issues are:</p> <ul style="list-style-type: none">▪ Balance Sheet - Capital Grants Received in Advance - PPE - Net Pension Assets: We identified that Balance Sheet amounts do not agree to the General Ledger leading to the understatement of Net Pension Asset for £0.068 million, PPE £0.004 million and overstatement of Capital Grants Received in Advance for £0.072 million.▪ Balance Sheet - Inventory and Retained losses: Incorrect elimination of Capitalised interest on inventory resulted in Inventory overstatement and understatement of Reserves for £0.115 million.▪ Balance Sheet -Debtors and Creditors: Intercompany balances between components (ECTC and ECSS) were not eliminated resulted in overstatement of Debtors and understatement of Creditors for £0.09 million.▪ Comprehensive Income and Expenditure Statement - Finance & Assets and Reserves: IFRS 16 Leases implementation impact overstated the CIES Finance & Assets for £0.054 million and understated Reserves due to the incorrect calculation.▪ Comprehensive Income and Expenditure Statement - Finance & Assets (Gross Income) - Finance & Assets (Fross Expenditure): Intercompany sales and purchases between components (ECTC and ECSS) were not eliminated that resulted in overstatement of Income and understatement of Expenditure for £0.132 million.▪ Balance Sheet - Reserves: The Council has initially classified retained losses in unusable reserve overstating it for £1.412 million, however, it should be presented in usable reserve. £1.294 million reclassification was required for the Group Statements in addition to the Inventory adjustment mentioned above £0.114 million. <p>Council has accepted the adjustments listed above.</p>
IFRS 16 Implementation	<p>We have been unable to conclude our planned procedures in relation to IFRS 16 implementation as the Council has not provided the expected quality of working papers in our allocated audit window.</p> <p>We are therefore unable to gain assurance over the valuation of the leases, and this limitation has contributed to our consideration that will lead to a disclaimer of the 2024/25 financial statements.</p>
Valuation of WIP (Group Component - ECTC)	We have completed our work in this area and have no matters to report.

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)

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.

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

The Council falls below the £2 billion threshold for audit procedures within the NAO group instructions. We will confirm this position within the Assurance Statement to the NAO at the point of issuing our Audit Report. However, we cannot issue our Audit Certificate until the NAO has confirmed no further procedure are required.

Control observations

We have adopted a fully substantive audit approach, so have not tested the operation of controls at the Council.

However, we have identified control findings which we would like to bring to your attention, please see Section 06 of this report for further information.

Independence

Please refer to Section 08 for our update on Independence.

Executive Summary (cont'd)

Factors impacting the execution of the audit

Management, and the Audit Committee, as the Council's body charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. We do however recognise there has been significant change in the finance function at the Council and the consequential loss of corporate knowledge and experience in the financial closedown process.

The table over-page sets out our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures. Where we have been unable to undertake all planned procedures, this is likely to extend the timetable to recover assurance on the Council's financial statements. See Appendices A and B for further details.

Area	Status			Explanation	Further detail
	R	A	G		
Timeliness of the draft financial statements	Effective			The financial statements were published by the 30 th June 2025 deadline set out in the Accounts and Audit Regulations.	N/A
Quality and completeness of the draft financial statements	Ineffective			The first version of the draft financial statements published by the Council had significant internal inconsistencies, typographical and arithmetic errors, that should have been identified through internal quality review prior to publication.	N/A
Delivery of working papers in accordance with agreed client assistance schedule	Ineffective			Working papers and requested evidence were not provided in line with the agreed timetable.	Regular discussions were held with the finance team to agree the additional supporting information required. This led to additional delays to the audit progress whilst the finance team prepared the working papers. We were unable to complete all planned procedures.
Quality of working papers and supporting evidence	Ineffective			Working papers and supporting evidence were generally not to the expected standard.	We will work with the finance team to help improve the quality of working papers and supporting evidence for the 2025/26 audit.
Timeliness and quality of evidence supporting key accounting estimates	Effective			Working papers and supporting evidence for the key accounting estimates generally met the expected standard and were provided within the agreed timeline.	N/A

Executive Summary (cont'd)

Factors impacting the execution of the audit (cont'd)

Area	Status			Explanation	Further detail
	R	A	G		
Access to finance team and personnel to support the audit in accordance with agreed project plan	Requires improvement			<p>The main audit contact responsible for Statements of Accounts preparation left the Council. The Council appointed a new Principal Accountant for the 2024/25 audit.</p> <p>The Council's section 151 Officer retired just before the year-end audit was due to start. The Council went through the recruitment process and appointed the Principal Accountant mentioned above to Section 151 Officer role during the audit.</p> <p>Although the Council engaged temporary resources to meet the audit requirements, the loss of knowledge and finance team capacity contributed to delays during the audit.</p>	<p>We expect to raise a scale fee variation in respect of this.</p>
Volume and value of identified misstatements and disclosure amendments	Ineffective			<p>As of the date of this report, a large number of material misstatements and disclosure amendments were detected as a result of our work which will be corrected by management.</p>	<p>See Section 05 for details of corrected misstatements and disclosure misstatements.</p> <p>We expect to raise a Scale Fee variation in respect of the additional work required.</p>



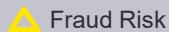
02

Areas of Audit Focus

Areas of Audit Focus

Significant risk

Presumptive risk of management override of controls



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) 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.

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following 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.
- ▶ Gained an understanding 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 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.
- ▶ Assessed 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 testing of journal entries and other adjustments in the preparation of the financial statements.
- ▶ Undertook procedures to identify significant unusual transactions.
- ▶ Considered whether management bias was present in the key accounting estimates and judgments in the financial statements.

What else did we do?

Evaluated whether additional audit procedures were necessary beyond those listed above and concluded that procedures under 'Inappropriate capitalisation of revenue expenditure' were required (see following page).

What are our conclusions?

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

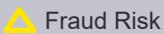
We did not identify any transactions during our audit which appeared unusual or outside the Council's normal course of business.

Our journal entry testing has not identified any instances of inappropriate posting of journals. We have no matters to bring to your attention.

Areas of Audit Focus (continued)

Significant Risk

Misstatements due to fraud or error - Inappropriate capitalisation of revenue expenditure and revenue expenditure funded from capital under statute (REFCUS)



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:

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

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

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- Tested Property, Plant and Equipment (PPE) additions to ensure that the expenditure incurred and capitalised was clearly capital in nature.
- Assessed whether the capitalised spend clearly enhanced or extended the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- Considered whether any development or other related costs that have been capitalised were reasonable to capitalise, i.e., the costs incurred were directly attributable to bringing the asset into operational use.
- Tested REFCUS expenditure to ensure that it was appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources.
- Identified and understood the basis for significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

What are our conclusions?

In 2024/25 the Council recorded £1.357 million of capital additions across PPE. There was an additional £0.655 million of REFCUS expenditure.

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 identified that £0.123 million of Contribution Income for Home Improvements was incorrectly Recorded in REFCUS which has been amended by the Council.

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

Areas of Audit Focus (continued)

Significant Risk

Group Accounting

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

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

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

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- Reviewed the Council's Group accounting workings;
- Considered the need to liaise with the component auditors to understand any risks that they are recognising and issue Group Instructions as necessary;
- Evaluated any risks at component level on the Group accounts;
- Issued instructions to the component auditors we intend to place reliance on; and
- Audited the consolidation process and Group accounts.

What are our conclusions?

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

We have noted several errors over our reporting threshold. The main issues are:

- Balance Sheet - Capital Grants Received in Advance - PPE - Net Pension Assets: We identified that Balance Sheet amounts do not agree to the General Ledger leading to the understatement of Net Pension Asset for £0.068 million, PPE £0.004 million and overstatement of Capital Grants Received in Advance for £0.072 million.
- Balance Sheet - Inventory and Retained losses: Incorrect elimination of Capitalised interest on inventory resulted in Inventory overstatement and understatement of Reserves for £0.115 million.
- Balance Sheet -Debtors and Creditors: Intercompany balances between components (ECTC and ECSS) were not eliminated resulted in overstatement of Debtors and understatement of Creditors for £0.09 million.
- Comprehensive Income and Expenditure Statement - Finance & Assets and Reserves: IFRS 16 Leases implementation impact overstated the CIES Finance & Assets for £0.054 million and understated Reserves due to the incorrect calculation.
- Comprehensive Income and Expenditure Statement - Finance & Assets (Gross Income) - Finance & Assets (Fross Expenditure): Intercompany sales and purchases between components (ECTC and ECSS) were not eliminated that resulted in overstatement of Income and understatement of Expenditure for £0.132 million.
- Balance Sheet - Reserves: The Council has initially classified retained losses in unusable reserve overstating it for £1.412 million, however, it should be presented in usable reserve. £1.294 million reclassification was required for the Group Statements in addition to the Inventory adjustment mentioned above £0.114 million.

Council has accepted the adjustments listed above.

Areas of Audit Focus (continued)

Significant Risk

Valuation of WIP (ECTC component)

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

The fair value of the work-in-progress represents a significant balance in ECTC'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.

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- ▶ Considered the need to liaise with the component auditors to understand the risk that they are recognising and issue Group Instructions as necessary;
- ▶ Evaluated the risk at component level on the Group accounts;
- ▶ Issued instructions to the component auditors we intend to place reliance on; and
- ▶ Reviewed the work performed by the component auditor to address the risk.

What are our conclusions?

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

Areas of Audit Focus (continued)

Risk of Material Misstatement (Inherent Risk)

Valuation of Property, Plant and Equipment (PPE)

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.

At 31 March 2025, the net book value of PPE is £39.998 million. We note that within PPE, our focus is on Land and Buildings.

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

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 incorrectly presented ROU assets as valued at historic cost instead of Fair Value. Amendment have been accepted by Management.

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following 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.
- ▶ Sample tested key asset information used by the valuers in performing their valuations (e.g., floor plans to support valuations based on price per square metre).
- ▶ 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. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer.
- ▶ Reviewed assets not subject to valuation in 2024/25 to confirm that the remaining assets base is not materially misstated.
- ▶ Considered changes to useful economic lives as a result of the most recent valuation.
- ▶ Tested accounting entries were correctly processed in the fixed asset register and financial statements.

Areas of Audit Focus (continued)

Risk of Material Misstatement (Inherent Risk)

Accounting for Pension Assets/Liabilities

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 fund balance is a material estimated balance, and the Code requires that this balance be disclosed on the Council's balance sheet. As of 31 March 2025, this totalled a net asset of £10.561 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary.

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

What are our conclusions?

We have completed our work in this area and have one error to report:

Audit difference of £16.185 million in relation to an increase in the valuation of Pension Liability. The misstatement was due to the impact of the asset ceiling on the valuation of the Pension Liability. The adjustment was made due to updated information being provided by the Actuary, as part of the audit, after the draft Statement of Accounts had been prepared.

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

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

Areas of Audit Focus (continued)

Risk of Material Misstatement (Inherent Risk)

IFRS 16 Implementation

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

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

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

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

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

Our response to the key areas of challenge and professional judgement

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

What are our conclusions?

We have been unable to conclude our planned procedures in relation to IFRS 16 implementation as Council has not provided the expected quality working papers in our allocated audit window.

We are therefore unable to gain assurance over the valuation of the leases, and this limitation has contributed to our consideration that will lead to a disclaimer of the 2024/25 financial statements.



03

Value for Money

Value for Money

The Authority's responsibility 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

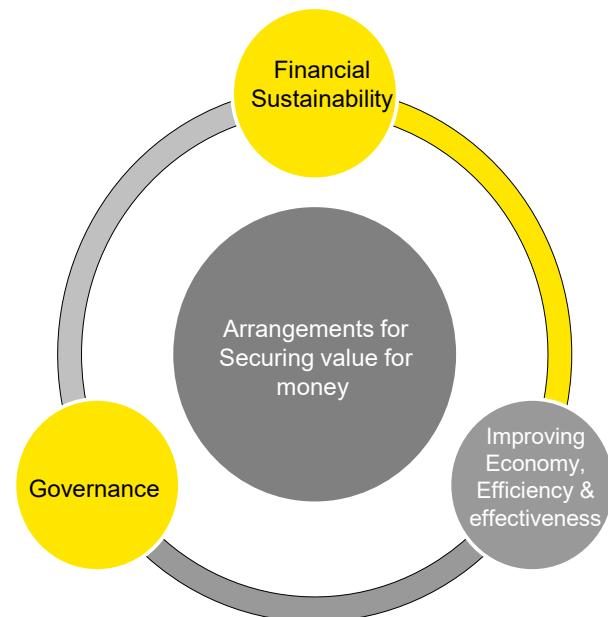
We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

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's 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 identified one significant weakness, as documented on the next page.



Corporate Governance (cont'd)

Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?

We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements.

What arrangements did this impact?

Governance: How the Council ensures that it makes informed decisions and properly manages its risks
How the body support its statutory financial reporting requirements

What did we do?

Our approach focused on assessment of:

- timeliness of the draft financial statements
- quality and completeness of the draft financial statements
- delivery of working papers in accordance with agreed client assistance schedule
- the quality of working papers and supporting evidence
- timeliness and quality of evidence supporting key accounting estimates
- availability of finance team and personnel to support the audit in accordance with agreed project plan
- volume and value of identified misstatements and disclosure amendments

Findings

The financial statements were published on time, meeting the June 30, 2025 deadline, and supporting evidence for key accounting estimates was generally of good quality and delivered as agreed. However, the first draft of the financial statements contained significant internal inconsistencies and errors that should have been addressed through internal quality review. Additionally, working papers and requested evidence were not provided according to the agreed schedule, and their overall quality fell short of expectations, causing delays and preventing completion of planned procedures.



04

Audit Report

Audit Report

Draft audit report

Our draft opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST CAMBRIDGESHIRE DISTRICT COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of East Cambridgeshire District Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2025. The financial statements comprise the:

Authority and Group Movement in Reserves Statement,
Authority and Group Comprehensive Income and Expenditure Statement,
Authority and Group Balance Sheet,
Authority and Group Cash Flow Statement
the related notes 1 to 32 to the Council financial statements and the related notes G1 to G4 to the Group financial statements including material accounting policy information,
the Collection Fund and the related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) ("the Regulations") which came into force on 30 September 2024 required the accountability statements for the year ended 31 March 2025 to be approved not later than 27 February 2026 ('the backstop date').

Our planned audit work in the current year was focused on transactions in the year and the current year balance sheet.

Due to the disclaimers of opinion on the financial statements in the prior years, delays in receiving associated audit evidence and inability to support the audit in advance of the backstop date, we have not been able to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the Council's financial statements for the year ended 31 March 2025. Therefore, we are disclaiming our opinion on the financial statements. The audits of the financial statements for the years ended 31 March 2023, 31 March 2024 for East Cambridgeshire District Council was not completed for the reasons set out in the disclaimers of opinion on those financial statements dated 25 November 2024 and 20 February 2025, respectively.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Group and the Council.

Audit Report (cont'd)

Our draft opinion on the financial statements (continued)

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception.

Report on the Group and the Council's proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We report to you, if we are not satisfied that the Group and the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in relation to the specified reporting criteria of the Group and the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2025.

Significant weaknesses in arrangements

In relation to governance

Our judgement on the nature of the weaknesses identified:

The Council published its Statement of Accounts by 30 June 2025 as set out in the Accounts and Audit Regulations 2015. These draft Statement of Accounts were poorly prepared, with a number of material issues identified. Working papers and supporting evidence were not provided in line with the agreed timetable and did not meet the expected quality requirements.

The evidence on which our view is based:

Our audit procedures performed in relation to the draft 2024/25 Statement of Accounts and reported in our Audit Results Report for 2024/25.

The impact on the Council:

Failure to improve the Council's processes to report good quality financial information will impact its ability to meet statutory financial reporting deadlines and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

The action the body needs to take to address the weakness:

The Council should review the approach to the preparation of the financial statements and support to the audit. The Finance Team should have a strong understanding of the requirements of the Local Government accounting and the CIPFA Code of Practice. The Finance Team should have a clear understanding of the operations of the Council's financial arrangements. Sufficient capacity of skilled finance professionals with the necessary skills and training are required to produce high-quality financial statements together high-quality supporting audit working papers. The Finance Team need to have sufficient capacity to support the audit in a timely manner. The issue above is evidence of weaknesses in proper arrangements for governance, including ensuring the Council has effective processes and systems in place to support its statutory financial reporting requirements.

Audit Report (cont'd)

Our draft opinion on the financial statements (continued)

Responsibility of the Section 151 Officer

As explained more fully in the Statement of Responsibilities' set out on page 20, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the Group financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether East Cambridgeshire District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether East Cambridgeshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether East Cambridgeshire District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Audit Report (cont'd)

Our draft opinion on the financial statements (continued)

Certificate

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of East Cambridgeshire District Council.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of East Cambridgeshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.



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 unadjusted differences

At the date of this report we have not identified any uncorrected misstatements which require reporting to the Audit Committee.

Summary of adjusted differences

We highlight the following misstatements greater than £0.044 million which have been corrected by Management that were identified during the course of our audit:

Factual Misstatement:

Balance Sheet - Pension Asset/Liability: Audit difference of £16.185 million in relation to an increase in the valuation of Pension Liability. The misstatement was due to the impact of the asset ceiling on the valuation of the Pension Liability. The adjustment was made due to updated information being provided by the Actuary, as part of the audit, after the draft Statement of Accounts had been prepared.

Comprehensive Income and Expenditure Statement - (Surplus) or deficit in the revaluation of non-current assets: Audit difference of £0.284 million in relation to the revaluation uplift historically incorrectly recorded in Revaluation Reserve instead of CIES.

Balance Sheet - Cash and Cash Equivalents and Debtors: The year-end cash reconciliation exercise correctly identified £0.361 million which has been received in the cash book but not recorded in the General Ledger at 31 March 2025. However, the required journal entries to correct this were not posted. This has the overall impact of increasing Cash and reducing Receivables by £0.361 million.

Comprehensive Income and Expenditure Statement - Operational Services (Gross Expenditure) and Operational Services (Gross Income): £0.123 million of Contribution Income for Home Improvements was incorrectly Recorded in REFCUS.

Reclassification Misstatement:

Balance Sheet - Cash and Cash Equivalents and Investments: The Council incorrectly classified £17 million Investments as cash equivalents.

Balance Sheet - Cash and Cash Equivalents and Creditors: Creditors control account shared with the Bank Control account not split out on the account mapper leading to £0.501 overstatement in creditors and understatement in Cash and Cash Equivalents.

Balance Sheet - Debtors and Creditors: £0.273 million understatement of Creditors incorrectly recorded in Debtors for DWP - Housing Benefits.

Balance Sheet - Capital Grants Received in Advance - PPE - Net Pension Assets: We identified that Balance Sheet amounts do not agree to the General Ledger leading to the understatement of Net Pension Asset for £0.068 million, PPE £0.004 million and overstatement of Capital Grants Received in Advance for £0.072 million.

Disclosure Differences

We have identified several disclosure differences which Management are planning to correct in the revised financial statements for authorisation.

Audit Differences (cont'd)

Summary of adjusted differences (continued)

Corrected misstatements 31 March 2025 (Currency £'000)	Effect on the current period		Net assets (Decrease)/Increase			
	OCI (Equity) Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non-current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non-current Debit/ (Credit)
Factual differences:						
1. Net Pension Asset						
Net Pension Asset (changes to liability)				(16,185)		
Pension Reserve		16,185				
2. PPE revaluation Movement Uplift						
CIES (Surplus/deficit on Provision of Services)			(284)			
Revaluation Reserve		284				
3. Bank reconciling items not adjusted in the ledger						
Cash				361		
Debtors				(361)		
4. Contribution Income for Home Improvements Recorded in REFCUS						
Operational Services (Gross Expenditure)		122				
Operational Services (Gross Income)		(122)				

Audit Differences (cont'd)

Summary of adjusted differences (continued)

Corrected misstatements 31 March 2025 (Currency £'000)	Effect on the current period		Net assets (Decrease)/Increase			
	OCI (Equity) Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non-current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non-current Debit/ (Credit)
Reclassification misstatements:						
5. Investments incorrectly classified as cash equivalents						
Investments (short term)			17,000			
Cash and cash equivalents			(17,000)			
6. Creditors control account shared with the Bank Control not split out on the account mapper leading to error in creditors and cash						
Creditors					(501)	
Cash			501			
7. Creditors incorrectly recorded in Debtors for DWP - Housing Benefits						
Debtors			273			
Creditors					(273)	
8. Balance Sheet amounts do not agree to the General Ledger						
PPE				4		
Net Pension Asset				68		
Capital Grants Received in Advance					(72)	

Audit Differences (cont'd)

Summary of Group Statements adjusted differences

	Effect on the current period		Net assets (Decrease)/Increase			
	OCI (Equity) Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non-current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non-current Debit/ (Credit)
Corrected misstatements 31 March 2025 (Currency £'000)						
Factual Misstatements						
1. Balance Sheet amounts do not agree to the General Ledger						
Capital Grants Received in Advance						73
Reserves		(73)				
2. Incorrect elimination of Capitalised interest on inventory						
Inventory				(114)		
Reserves		114				
3. Intercompany balances between components (ECTC and ECSS) were not eliminated						
Debtors				(90)		
Creditors						90
4. Intercompany sales and purchases between components (ECTC and ECSS) were not eliminated						
Income (Finance & Assets - CIES)			132			
Expenditure (Finance & Assets - CIES)			(132)			
5. IFRS 16 Leases implementation impact due to the incorrect calculation.						
Finance & Assets (cost of services Expenditure)			(54)			
Reserves		54				

Audit Differences (cont'd)

Summary of Group Statements adjusted differences (continued)

Corrected misstatements 31 March 2025 (Currency £'000)	Effect on the current period		Net assets (Decrease)/Increase			
	OCI (Equity) Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non- current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Reclassification misstatements						
6. Retained reclassification between unusable reserve and usable reserve						
Usable Reserve		(1,412)				
Unusable Reserve		1,412				

Audit Differences (cont'd)

Summary of Adjusted Disclosure differences

1. Our initial review of the Financial Statements tie-out, casting and prior year comparatives review has identified 38 areas where an amendment to the accounts is required. Common disclosure misstatements identified in numerous instances such as not updating headings for 2024/25, incorrect comparatives, casting errors, incorrect signage, formatting errors, incorrect cross references or its absence. Partner in charge and Manager review of Statement of accounts identified an additional 21 areas where an amendment to the accounts is required mainly for the areas where we have been able to proceed with the audit.
2. Further detailed testing of disclosures identified an additional 12 areas where an amendment to the accounts is required mainly for the areas where we have been able to proceed with the audit.

The most significant areas management agreed to amend are:

Comprehensive Income and Expenditure Statement - We have identified that surplus or deficit in the revaluation reserve of non-current assets is not agreeing with the Note 11. CIES amount should be £83,000 as per Note 11 and not £3 million.

Balance Sheet - Usable and Unusable Reserves: Management has not provided the breakdown disclosure for the significant Balance Sheet amounts.

Group Statements: Several material misstatements in disclosures identified.

Annual Governance Statement: The Audit Committee in their meeting of 15 July 2025 identified that the date of the launch of the new waste service needed to be corrected from April 2026 to June 2026.

Note 4, 21, 22 - Pensions (Defined benefit pension schemes and various areas of Financial Statements: Impact of asset ceiling £16.185 million to feed through accounts and notes- this includes CIES Actuarial losses (Gains) on pensions assets & liabilities which was £(7) million but needs to change to £8 million to be consistent with revised IAS19 report, including note 4 - critical judgements in applying accounting policies to reflect the updated report.

Note 12b - Revaluation Profile: We have identified that ROU assets all shown as valued at historic cost. However, the two traveller's sites have both been subject to valuation in 24/25 on an EUV basis (£0.804 million) so this amount should be split out of the Historic Cost line and moved into the in Valued at Fair Value as at 31 March 2025 line in the note.

Note 16: Loans to trading companies and CLT disclosed as £5.875 million and £0.227 million respectively. The correct figures should be £5.825 million and £0.277 million. This amounts to a difference of £0.05 million.

Note 17 - Debtors: Several material adjustments to the amounts in the debtors classifications.

Note 19 - Creditors: Several material adjustments to the amounts in the creditors classifications.

Note 22 - Pensions Defined benefit pension schemes: Additional disclosure required for the current position of the Virgin Media judgement.

Note 32 - Going Concern: The SOA balance of Earmarked Reserve at 31/03/2025 disclosed in Note 9. Statutory Out-turn, does not reconcile to the Note 32 Going Concern. The predicted figure for 25/26 of the Surplus Savings Reserve current disclosed as £8.416 million which is not consistent with the budgeted and the narrative reported to Full Council in February 2025. Management agreed to update amount in line with narrative £6.497 million as it was presented in Full Council. Going Concern period should cover period 12 months from the date of audit report signing date hence needs to adjust the disclosure for March 2027 instead of March 2026.



06

Assessment of Control Environment

Assessment of Control Environment

Preparation of robust draft financial statements, provision of quality working papers and support during the audit

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

1. As reported in the Executive Summary, Management, and the Audit Committee, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported evidence, access to the finance team and management's responsiveness to issues identified during the audit.

We do however recognise that the Council's finance team faced capacity constraints due to turnover among key staff members. Several critical roles experienced changes, with new key staff joining just before the 2024/25 year end. This transition led to a loss of corporate knowledge and contributed to delays in providing working papers and audit evidence.

Therefore, to support the audit process, we worked with the Council to provide the following areas of support:

- Effectively supporting an external audit training session held with the Finance Team on 9 June 2025
- Planning communication to S151 Officer and Principal Accountant highlighting the need of working papers to provided one week in advance of the start of the audit
- Planning communication to S151 Officer and Principal Accountant where we agreed to delay the audit by four weeks so that the Council could finalise their audit working papers.
- Agreement with Management for a 3-day turnaround time for audit queries and 5-day turnaround time for sample evidences.
- Provision of audit evidence matrix for samples to enable evidence is provided right first time.
- Audit priority queries communications and regular calls between audit senior and finance team.
- We have provided the working paper developed by the Audit team in 2024/25 FY to cover the area where significant number of misstatements identified during the audit.

Despite the additional support we have encountered the following during our audit:

- Significant delays in the responses to audit queries.
- Lack of evidence to corroborate responses to audit queries.
- Responses to audit queries did not always address the questions raised.
- Lack of references to the CIPFA Code of Practice or Accounting Standards for complex areas, such as judgements and estimates.

These issues caused significant slippage to the agreed project plan and inefficient use of the planned audit resources. This resulted in areas of the audit that we were unable to conclude and therefore we are unable to provide assurance over which have contributed to our consideration of disclaiming the audit opinion.

The next page has our recommendation.

Assessment of Control Environment (continued)

Preparation of robust draft financial statements, provision of quality working papers and support during the audit

- **Recommendation 1:** The Council should review its approach to preparing financial statements and supporting the audit process in the following areas:

Strengthen Financial Statement Preparation and Audit Support

- The Finance Team must develop a strong understanding of:
 - Local Government accounting requirements.
 - The CIPFA Code of Practice and relevant Accounting Standards.

Build Capacity and Expertise

- Ensure sufficient capacity of skilled finance professionals with the necessary technical knowledge and experience.
- Provide specific training to enhance understanding of complex areas such as judgments, estimates, and compliance with CIPFA standards.

Improve Quality of Audit Working Papers

- Implement robust processes to produce high-quality financial statements supported by complete, accurate, and well-referenced working papers.
- Ensure all responses to audit queries are timely, address the questions raised and include appropriate supporting evidence.

Enhance Responsiveness and Communication

- Adhere to agreed turnaround times for audit queries (3 days) and sample evidence (5 days).
- Establish clear escalation protocols for delays or unresolved issues.
- Continue regular communication between audit leads and the Finance Team to monitor progress and resolve issues promptly.

2. 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. The same issue was reported in our 2023/24 Audit Results Report.

- **Recommendation 2:** We recommend that the Council improve controls over the Fixed Asset Register inputs, settings and depreciation calculation.

3. From our work over Group Statements, several audit adjustments and disclosure misstatements have been identified.

- **Recommendation 3:** We recommend that the Council improve the Group Statements calculation ensuring that all intercompany transactions and balances have been eliminated, no arithmetical errors exist, and the working paper meets the required standard.

Assessment of Control Environment (continued)

Preparation of robust draft financial statements, provision of quality working papers and support during the audit

4. Capital Grant Register: The Council does not maintain a Capital Grants Register.

- **Recommendation 4:** We recommend that the Council maintains a Capital Grants Register which documents the terms of the grants, balances brought forward, income received during the period, and grant amounts utilised during the period. The register should also capture the conditions of the grants and determine whether amounts are required to be paid back to the grant provider if not utilised.

5. As part of our audit procedures, we requested the Council to provide explanations and corroboration of material year on year movements in Comprehensive Income and Expenditure Statement and the Balance Sheet. The evidence provided was insufficient for us to utilise the information to corroborate the year-on-year movements.

- **Recommendation 5:** We recommend that the Council performs an analytical review as part of their closedown procedures to corroborate material year-on-year movements in the core financial statements. This will provide the Council with an understanding of the movements and help ensure that the figures in the financial statements are materially correct.

6. As part of our audit procedures over Cash and Cash Equivalents, we have identified material adjustments. The year-end cash reconciliation exercise correctly identified £0.361 million which has been received in the cash book but not recorded in the General Ledger at 31 March 2025. However, the required journal entries to correct this were not posted. Also the Council incorrectly classified £17 million Investments as cash equivalents. Creditors control account shared with the Bank Control account not split out on the account mapper leading to £0.501 adjustment.

- **Recommendation 6:** We recommend Council to ensure that all cash reconciliation adjustments identified at year-end, such as amounts received but not recorded in the General Ledger, are promptly and accurately posted through appropriate journal entries.
- **Recommendation 7:** Review the classification of cash equivalents and investments to ensure that only qualifying items are reported as cash equivalents, in accordance with relevant accounting standards.
- **Recommendation 8:** Improve the mapping and separation of control accounts, such as the Bank Control and Creditors Control accounts, to prevent misstatements and ensure accurate financial reporting.



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 2024/25 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.

Financial information in the East Cambridgeshire District Council Statement of Accounts 2024/25 and published with the financial statements was consistent with the audited financial statements.

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 (NAO) on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the NAO.

The Council falls below the £2 billion threshold for audit procedures within the NAO group instructions. We will confirm this position within the Assurance Statement to the NAO at the point of issuing our Audit Report. However, we cannot issue our Audit Certificate until the NAO has confirmed no further procedure are required.

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 given serious consideration to the need to issue Statutory Recommendations under Schedule 7, given our assessment of the Council's financial reporting (Page 12-13) and the significant weakness we are reporting for Quality of the draft 2024/25 financial statements under our Value for Money responsibilities (Page 24).

However, if we are not satisfied with the pace and substance of improvements in addressing our Recommendation 1 (Page 39) as part of the 2025/26 audit, we would be minded to issue Statutory Recommendations at that point, given the recurring inability to prepare robust financial statements and support the audit process.

We have concluded that we will not issue Statutory Recommendations under Schedule 7 at this point, or that we need to issue a report in the public interest.



08

Independence

Independence

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 2024 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 2024 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

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.

A breakdown of our fees is shown in the table to the right.

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.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular, the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. A narrative summary of the areas where we expect to raise scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	Current Year 2024/25	Prior Year 2023/24
	£	£
Scale Fee - Code Work	162,424	147,673
Proposed scale fee variation	TBD Note 2	TBD Note 1
Total fees	TBD	TBD

All fees exclude VAT

(1) As set in our 2023/24 Audit Results Report, a scale fee variation was submitted to PSAA covering the following areas:

We submitted a fee variation for 2023/24 in relation to the additional work performed on areas not reflected within the scale fee, including ISA315 procedures, preparedness for the adoption of IFRS16 and additional work to address identified risks and/or issues, as well as quality and preparation issues with the draft financial statements and supporting working papers

As at the date of this report, that scale fee variation has not yet been determined.

(2) We propose to submit a scale fee variation to PSAA for 2024/25 work covering the additional work performed on areas not reflected within the scale fee, including VFM risk of significant weakness, additional work to address identified risks and/or issues, as well as quality and preparation issues with the draft financial statements and supporting working papers.



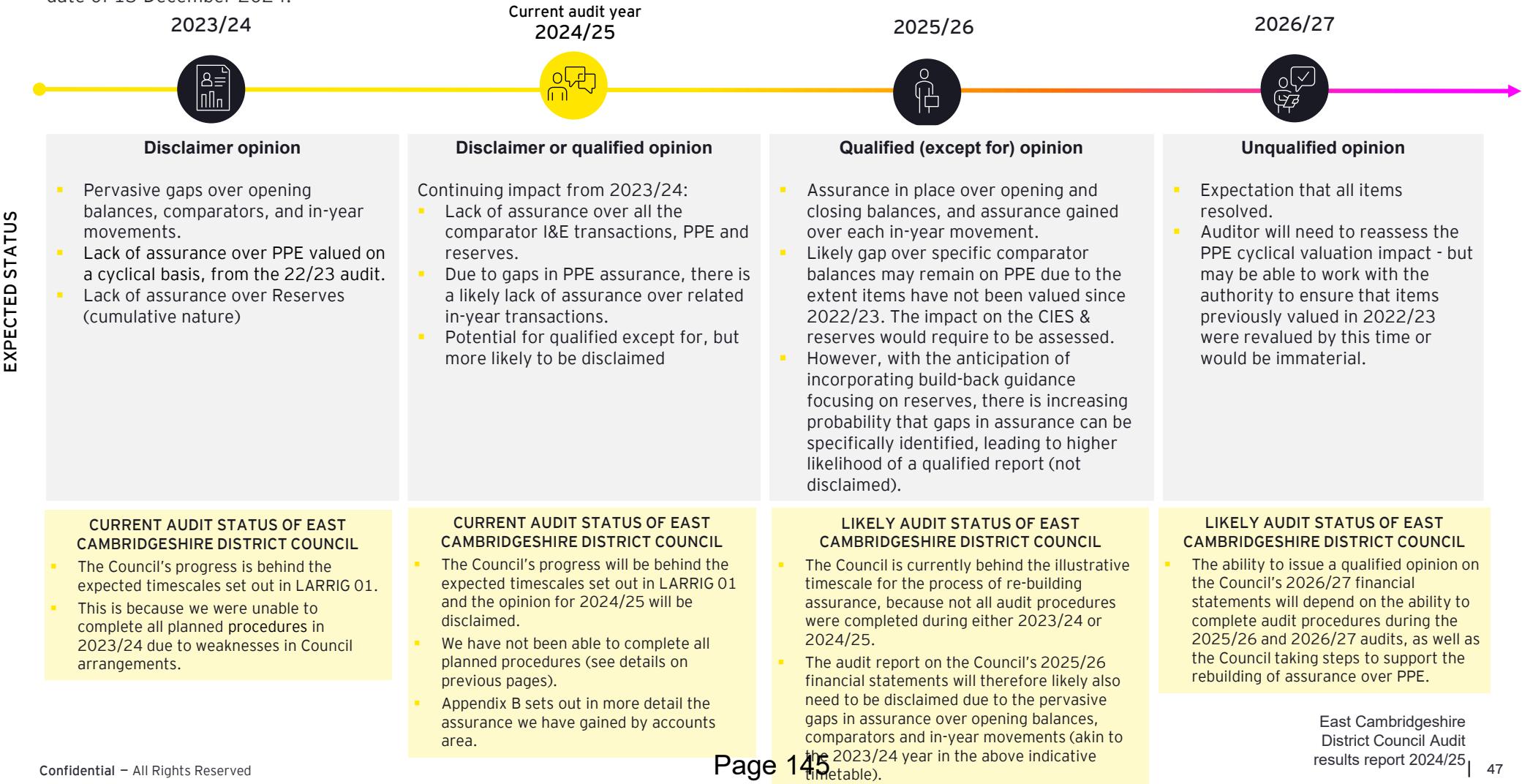
09

Appendices

Appendix A – Progress to full assurance

Progress to full assurance

Set out below is the illustrative timescale for the process of re-building assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council's actual progress against that timescale, the reasons for that and what still needs to be done to successfully rebuild assurance. The timetable set out in LARRIG 01 assumes that disclaimers for 2022/23 and all prior open audit years were issued by the statutory backstop date of 13 December 2024.



Appendix B – Updated summary of assurances

Summary of Assurances

The table below summarises the audit work we have completed on the 2023/24 and 2024/25 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 2023/24	Assurance rating 2024/25	Summary of work performed
Property, Plant and Equipment ('PPE')	Partial	Partial	We have completed testing of the 2023/24 and 2024/25 additions and disposals to the fixed asset register, audited the valuation of a sample of assets revalued in 2023/24 and 2024/25 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 periods, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2025. See Section 05 of this report for audit adjustments identified.
Long Term Debtors	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Short Term Debtors (including bad debts provisions)	Substantial	None	We have been unable to completed our planned audit procedures in this area as satisfactory working papers were not available at the start of the audit. See Section 05 of this report for audit adjustments identified.
Cash and Cash Equivalents	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025. See Section 05 of this report for audit adjustments identified.
Creditors (short term)	Substantial	None	We have been unable to completed our planned audit procedures in this area as satisfactory working papers were not available at the start of the audit. See Section 05 of this report for audit adjustments identified.
Provisions (short term)	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Grants received in advance (long term)	None	None	We have been unable to obtain assurance over the balance at 31 March 2025, 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.
Local Government Pension Scheme	Partial	Partial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025. This is because we have not performed audit procedures in relation to the 2022/23 Pension Fund triennial review. See Section 05 of this report for audit adjustments identified.
Reserves	None	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 2024, we are unable to obtain assurance that all of the in-year movements recorded in the Reserves balance.
Group Accounts	Partial	Partial	We have completed all planned procedures for 2024/25 Group Account however, as we do not have assurance over the opening balance sheet balances at 1 April 2023 until we are able to rebuild assurance over Group Accounts in-year movements or prior year comparatives, we are unable to obtain full assurance. See Section 05 of this report for audit adjustments identified.
REFCUS	Partial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.

Appendix B – Updated summary of assurances (cont'd)

Summary of Assurances (continued)

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Taxation & Non-Specific Grant Income	Partial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Other Operating Expenditure - Parish Precepts and Internal Drainage Broads Levies	Partial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Staff Costs	Partial		We are yet to complete the work in this area.
Housing Benefit expenditure	Partial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Grant Income	Partial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Other income and expenditure	None	None	We have not completed our planned testing on the Other Income and Expenditure in 2024/25 as the Council was unable provide sufficient evidence in a timely manner and we have prioritised maximum assurance across the accounts.
Cash Flow Statement	Partial	None	We have not completed our planned testing on Cash Flow Statement in 2024/25 as the Council was unable provide sufficient evidence in a timely manner for the areas covered in Cash Flow Statement such as Debtors, Creditors and we have prioritised maximum assurance across the accounts.
Collection Fund	Partial	None	We have not completed our planned testing on the Collection Fund in 2024/25 as the Council was unable provide sufficient evidence in a timely manner and we have prioritised maximum assurance across the accounts.
Other Disclosures	Partial	None	We have not completed our planned testing on other disclosures in 2024/25 as the Council was unable provide sufficient evidence in a timely manner and we have prioritised maximum assurance across the accounts.
Annual Governance Statement	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the Annual Governance Statement for the 2024/25 reporting period.
Leases	Substantial	None	We have not completed our planned testing on the IFRS 16 Lease in 2024/25 as the Council was unable provide satisfactory working papers during the allocated audit window.
Journals	Substantial	Partial	We have completed our planned testing on Journals in 2024/25, however the Council was unable provide sufficient evidence in a timely manner for the areas covered in Journals work such as Debtors, Creditors, Other Income and Expenditure and we have prioritised maximum assurance across the accounts.

Appendix C – Required communications with those charged with governance

Required communications with those charged with governance

There are certain communications that we must provide to those charged with governance. We have detailed these here together with a reference of when and where they were covered:

Required communications	What is reported?	Our Reporting to you	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.	
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.	
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none">▪ The planned scope and timing of the audit▪ Any limitations on the planned work to be undertaken▪ The planned use of internal audit▪ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p>	Audit Plan - 15 July 2025 - Audit Committee	
Significant findings from the audit	<ul style="list-style-type: none">▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures▪ Significant difficulties, if any, encountered during the audit▪ Significant matters, if any, arising from the audit that were discussed with management▪ Written representations that we are seeking▪ Expected modifications to the audit report▪ Other matters if any, significant to the oversight of the financial reporting process	Audit Results Report - 20 January 2026 - Audit Committee	

Appendix C – Required communications with those charged with governance (cont'd)

Required communications	What is reported?	Our Reporting to you
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 	Audit Results Report - 20 January 2026 - Audit Committee
Misstatements	<ul style="list-style-type: none"> ▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management 	Audit Results Report - 20 January 2026 - Audit Committee
Fraud	<ul style="list-style-type: none"> ▪ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▪ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> ▪ Management; ▪ Employees who have significant roles in internal control; or ▪ Others where the fraud results in a material misstatement in the financial statements. ▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▪ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▪ Any other matters related to fraud, relevant to Audit Committee responsibility. 	Audit Results Report - 20 January 2026 - Audit Committee

Appendix C – Required communications with those charged with governance (cont'd)

Required communications	What is reported?	Our Reporting to you	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▪ Non-disclosure by management ▪ Inappropriate authorisation and approval of transactions ▪ Disagreement over disclosures ▪ Non-compliance with laws and regulations ▪ Difficulty in identifying the party that ultimately controls the entity 		Audit Results Report - 20 January 2026 - Audit Committee
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <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>		Audit Plan - 15 July 2025 - Audit Committee Audit Results Report - 20 January 2026 - Audit Committee

Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report - 20 January 2026 - Audit Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit Results Report - 20 January 2026 - Audit Committee
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 - 20 January 2026 - 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 - 15 July 2025 - Audit Committee Audit Results Report - 20 January 2026 - Audit Committee

Appendix C – Required communications with those charged with governance (cont'd)

Required communications	What is reported?	Our Reporting to you	
When and where			
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 - 20 January 2026 - 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 - 20 January 2026 - 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 - 20 January 2026 - 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 - 20 January 2026 - Audit Committee	

Appendix D – 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
Taxation and Non Specific Grant Income	We are awaiting the evidence from the Council	Management and EY
Staff Costs	Subject to reconciliation of FTE to SOA and testing of starters and leavers during 2024/25	Management and EY
Final financial statements	Review of the final version of the financial statements	Management and EY
Final Manager and Engagement Partner reviews	Review of the working papers	Management and 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	Management and EY

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. A draft of the proposed Audit Report (opinion) is included in Section 04.

Appendix E – Regulatory update

The English Devolution and Community Empowerment Bill - Audit Measures

Background

On 16 December 2024, the Government published the English Devolution White Paper. The White Paper outlines how England is one of the most centralised countries in the world and contends that over-centralisation is holding back the prosperity of the regions. As a result, there is an intention from Government to widen and deepen devolution to local areas across England. The English Devolution and Community Empowerment Bill (the Bill) is intended to provide the legislative framework to do this by setting out a standardised framework of devolved powers, duties and functions. The bill is in six parts:

- Part 1 introduces the new devolution architecture for England, centred around the new category of "strategic authorities" (SAs). These are organisations designated by Government to have responsibility for strategy development and programme delivery over larger functional economic areas.
- Part 2 outlines the powers and duties which existing and future SAs will have, and the new process by which new powers and duties can be conferred on SAs by Government in the future.
- Part 3 is focused on measures designed to strengthen local government and communities.
- Part 4 is intended to strengthen the accountability of the local government sector by reforming the local audit system, including the establishment of the Local Audit Office (LAO) as the body responsible for overseeing local audit.
- Part 5 concerns the banning of upwards only rent review clauses for commercial leases to prevent vacant shops and regenerate high streets in communities across England.
- Part 6 contains the technical sections related to the Bill, including on regulations, commencement and extent.

The draft legislation can be found in full at [English Devolution and Community Empowerment Bill](#).

Part 4 of the Bill - Reforming local audit

The Bill is intended to overhaul the local audit system as is part of the wider measures to address the backlog in local government audit previously considered by this report. Specifically:

- The LAO will be established with the aim of radically simplifying the current audit system and bringing functions together under a single organisation with a clear remit. The LAO will be responsible for coordinating the system, standard setting, contracting, quality oversight and reporting. It will also support and enable wider measures to address pressing challenges, including reforms to financial reporting; strengthening audit capacity and capability; and establishing public provision of audit to support the private market.
- The LAO will be responsible for audit quality and the regulation of audit providers. Regulatory powers can be delegated.
- The LAO will be responsible for auditor appointment to all local audits other than for NHS bodies, will set indicative fees, publish those fees and make final determinations on the fees to be paid. The ability of local authorities to appoint their own auditors is removed.
- Audit firms will be required to nominate 'lead individuals' and have pre-approval of their own eligibility criteria.
- The responsibility for production of the Code of Audit Practice passes from the NAO to LAO. The LAO is also able to determine technical standards that auditors must follow.
- Statutory guidance for Audit Committees will be developed by LAO in conjunction with the Local Government Association, CIPFA and other relevant bodies.

We will continue to keep you updated as these arrangements develop.

Appendix F – Management representation letter

Draft Management representation letter

[To be prepared on the entity's letterhead]

[Date]

David Riglar
Ernst & Young
One Cambridge Square
Cambridge
CB4 0AE

This letter of representations is provided in connection with your audit of the consolidated and parent company financial statements of East Cambridgeshire District Council ("the Group and Company") for the year ended 31 March 2025. 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 consolidated and parent company financial statements give a true and fair view of (or 'present fairly, in all material respects,') the Group and Company financial position of East Cambridgeshire District Council as of 31 March 2025 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and the Authority, the CIPFA LASAAC Code of Practice on Local Authority Accounting.

We understand that the purpose of your audit of our consolidated and parent company 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, for the Group and the parent Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
2. We acknowledge, as members of management of the Group and Company, our responsibility for the fair presentation of the consolidated and parent company financial statements. We believe the consolidated and parent company 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 Group and parent Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The material accounting policy information adopted in the preparation of the Group financial statements is appropriately described in the Group and Authority financial statements.
4. As members of management of the Group and Authority, we believe that the Group and Authority have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with [CIPFA] LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 for the Group and for the Authority 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 consolidated and parent company financial statements taken as a whole.
6. We confirm the Group and Company does not have securities (debt or equity) listed on a recognized exchange.

Appendix F – Management representation letter (cont'd)

Draft Management representation letter

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

1. We acknowledge that we are responsible to determine that the Group and Authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
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 consolidated and parent Authority financial statements may be materially misstated as a result of fraud.

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 laws and regulations, including fraud, known to us that may have affected the Group or Authority (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), 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 consolidated and parent company financial statements
- Related to laws and regulations that have an indirect effect on amounts and disclosures in the consolidated and parent company financial statements, but compliance with which may be fundamental to the operations of the Group and Authority's business, its ability to continue in business, or to avoid material penalties
- Involving management, or employees who have significant roles in internal control, or others
- 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 consolidated and parent Authority financial statements.
3. We have disclosed to you the use of all applications or tools using artificial intelligence, including generative artificial intelligence, that are reasonably likely to have a direct or indirect material effect in the consolidated and parent company financial statements.
4. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the date of this letter.
5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Authority'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 consolidated and parent company financial statements.

Appendix F – Management representation letter (cont'd)

Draft Management representation letter

6. 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 2024/25.

7. We have disclosed to you, and the Group and Authority has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and parent company financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

8. 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 is reasonably likely to have occurred, 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 effect on the consolidated and parent company 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 consolidated and parent company 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 20 to the consolidated and parent company financial statements all guarantees that we have given to third parties.

4. No other claims in connection with litigation have been or are expected to be received.

E. Going Concern

Note 32 to the consolidated and parent company financial statements discloses all the matters of which we are aware that are relevant to the Group and Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than described in Note 7 to the consolidated and parent company financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

G. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.

2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent company, subsidiary undertakings and associated undertakings.

H. Other information

We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.

Appendix F – Management representation letter (cont'd)

Draft Management representation letter

2. We confirm that the Annual Governance Statement for 2024/25 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2024/25 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

3. We confirm that the content contained within the other information is consistent with the financial statements.

I. Climate-related matters

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 and reflected in the consolidated and parent financial statements.

J. Ownership of Assets

1. Except for assets capitalised under finance leases, the Group and Company has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Group and Company's assets, nor has any asset been pledged as collateral. All assets to which the Group and Company has satisfactory title appear in the balance sheet(s).

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the consolidated and parent company 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.

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the value of the Authority and Group's share of the pension fund assets and liabilities and the value of subsidiary company Property, Plant and Equipment 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.

L. Estimates

- Pensions Asset/Liability
- Property, Plant and Equipment - valuations, impairments and depreciation
- Provision for NDR Appeals

1. We confirm that the significant judgments made in making the fair value of PPE, provisions, and pension fund asset and liabilities have taken into account all relevant 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 above accounting estimates.

3. We confirm that the significant assumptions used in making the above accounting estimates appropriately reflect our intent and ability to carry out our statutory services on behalf of the entity.

4. We confirm that the disclosures made in the consolidated and parent company financial statements with respect to the accounting estimates, including those describing estimation uncertainty are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Appendix F – Management representation letter (cont'd)

Draft Management representation letter

M. Retirement benefits

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.

N. Reserves

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

O. 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.

Yours faithfully,

(Chief Financial Officer)

(Chairman of the Audit Committee)

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TITLE: Internal Audit Progress Report

Committee: Audit Committee

Date: 20 January 2026

Author: Chief Internal Auditor

Report number: AA122

Contact officer:

Rachel Ashley-Caunt, Chief Internal Auditor

Rachel.ashley-caunt@eastcambs.gov.uk

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. Since the last progress report, a further audit report has been finalised from the 2025/26 audit plan.
- 3.3. Since the last Audit Committee update, five actions arising from audit reports have been implemented by officers. There is one overdue action.

4.0 Arguments/Conclusions

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

5.0 Additional Implications Assessment

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

Financial Implications 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

7.0 Background documents

Internal Audit Plan 2025/26

Appendix 1



EAST CAMBRIDGESHIRE
DISTRICT COUNCIL

Internal Audit Progress and Performance Update

January 2026

1. Introduction

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

2. Performance

Delivery of the 2025/26 Audit Plan

- 2.1 The Internal Audit service has a target to deliver at least 90% to draft report stage by 31st March 2026, which remains on track. Progress on individual assignments is shown in Table 1. All assignments are either complete or in planning/delivery stages.

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

- 2.2 To date, five survey responses have been received in relation to feedback on completed assignments for the 2025/26 audit plan. This is summarised on page 6.

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 progressed delivery of the audit plan and one audit report has been finalised.

Bereavement project – embedded assurance – stage 2

- 2.4 This review provides embedded assurance over the project management arrangements for the Bereavement Centre Project during Phase 2 (Stages 4–5). The audit assessed governance, risk management, procurement, resource planning, benefits realisation, and delivery controls to ensure the project remains aligned with strategic objectives and statutory requirements.
- 2.5 Based on the audit review, Internal Audit concluded that the control environment and compliance arrangements are strong. Governance remains robust and multi-tiered, supported by a comprehensive Project Execution Plan. Benefits realisation is well documented, and resource planning is formalised, with delivery supported by internal specialists and external expertise. Risk management processes are evident, with external and internal risk registers and a regularly reviewed Decisions, Issues, Benefits and Actions Log. During the course of the audit, more regular review of internal risk register entries was embedded as standing agenda items. Procurement processes for high-value contracts were assessed as compliant with statutory requirements and the Council's Contract Procedure Rules. Evidence has been provided that change control

arrangements have been established during the latest phase to ensure a structured and formal process for assessing and approving any changes to the project.

- 2.6 Construction commenced ahead of planning consent expiry, and forecast costs remain within the approved budget of £12.96m, supported by regular reporting and contingency controls. Quality assurance is embedded through contractual provisions and specialist oversight, and a live Communications Plan is in place.
- 2.7 Overall, the Bereavement Centre Project continues to demonstrate strong governance, effective risk and cost control, and compliance with statutory and internal requirements. With construction underway and key milestones achieved, the project management arrangements at the time of audit are operating as intended. Further internal audit coverage will take place in the later stages of the project.
- 2.8 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)

Implementation of audit recommendations by officers

- 2.9 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.
- 2.10 Since the last Audit Committee meeting, five agreed actions have been implemented by officers. A further action has been closed rather than implemented, which related to using the Council's asset software to capture all asset management activity. Officers have assessed the system and consider it does not provide all necessary fields so existing controls will remain and be developed further. An overview of actions is provided in Table 2.
- 2.11 At the time of reporting, there is one action which is overdue for implementation – which is more than three months overdue. This relates to the need to undertake a review of the procedures to improve the drafting of contract documents in a timely manner and, therefore, the accuracy of the Contracts Register, with management oversight of completion of such requests.

Table 1 - Progress against 2025/26 Internal Audit Plan

Assignment	Planned start	Status		Assurance sought	Assurance Opinion			
					Control Environment	Compliance	Org impact	Comments
Key financial systems								
Bank reconciliations	Q4	Planning						
Payroll	Q3	Fieldwork underway						
Accounts payable	Q4	Planning						
Accounts receivable	Q4	Fieldwork underway						
Key policy compliance								
Information requests	Q2	Final report issued		To provide assurance over the timely and compliant handling of Freedom of Information (FoI) and Environmental Information Requests (EIRs).	Good (Green)	Moderate (Amber)	Low (Green)	Reported in October 2025
Procurement compliance	Q4	Fieldwork underway						
Risk based audits								
Asset management	Q1	Final report issued		To provide assurance over asset management processes, including both compliance regimes for corporate properties and management of leased assets.	Moderate (Amber)	Good (Green)	Low (Green)	Reported in October 2025
Disaster recovery	Q1	Final report issued		To provide assurance over the Council's disaster recovery arrangements to support restoration of systems in the case of an unplanned outage or incident	Good (Green)	Good (Green)	Low (Green)	Reported in October 2025

Assignment	Planned start	Status		Assurance sought	Assurance Opinion			
					Control Environment	Compliance	Org impact	Comments
Major project – Bereavement Centre	Q3	Final report		To continue assurance over the project management arrangements in place to support delivery of this major project 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
Staff engagement and support	Q3	Fieldwork complete						
Governance of the trading companies	Q3	Fieldwork underway						
Net Zero	Q3	Planning						
Preparedness for changes in waste regulations	Q3	Draft report						
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	-	-	3	60%	2	100%	5	71%
Action closed	-	-	1	20%	-	-	1	14%
Actions overdue by less than three months	-	-	-	-	-	-	-	-
Actions overdue by more than three months	-	-	1	20%	-	-	1	14%
Totals	-	-	5	100%	2	100%	7	100%

Customer Satisfaction

At the completion of each assignment, the Auditor issues a Customer Satisfaction Questionnaire to each client with whom there was a significant engagement during the assignment. The Head of Service and the Line Manager receive a CSQ for all assignments within their areas of responsibility. The standard CSQ asks for the client's opinion in relation to the assignment. The responses received during the year to date are set out below.

Question	Excellent	Good	Fair	Poor
Quality - How would you rate the overall quality of the internal audit conducted?	5			
Communication - How effective was the communication from the audit team throughout the audit process?	5			

Question	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Communication - Audit findings and recommendations were clearly explained and documented.	4	1			
Professionalism - The audit team was professional and courteous in their interactions with you.	5				
Value - The audit provided valuable insights and recommendations that will help improve your processes.	2	3			

Question	Yes	No
Quality - Were the audit objectives and scope clearly defined and communicated?	5	
Communication - Did the audit team keep you informed of the audit progress and any issues encountered?	5	

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: 20 January 2026

Author: Chief Internal Auditor

Report number: AA123

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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 2025.
- 3.3. The Corporate Risk Register (Appendix 2) has been updated to reflect the latest risks for the Council and to ensure that scoring reflects the current impact and likelihood of those risks materialising.

4.0 Arguments/Conclusions

- 4.1. The attached 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: Corporate Risk Register – January 2026

7.0 Background documents

N/A

Appendix 1 – Corporate Risk Management Report – January 2026

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
B3	Increased residual score
Inability to balance the Council's Medium Term Financial Strategy	Increase from 12 (3 for likelihood and 4 for impact) to 16 (4 for likelihood and 4 for impact). This reflects the pressures on the medium-term financial strategy in year 3 (2028/29) and future years.

Corporate residual risk heat map

8. An updated risk heat map is included at **Appendix 3** which shows the residual risk level for each of the risks. This gives a quick view of where each risk sits in relation to the Council's risk appetite, i.e. any risks with a residual score greater than 15 would require formal monitoring.

Conclusion

9. Risk management processes follow good practice, and are considered proportionate. These are documented in a Risk Management Policy, with a supporting framework.

10. The Risk Management Group continue to review the Risk Register on a quarterly basis to ensure all risks are recognised and up to date.
11. The Council's Corporate Risk Register shows each risk and details the owner and the key controls, both in place or planned, designed to minimise any impact on the Council and its provision of services to stakeholders.
12. The Risk Management Policy requires managers to keep all risks under review, and the Corporate Risk Register has been updated accordingly.

Appendix 2 - Corporate Risk Register
Risk Management Group Meeting date: 9th October 2025 (with updates on 19th December 2025)

Inherent Risk								Residual Risk				Assurances		Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG	
	CUSTOMER PERSPECTIVE																
A2	East Cambridgeshire Trading Company (ECTC) fails to deliver upon its Business Plan	Poor performance by the Company with a lack of challenge and oversight. Failure to embed effective governance arrangements and segregation of duty. Changing macro-economic environment. Failure to identify an ongoing pipeline of development opportunities.	Failing to achieve Corporate Plan and Medium Term Financial Strategy (repayment of loan). Reputational risk.	D-F	3	5	15 (A)	Business Plans, Articles of Association and Shareholder Agreements. Established shareholder arrangements. Regular reporting to Finance & Assets Committee (in remit as Shareholder committee). Company Business Plans include risk register. Independent Chairperson. Independent external audit review of accounts, and opportunity to commission ad-hoc advice if required. S151 Officer and Monitoring Officer are expected to attend Board meetings as representatives of the Council. Council has a Debenture Agreement in place providing security over all loan funding it provides to the Company. Annual governance statement.	2	5	10 (A)	2025/26 Business Plan approved by Board and presented to Finance & Assets Committee in March 2025. An Internal Audit rolling risk review took place of this area in May / June 2023 2024/25 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)	Council Support Programme to Community Land Trusts. Community Led Development SPD. Published Strategic Housing Market Assessment (SHMA) Loan provided to ECCLT to deliver 15 Shared Ownership Units in Ely. Approved £100k homes allocation policy. Establish relationship with Homes England and local allocation policy. First Homes Interim Policy Statement approved by Finance & Assets Committee in June 2022. Land supply monitoring report published. Housing Strategy approved and adopted.	2	3	6 (A)	Between 1 April 2024 and 31 March 2025, there were 205 affordable dwelling completions, which represent approximately 32% of gross dwelling completions in that year. This is the highest gross number of affordable housing completed in the district in the plan period. 2024/254 AMR was published December 2025	Discuss pipeline with Homes England for grant funding. 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.	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
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>Increased placements as part of 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 visits various locations throughout the month to give advice on housing and community advice.</p> <p>Team continues to prevent homelessness. Bed and breakfast accommodation is only utilised in exceptional circumstances relating to specific individual needs.</p> <p>Resettlement Officer and additional admin. support recruited to assist with the Ukrainian schemes, funding available until Autumn 2024.</p> <p>Community Hub set-up.</p> <p>Working with multiple organisations, including SERCO who will be responsible for sourcing housing for Asylum dispersal programme.</p> <p>Maintenance of Foundry system.</p> <p>Housing register brought in-house at the Council from 1st November 2024</p> <p>Relationships with social housing providers.</p> <p>Changing Futures 3 year programme agreed.</p> <p>Second year investment in the 'Housing First' scheme to support vulnerable people and keep them in their own homes.</p>		3	3	9 (A)	<p>2020/21 Internal Audit of Homelessness – Satisfactory Assurance</p> <p>Annual homelessness count</p> <p>Homelessness and Housing Applications audit currently taking place</p> <p>Homelessness and rough sleeping strategy adopted in March 2025</p>	<p>Continue to monitor turnaround of voids by Sanctuary Housing.</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)	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. VCAEC and CAWS performance reports presented to Operational Services Committee in March 2025 and annual SLA in June 2025.	Continue to collaborate with key delivery partners Keep up to date with available funding streams Tender for council for voluntary services.	D-O D-O D-C	On-going On-going March 2026	G G G

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 replaced and vehicle maintenance and fuel contract procured by ECSS.</p> <p>Procurement completed to source Food Waste and refuse collection vehicles and bins ready for April 2026 deadline.</p> <p>Reporting on progress on readiness for waste legislation.</p>	2	4	8 (A)	<p>ECSS Business Plan approved by Board and presented to Operational Services Committee in March 2025.</p> <p>ECSS Quarterly performance reports presented to Operational Services Committee.</p> <p>ECSS Management Accounts reported to Operational Services Committee and minutes circulated to all Members.</p> <p>DEFRA confirmation received for capital funding for new Waste vehicles and food waste implementation.</p> <p>Internal Audit report of trading company governance issued in 2023/24, with all actions completed.</p> <p>Council approval for extension of MOA with ECSS to April 2026.</p> <p>EPR transitional funding confirmed for 2025/26.</p>	<p>New overall Waste and Street Cleansing Arrangement in place from 2026.</p> <p>Review of ECSS contract and specification to be implemented in line with new service roll out in 2026</p>	D-O	June 2026	G
A8	Inability to deliver the Construction of the Bereavement Centre at Mepal	Unknown costs associated with works e.g. groundworks	Unaffordable build costs Failure to deliver a Bereavement Centre	D-O D-F	4	4	16 (A)	A risk allowance fund (10%) being included in the build-up of the capital costs for the project.	3	4	12 (A)	Design team and project management procured.	Six month project update report due to F&A January 2026	DO	Jan 2026	G

Inherent Risk								Residual Risk				Assurances		Actions					
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls		Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions		Owner	Target Date	Action RAG	
	in the existing Budget envelope		Increased allocation of CIL or new allocation of borrowing required by the council Reduction in Service offer Reduction in agreed build (value engineering) Reputational risk				15 (A)	The full Business Case includes for the retention of construction professionals proven in the delivery of construction projects for crematoria. Fixed price JCT contract entered into June 2025 Appropriate advice and consultancy to support final design of facility Project Manager appointed Tender exercise completed Monthly commercial project meetings. Regular reporting to Finance and Assets Committee.				15 (A)	Embedded assurance audit in 2024/25 – initial report providing good assurance. Full Council Approved budget May 2025. CIL allocation secured. Fixed cost tender price returned. With risk budget allocation on both client side and contractor side Quarterly reporting to F&A					Green	
	FINANCE AND RESOURCES																		
B1	Inability to balance the Council's annual budget	Reductions in public sector funding. Lack of opportunity to make savings or increase income levels. "Cost of living crisis" resulting in lost Council Tax receipts and increased direct costs to the Council as inflation increases.	Failure to spend in line with the budget in 2024/25. Failure to set a legal budget for 2025/26 in February 2025.	D-F	3	5	15 (A)	The 2025/26 Budget was approved by Full Council in February 2025. Quarterly budget monitoring reports are presented to Management Team and relevant Committees. Partnership working and on-going consideration of potential opportunities linked to key ambitions. Strong leadership from Members and officers. Use of Surplus Savings Reserve to balance budget. A balanced Budget for 2025/26 was approved by Full Council in February 2025.		1	3	3 (G)	2023/24 Internal Audit of Budgetary Control – Substantial / Good Assurance. Underspend of £2.877 million in 2024/25.						

Inherent Risk								Residual Risk				Assurances	Actions						
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG			
B2	Failure to achieve expected levels of development and planning gain	The viability and delivery of residential and commercial development. Changes in legislation such as the Levelling Up and Regeneration Act. Reduction in Planning applications.	Council failing to deliver its growth trajectory and not generating projected Section 106 and CIL income.	D-C	4	4	16 (R)	CIL and Section 106 collection and monitoring, with s106 Officer role introduced. CLT support programme Working with developers	3	4	12 (A)	In 2024/25 the Council recorded 624 dwelling completions (635 gross housing completions, minus 11 demolitions). This figure does not include C2 (residential institutions) completions. Infrastructure Funding Statement 2024/25 was published December 2025. 5 year land supply report published in December 2025 The latest Housing Delivery Test measurements are dated 2023 and were published by government in December 2024. East Cambridgeshire scored 113%	Respond to the outcomes of the Levelling Up and Regeneration Act. New major projects board – including early negotiations on s106 agreements.	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			
B3	Inability to balance the Council's Medium Term Financial Strategy	<p>Reductions in public sector funding.</p> <p>Changes in Government funding such as the Fair Funding Review.</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> <p>Any delay to local government reorganisation beyond April 2028.</p>	<p>Failure to have a balanced budget beyond year 2 of the MTFS.</p> <p>The Fair Funding Review may result in reduced government funding allocations, leading to increased budget pressures in 2028/29</p>	D-F	4	5	20 (R)	<p>Agree Medium Term Financial Strategy (MTFS) each February as part of budget setting process.</p> <p>The 2025/26 Budget (and MTFS) was approved by Full Council in February 2025 with 2025/26 and 2026/27 balanced.</p> <p>Partnership working and on-going consideration of potential opportunities linked to key ambitions.</p> <p>Strong leadership from Members and officers to identify savings / income generating opportunities in advance of need.</p> <p>Use of one-off funding from the Surplus Savings Reserve to balance future years is available until into 2027/28.</p>				4	4	16 (R)	<p>Underspend of £2.877 million in 2024/25 used to increase Surplus Savings Reserve</p> <p>Significant increase in Government funding in 2025/26 with the introduction of grants</p> <p>Internal Audit review of the medium term financial strategy process in 2024/25 gained an assurance opinion of good and substantial</p>	<p>Explore options for savings and / or additional sources of income to balance MTFS in year 3 (2028/29) and future years</p>		D-F	On-going	A	
	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) • Civil unrest 	<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> <p>Safety Advisory Group membership and attendance.</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> <p>Laws regulators - Security Industry Authority (SIA)</p>	<p>Legislation received Royal assent April 2025 – Terrorism (Protection of Premises) Act 2025 –implementation period of at least 24 months</p> <p>Subject to SIA guidelines, implement duties in respect of ECDC buildings & activities</p> <p>Raise with CPLRF to explore 'best practice' exercise around battery storage at renewable energy sites</p>		HS A	April 2026	HS A	Dec 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
C2	Loss of data or access to ICT systems due to a breach of information security and / or weaknesses in the IT infrastructure	ICT systems abuse, intrusion or failure. Cyber attack Under investment in IT infrastructure and lack of resource to implement change. Employees not having the right tools for the job to work efficiently. Hacking of third party system providers.	Business interruption resulting in reduced ability to deliver services. Not prepared for disaster recovery. Non-compliance with legislation, resulting in financial penalties and reputational risk. Inefficient working. Loss of data. Business disruption Penalties and costs associated with data breach. Reputational damage.	ITM	4	5	20 (R)	ICT Disaster Recovery Plan in place with annual testing undertaken. System and penetration testing regime. ICT Information Security Policy. Government Connect and Public Sector Network (PSN) compliance. Implementation of Office 365 Regular backups and restoration tests undertaken New ICT Information Security Policy approved. Regular phishing exercise for staff carried out. Password protocol in place. Annual GDPR including cyber awareness training carried out. Registered with NCSC for their Early Warning Service – this service sends notifications of cyber issues relating to Mail Checks and DNS Records. Reflect on lessons learnt from national incidents before purchasing new software.		3	3	9 (A)	Disaster Recovery exercise took place in September 2024 ICT Monitoring Strategy now in place PSN Compliance certificate awarded May 2025 Incident Management log prepared and regularly monitored 2023/24 Internal Audit assurances around cyber security and PCI DSS compliance.	Ransomware desktop exercise Application for 2026 PSN Compliance certificate currently being prepared Disaster Recovery exercise being planned		HS A ITM	May 2025 ITM	G G G

Inherent Risk								Residual Risk				Assurances		Actions				
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls		Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions		Owner	Target Date	Action RAG
C3	Non-compliance with legislative and regulatory requirements	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. Introduction of new legislation – Terrorism (Protection of Premises) Act 2025 – implementation period of at least 24 months	Increased risk of harm due to noncompliance Financial penalties for non- compliance. Reputational risk. Increased insurance costs due to claims	CMT	3	4	12 (A)	Monitoring changes to legislation that impacts the Council. Topical examples include H&S sentencing guidelines, and earlier closedown of accounts. Procedural rules are changed as required and training delivered at least annually. Safeguarding Policy 2022. Safeguarding leads nominated and all staff trained in 2023. Health and safety management system. Disaster Recovery Plan and supporting systems / hardware. Equality, Diversity and Inclusion policy. Training on equality, diversity and inclusion for Members and officers rolled out. Equality monitoring reports published. Annual health and safety report presented to Finance & Assets Committee RIPA policy (Regulation of Investigatory Powers Act) and Covert Investigation Act Policy Annual RIPA monitoring report presented to Finance and Assets Committee (most recent report March 2025) Whistleblowing Policy Monitoring of mandatory training completion by CMT leads Member safeguarding training Building safety Regulator audit		3	3	9 (A)	Annual senior management assurance statements (AGS). 2022/23 Internal Audit review of Assets of Community Value – Good / Substantial Assurance. 2022/23 Internal Audit review of Safeguarding – Satisfactory Assurance 2022/23 Internal Audit review of Enforcement Policy Compliance – Satisfactory Assurance Corporate Health and Safety policy approved by Finance & Assets Committee RIPA inspection in December 2023 provided assurance over compliance. Whistleblowing Policy approved by Finance & Assets Committee November 2024. Updated Equality, Diversity and Inclusion Policy approved January 2025	Implementation of Employment Rights Bill. Reviewing our policies in light of the Supreme Court ruling on the meaning of sex in the Equality Act, after the Equality and Human Rights Commission (EHRC) publishes its updated Code of Practice Waiting guidance – Security Industry Authority (SIA) regarding Terrorism Act.		HS A	Apr 2026	G

Inherent Risk								Residual Risk				Assurances		Actions				
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls		Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions		Owner	Target Date	Action RAG
C4	Failure to achieve compliance with Data Protection legislation (UK General Data Protection Regulations and Data Protection Act 2018)	Data breaches. Failure to meet legislation deadlines. ICT system failure / cyber-attack. Human error.	ICO monetary penalties, enforcement notices, prosecution. Compensation claims and reputational damage.	D-LS	4	4	16 (R)	All Council staff are required to undertake an annual online data protection training exercise. All new staff briefed at Corporate Induction. Data Breach Register maintained. Individual data breach recording form also completed for all breaches detailing risk assessment, investigation and recommendations made (and reviewed to ensure implementation). Record of Processing Activity in place and maintained by Information Officer. Member training provided as part of induction programme. Annual Report on Information Governance presented to Audit Committee. Phishing exercise rolled out to all staff.		3	3	9 (A)	2023/24 Internal Audit review of Information Governance gained Substantial Assurance for control design and Satisfactory Assurance for compliance. Annual report on Information Governance presented to July 2024 Audit Committee.	2024 Data Protection Training round currently being concluded.		D-LS	May 2025	G

Inherent Risk								Residual Risk				Assurances		Actions				
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls		Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG	
C6	Failure of corporate governance and counter fraud and corruption controls.	Attempts at fraud and corruption from internal or external sources are successful due to inadequate corporate governance and counter fraud controls.	Financial losses and reputational damage. Impact on service delivery. Failure to prevent fraud.	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). Annual letter sent to external auditors on any known cases of fraud.					

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)	<p>Corporate Plan includes a priority to 'Enhance the natural environment and build on our sustainable goals' and an action to 'work with stakeholders and external organisations to further our sustainability goals and implement our Environment Plan', and a corporate action for 2024/25 related to climate change.</p> <p>Annual Climate Change budget allocated to demonstrate Council's commitment to acting on climate change and to enable the council to deliver climate related projects</p> <p>Environmental Action Plan published each June with results reported the following year</p> <p>Roll out of HVO use in refuse collection vehicles (80% of the Council's entire CO2e emissions)</p> <p>Solar Panels being fitted to the roofs of various Council buildings</p> <p>See risk C1 for key controls relating to severe weather events</p>		4	3	12 (A)	<p>Council has Investors in the Environment Silver Accreditation</p> <p>43rd out of 164 district councils in Climate Emergency UK's rankings for 2025</p> <p>We calculate and report the Council's Carbon Footprint on an annual basis</p> <p>134 members of staff have attended the Carbon Literacy Training and 90 completed the accreditation process.</p> <p>ECDC's Pathway to Net Zero by 2036 report approved by F&A Cttee in November 2025.</p>	<p>Carbon Literacy training available for all staff and councillors</p> <p>Climate related actions in the Environment Plan top 20 Actions</p> <p>Climate related Corporate Plan Action for 2025/26 to deliver the Climate and Nature Top 20 actions for 2025/26 including a focus on water resilience, reducing carbon emissions and nature improvements</p>				G	
C8	Local Government Reorganisation (LGR) – Inability to influence, secure and maximise the benefits from LGR for the residents of East Cambridgeshire AND maintain Council services during the period of change	Inability to engage at the right level to influence the process / Government Preparedness for change <ul style="list-style-type: none"> • Resource change • Staff retention • Duplication of focus • Difficulty recruiting new staff • Procurement Challenges • Future of Trading companies 	Residents of East Cambs fail to benefit from the reorganisation, not least, by losing their sense of place. Staff feel unsure about role and therefore unmotivated. Disruption of Service / Difficulty with delivering services to residents Budget challenges Reduced workforce	CMT	5	5	25 (R)	<p>Cambridgeshire wide groups set up at political and Chief Executive level to try to get as much consensus as possible. Four different unitary proposals have been submitted to government November 2025.</p> <p>Other countywide groups set up to gather / collate information and determine process at more granular level, including, as an example, resources</p> <p>District Council Network actively promoting the role of district councils at a national level.</p> <p>Ensure that all staff and members are fully informed as the process develops</p>		5	3	15 (A)	<p>Special regular Connect sent to all staff and members specifically about LGR</p> <p>Creation of an internal project team to ensure staff and members remain fully updated as the process moves forward</p> <p>Joint C&P recruitment for an LGR Implementation programme Director to commence January 2026</p>	<p>Development of public awareness campaign in development.</p> <p>Launch to coincide with government consultation.</p> <p>Meetings with Leaders and Chief Executive's in place throughout transition period</p>		D-O	Jan 2026	DO	On-going

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	The Council not being able to demonstrate a five-year land supply for housing or an up-to-date Local Plan. However, on 21 st April 2020 the Council did regain its five-year land supply, though developers are challenging this. Lack of up to date Local Plan. Lack of delivery of permitted schemes by developers.	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. More speculative development. Not delivering quantity of housing/employment to meet needs of the district.	D-C	3	4	12 (A)	Development Management to manage speculative applications when submitted. Work with developers to help delivery of sites. 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). 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. 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.		2	4	8 (A)	Five Year Land Supply Report published in December 2025– which confirms: as at 1 April 2025 has five-year housing land supply of 6.17 years. 6.17 years supply over the five-year period (1 April 2025 to 31 March 2030) A further 6.46 years of pipeline supply, anticipated to come forward from year 6 onwards. A grand total of 12.63 years' worth of identifiable supply, for the full period 2025-2040	Monitor Government proposals for planning.	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
D8	Difficulties with staff recruitment, absence (including sick leave) and retention – leading to lack of resources	Lack of staff resources in terms of numbers due to turnover, aging workforce or failed recruitment exercises. Lack of staff resources in terms of knowledge, skills and behaviours due to poor staff retention. National skills shortage for professional and technical roles. Local Government Reorganisation (LGR).	A shortage of staff in roles across the Council and a loss of knowledge and skills, could lead to service failure, which in-turn could result in an increased level of complaints, poor reputation and financial penalties from breaches in legislation or failure to follow rules, procedures and meet deadlines. More acute in areas with reliance on single officer. More challenging to recruit with lack of attractive terms and conditions, based on feedback from recent exercises. Increased costs in relation to recruitment campaigns and the cost of temporary staff. Less movement between authorities during the uncertainty of LGR	CMT	4	4	16 (R)	Investment in training and up-skilling existing staff. Absence Management policy. Management Development training has been delivered to all Service Leads and team leaders. Remote working policy. Service Delivery Plans presented to Policy Committees in March 2025. Use of market supplements Use of recruitment agencies where necessary. Starters and leavers report presented to Finance & Assets Committee. Review of exit interviews. Apprenticeship opportunities. Career scales. Succession Planning.		3	4	12 (R)	Six-month and annual reviews of Service Delivery Plans.	CMT discussion on workforce strategy Staff comms regarding Local Government Reorganisation		D-F	Dec 2025	A
															D-O	On-going	G	

Corporate Priorities:

- 1 Sound Financial Management
- 2 Cleaner, Greener East Cambridgeshire
- 3 Sustainable Communities

Key to risk owners (above):

CEX	Chief Executive
D-CS	Director, Commercial Services
D-F	Director, Finance
D-LS	Director, Legal Services
D-C	Director, Community
D-O	Director, Operations
HSA	Health & Safety Adviser
HRM	Human Resources Manager
CMT	Corporate Management Team
ITM	IT Manager
H&CA- M	Housing & Community Advice Manager

Appendix 3 - Corporate Risk Register Heat Map

Summary of Residual Scores for Corporate Risks

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

	<p>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.</p> <p>Amber scores – likely to cause the Council some difficulties (risk score 5 to 15) – six monthly monitoring.</p> <p>Green scores (risk score 1 to 4) – low risk, monitor as necessary.</p>
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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**

Agenda Item 10

**Lead Officer: Jude Antony, Director Finance
Democratic Services Officer: Patrick Adams**

Tue 31 March 2026	2 pm
Chair's Announcements	Chair
External Audit Plan for 2025/26	External Audit
Internal Audit Work Plan for 2025/26	Internal Audit
Internal Audit Progress Report	Internal Audit
Internal Audit Charter and Mandate	Internal Audit
Audit Committee Annual Report 2025/26	Director Finance and S151 Officer
Actions taken by the Director Finance on the grounds of urgency (if any)	Democratic Services Officer
Forward Agenda Plan	Democratic Services Officer

Notes:

1. Agenda items which are likely to be “urgent” and therefore not subject to call-in are marked *
2. Agenda items in italics are provisional items / possible items for future meetings.