East Cambridgeshire District Council

Meeting: Audit Committee

Time: 4:30 pm

Date: Tuesday 14 July 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 (Vice-Chair)
Cllr Keith Horgan
Cllr Lucius Vellacott (Chair)

Substitutes:
Cllr Christine Ambrose Smith
Cllr Lavinia Edwards

Liberal Democrat and Independent Group Members
Cllr Lorna Dupré
Cllr James Lay

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

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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/3486 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, 31 March 2026, at 2:00 pm

Present	Cllr David Brown (Chair) Cllr Keith Horgan Cllr Lucius Vellacott (Vice Chair) Cllr Lorna Dupre Cllr James Lay Cllr Ross Trent Stephen Joyce – Independent Lay Member
Officers	Patrick Adams – Senior Democratic Services Officer Jude Antony – Director Finance & S151 Officer
In Attendance	Rachel Ashley-Caunt – Chief Internal Auditor (IA)

36. Public Question Time

No public questions were received.

37. Apologies and Substitutions

No apologies were received.

38. Declarations of Interest

No declarations of interest were made.

39. Minutes

The Committee received the Minutes of the meeting held on 20 January 2026.

It was resolved:

That the Minutes of the meeting of the Committee held on 20 January 2026 be confirmed as a correct record and be signed by the Chair, subject to the following minor amendment:
The third bullet point on page 4 should read “Other Members thought it unnecessary to convene an additional Committee meeting to discuss the Statement of Accounts …”

The Director Finance reported that the External Auditors had given their assurances over the investments, the cash and cash equivalents, which were the bulk of the amounts on the balance sheet. In terms of debtors and creditors, matters were still outstanding. However, Internal Audit had carried out audits of the accounts payable and accounts receivable systems and reports on these would be finalised before the next Committee meeting. The opening balances of fixed assets remained outside the Council's control, as for historical reasons the external auditors could not determine the figures for the opening balances. The Director Finance agreed to provide a list of what had changed in the accounts between the previous meeting and the signing off of the accounts.

In reply to Cllr Lorna Dupré, Cllr David Brown stated that he would report back to the Committee on the possibility of having a minute action log, as this would have to be agreed for all the meetings of Council.

40. Chair's Announcements

The Chair asked that all councillors complete their data protection training and their related party declaration, if they had not already done so. Cllr Lorna Dupré suggested the councillors should be able to complete their related party declaration form online, as this was the case for Cambridgeshire County Councillors.

41. External Audit Plan for 2025/26

This item was deferred to the next meeting, on the request of the External Auditors.

42. Internal Audit Work Plan for 2026/27

The Committee considered a report on the Internal Audit Plan 2026/27 (AA179, previously circulated). Rachel Ashley-Caunt, Chief Internal, Auditor presented the report.

In reply to Stephen Joyce, the Chief Internal Auditor explained that the audit on cyber security would include seeking assurances regarding the security arrangements within the Council's supply chain.

In reply to Stephen Joyce, the Chief Internal Auditor confirmed that the audit of the Revenues and Benefits partnership was conducted as part of a shared service with other councils in the partnership and she attends meetings to agree the scope each year.

In reply to Stephen Joyce, the Chief Internal Auditor agreed to look at why there had been reoccurring, significant underspends in capital and revenue expenditure, as part of the Budgetary Control audit.

In reply to Cllr Keith Horgan, the Chief Internal Auditor reported that the plan was the same number of audit days as the previous year's plan, whilst the content of the plan varied every year. For example, the decision had been taken not to audit

Payroll as it had robust procedures in place and so this freed up audit days for the audit of other, riskier areas.

In reply to Cllr Lucius Vellacott, the Chief Internal Auditor explained that she would discuss with Management Team which audits in the reserve list should be prioritised if there were additional days made available. She added that the Audit Plan could be amended to allow an urgent matter to be audited and this arrangement was reflected in the report's recommendations.

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

resolved:

- That the Committee approve the Internal Audit Plan for 2026/27.

- That the Committee approve delegation to the Finance Director, in consultation with the Chair of the Audit Committee, to approve amendments to the Internal Audit Plan, if required.

43. Internal Audit Progress Report

The Committee received a report on the Internal Audit Progress Report (AA180, previously circulated), presented by Rachel Ashley-Caunt, Chief Internal Auditor. It was noted that the audits finalised in the period had received good assurances or above and so there were no areas of significant weakness to report. Internal Audit were on track to complete the Audit Plan for 2025/26 on time.

In reply to Stephen Joyce, the Chief Internal Auditor explained that 99% of business carried out by the trading company was for the Council and so it was a Teckal compliant arrangement. She agreed to provide a comprehensive definition of a Teckal company to committee members.

Stephen Joyce requested an explanation from the relevant officer on why the Internal Audit action relating to contract documents remained overdue.

Cllr David Brown proposed and Cllr Keith Horgan seconded the recommendations 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 key findings.

44. Internal Audit Charter and Mandate

The Committee considered a report which sought the Committee's approval of the Internal Audit Charter and Mandate (AA181, previously circulated), presented by Rachel Ashley-Caunt, Chief Internal Auditor. She confirmed that there had been no amendments made to the document that had been agreed last year.

In reply to Cllr James Lay, the Chief Internal Auditor explained that the Council had commissioned a set number of audit days. The cost recovery increased in line with the national pay award each year.

Cllr David Brown proposed and Cllr Lucius Vellacott seconded the recommendation in the report. A vote was taken and it was unanimously

resolved:

- To approve the Internal Audit Charter and Mandate.

45. External Audit Recommendations Update

The Committee considered a report (AA182, previously circulated) which provided the Committee with an update on the actions taken by the Director Finance to address the eight recommendations raised by the Council's external auditors, following the audit of the 2024/25 Statement of Accounts. It was noted that an amendment had been made to paragraph 4.1 in the report, as the start date of the new Principal Accountant had changed from 23 March to 31 March.

In response to Stephen Joyce, the Director Finance explained that the plan was for the Interim Accountant to transfer his knowledge to the new Principal Accountant. He believed that the Finance Team had sufficient capacity to carry out its work.

In reply to Cllr Keith Horgan, the Director Finance reported that after the external auditors had declared that the quality of the working papers were insufficient they had been asked to provide a specific example of this and the Council had not yet received a reply.

In reply to Cllr Keith Horgan, the Director Finance explained that the enhanced internal review referred to in paragraph 4.3 was being carried out to ensure that the figures in the accounts of the Council and its trading company were identical.

In reply to Cllr Keith Horgan, the Director Finance reported that a system was in place that should satisfy the external auditor's concerns regarding the Council's record keeping of Section 106 Agreements and Community Infrastructure Levies.

In reply to Cllr Keith Horgan, the Director Finance stated that all the Council's investments were under three months, making it simpler to comply with accounting standards.

In reply to Cllr Lorna Dupré, Cllr David Brown stated that following the improvements made as result of the audit of the 2024/25 accounts, he expected external audit to give the Council an improved report for the 2025/26 accounts.

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

Resolved to

- Note the recommendations raised by the Council's external auditors, and
- Note the actions taken by the Director Finance to address the recommendations.

46. Forward Agenda Plan

The Committee received the Forward Agenda Plan. It was noted that the Committee would be required to submit an annual report following its next Committee meeting. The Committee agreed that a self-assessment workshop should be held in person that would be convened by the Chief Internal Auditor to assist in the compiling of the annual report.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 2.44 pm.

Chair:………………………………………………….

Date: …………………………………………………

TITLE: Annual Governance Statement 2025/26- First Draft

Committee: Audit Committee

Date: 14 July 2026

Author: Chief Executive

Report number: AB38

Contact officer:
Emma Grima, Chief Executive
Emma.grima@eastcambs.gov.uk, The Grange, Ely

Issue

1. Presentation of the first draft of the Annual Governance Statement 2025/26 for further member consultation.

Recommendations

2. Members are requested to instruct the Chief Executive to formally consult with members and substitutes of the Audit Committee to enable a final draft to be presented to the next meeting in October 2026.

Background/Options

3. The Audit and Account Regulations 2015 requires the Council to produce an Annual Governance Statement (AGS) to accompany the Statement of Accounts. The AGS summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance arrangements in the year ahead. The final statement will be signed by the Chief Executive and the Leader of the Council.

4. The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.

5. The draft AGS has been compiled using sources of evidence, including:

    - A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
    - Self-assurance statements prepared by Service Leads;

6. The Chief Internal Auditor's opinion on the Council's internal control environment during 2025/26, which is also being formally reported to the Audit Committee at this meeting.

7. The Statement is prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The guidance states that the AGS should include:

    - The Council's responsibilities for ensuring a sound system of governance;

- An assessment of the effectiveness of key elements of the governance framework, and the role of those responsible for the development and maintenance of the governance environment;
- An opinion on the level of assurance that the governance arrangements can provide and whether these continue to be regarded as fit for purpose;
- The identification of any significant governance issues, and an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;

8. A conclusion demonstrating a commitment to monitoring implementation through the next annual review.

9. Although the 2025/26 Annual Governance Statement relates specifically to April 2025 to end March 2026, it also includes future actions and priorities:

    - Appendix 1 (Draft 2025/26 AGS) includes
        - ‘Development in 2025/26’ column detailing in year progress in meeting the agreed principles;
        - ‘Focus and further developments for 2026/27 as a footer to each agreed principle outlining priorities in 2026/27 (i.e. the current financial year).

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

Arguments/Conclusions

11. Appendix 1 details the first draft of the Annual Governance Statement 2025/26 for Member consideration. Consistent with the process introduced for the 2021/22 statement, Members and substitutes of the Audit Committee will have the opportunity to make individual responses to inform the final draft. A summary of all the comments received will be reported to the Committee together with a response from the Chief Executive. Any comments / input should be sent to the Chief Executive by the week ending 11 September 2026.

Additional Implications Assessment

12. 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**

Appendices

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

Background documents

None.

Appendix 1

East Cambridgeshire District Council

Draft Annual Governance Statement 2025/2026

1. Scope of responsibility

1.1. East Cambridgeshire District Council (ECDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

1.2. East Cambridgeshire District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the ways in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.3. In discharging this overall responsibility, East Cambridgeshire District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and this includes arrangements for the management of risk.

1.4. East Cambridgeshire District Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the Code is included on our website at Code of Corporate Governance 2016 V4.

1.5. This statement explains how East Cambridgeshire District Council has complied with the principles of the code and meets the requirements of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, which require all relevant bodies to prepare an Annual Governance Statement.

1.6. This Annual Governance Statement outlines the council's governance framework and provides an assessment of how the council has complied with the principles and sub-principles of the Code of Corporate Governance during the year.

2. The Governance Framework

2.1. The council's governance arrangements comprise of systems and processes, and culture and values. The systems and processes which are in place to ensure that adequate controls are in place, and culture and values, by which the council is directed and controlled, and its activities through which it accounts to, engages with, and leads its communities. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

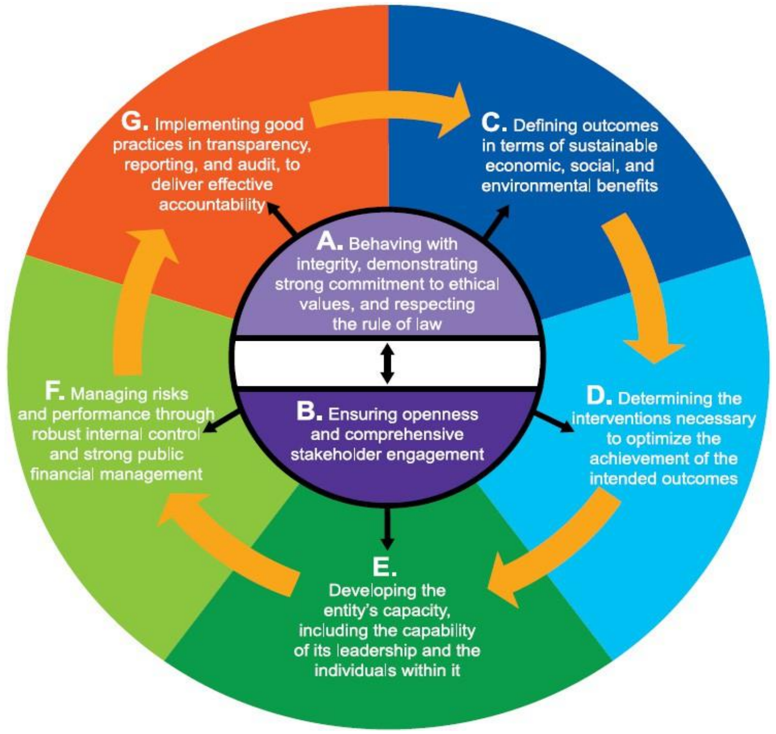
2.2. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of East Cambridgeshire District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

2.3. The governance framework incorporated into this Annual Governance Statement has been in place at East Cambridgeshire District Council for the year ended the 31st of March 2026, and up to the date of the approval of this statement.

2.4. All service leads are responsible for producing their own assurance statements and where relevant for mitigating identified risks and governance weaknesses as part of the Service Planning process. The areas of governance reviews include but are not limited to legislative compliance, project management, risk management, conduct and conflicts of interest.

3. The delivering of good governance

3.1. The CIPFA/Solace Delivering Good Governance in Local Government Framework sets out the 7 principles of delivering good governance in local government. The principles are set out as follows:



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

4. Key elements of the Governance Framework

The following is a brief description of the key elements of the systems and processes that comprise the council's governance arrangements, including any developments in 2024/2025 and areas of focus for 2025/2026.

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

Key element	How the council achieves this	Development in 2025/2026
Maintaining codes of conduct which define standards of behaviour for elected Members and staff, ensuring that policies are communicated effectively, and reporting/ investigating any allegations of breaching these Codes.	The Constitution contains a Members' Code of Conduct, which is underpinned by the Principles of Public Life. Members are required to complete a 'Declaration of Interest' which is published on the website for transparency. The council has appointed independent persons to assist with the handling of councillor complaints and the wider promotion of good councillor conduct. There is a separate employee code of conduct, which is supported by HR policies and procedures. Codes, policies and procedures are shared with new employees as part of the induction process. The council has a whistleblowing policy, which is available to employees, and provides a route for raising concerns in confidence. Whistleblowing mailbox is monitored by the Monitoring Officer (MO).	During 2025/2026, there was one Code of Conduct complaint against a councillor, which was resolved informally. There were no whistleblowing reports in 2025/2026.
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.	Corporate policies and strategies, which are regularly reviewed, are available on the council website. The Constitution contains responsibilities for functions of the Council, Policy Committees, Regulatory Committees and other Committees, Joint Committees and Other Partnership Bodies. It also contains Proper Officer Functions and Rules of Procedure. The Monitoring Officer advises whether decisions are in accordance with the Constitution, and a summary list of responsibilities are included in a Monitoring Officer Protocol. The council ensures compliance with established policies, procedures, laws and regulations through several channels. The Chief Executive is responsible and accountable to the council for all aspects of operational management. The Director Finance and S151 Officer is responsible for ensuring that appropriate advice is given on financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal control. The Legal Services Manager is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. The Localism Act 2011 requires the council to prepare a Pay Policy Statement for each financial year. The statement must be prepared and approved by the end of March each year. The 2026/2027 pay policy was approved by council in February 2026. Service leads are asked to provide annual assurance that they have promoted relevant policies and ensure that all staff are aware of relevant requirements and exercise due controls. Statements have been received from all service leads in relation to 2026/2027 and assurances provided, that policies and procedures have been suitably promoted across the service and staff are aware of key policies, procedures and expected standards (including the receipt of gifts and hospitality, contract procedure rules and the code of conduct). The Monitoring Officer issues reminders on the recording of gifts and hospitality via email to all staff, twice yearly. Staff are required to declare gifts, and business relationships, financial/non-financial interests that could conflict with the council's interests. The Digital Services and Information Manager provides GDPR/Data Protection/Freedom of Information training for all staff on a yearly basis, including training at corporate induction and when new changes take place, to ensure staff are kept up to date and are aware of their responsibilities. Contract Procurement Rules training is mandatory for all service leads at least once every three years.	During 2025/2026, the HR team updated four HR policies: Disciplinary Policy, Grievance Policy, Capability Policy and Induction and Probationary Period Policy. Annual Infrastructure Funding Statement completed, detailing CIL and S106 projects, income and expenditure. As part of the new waste service, the Waste Collection Service Standards were developed. These standards incorporate the requirements of Section 46 of the Environmental Protection Act and provide guidance on waste collection service expectations. As part of their statements, service leads have provided assurance that they have maintained an up-to-date understanding of the legal requirements relevant to their service areas. They have also identified any anticipated legislative changes that may require action or consideration during 2026/27. Six officers have recently undertaken 'Train the Trainer' training for our new procurement software platform, In-Tend.

Focus and further development for 2026/2027

The Government is expected to make a final decision on the preferred Local Government Reorganisation option in summer 2026. Subject to this decision, the new councils are expected to operate in a shadow capacity from May 2027.

Review of the Corporate Enforcement Protocol.

Refresher training on officer decision recording.

Principle B, ensuring openness and comprehensive stakeholder engagement

Key element	How the council achieves this	Development in 2025/2026
Documenting a commitment to openness and acting in the public interest.	There is public access to all committee meetings except for items which are of a confidential nature. The council continues to be committed to ensuring that members of the public are involved in the decision-making process. There are specific schemes in place to allow members of the public to speak at both Planning and Licensing Committee meetings, and the council has also issued general guidance on public question time at other meetings, including Full Council. To demonstrate its openness, the council also publishes on the website the Constitution, Council and Committee agendas, reports, minutes and decision lists. The council publishes on its website the recommended datasets in accordance with the Local Government Transparency Code 2015 issued by the Department for Communities and Local Government in February 2015. To demonstrate its compliance with the Public Sector Equality Duty, the council produced and published an Equality, Diversity and Inclusion Monitoring Report which presents an analysis of the following areas: • equality objectives • service delivery • equality impact assessments • complaints and satisfaction • access to information • equality in employment • gender pay gap • progress against the 2025 to 2028 Equality Action Plan • the council's commitments for 2025 to 2028 This is published on the council's website. 'The Importance of Equality, Diversity and Inclusion' is compulsory training for all staff.	All committee meetings are streamed live to YouTube from the Council Chamber, and remain on the council's YouTube channel afterwards, which has increased accessibility to members of the public. There have been no technical issues reported this year. Accessible documents relating to council and committees on council's website through redesign of agenda and report templates. Website and Intranet Governance approved by CMT in March 2026. Completion of the council's corporate website and intranet project, compliant with WCAG 2.1 and WCAG 2.2 accessibility standards.

Key element	How the council achieves this	Development in 2025/2026
Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability, and encouraging open consultation.	Residents are regularly informed about the council's activities through the council website, and collaborative work with the local media and social media. The council's Customer Charter states that customers are at the heart of everything we do and that feedback on our services is welcomed. The council has adopted a Constitution which sets out how the council operates, how decisions are taken and the procedures which should be followed. Adopted Community Engagement Strategy 2024-2028. The council undertakes regular consultation exercises, including small focus groups of customers, large-scale questionnaires and face-to-face surveys. A Register of Consultees is held which gives individuals, community groups and associations the opportunity to consider new or revised policies, strategies or functions and to express their opinions, concerns and make suggestions. To encourage as wide a participation as possible, an invitation for further individuals to join the register is included in the Consultation section on the council's website. The Statement of Community Involvement 2023 (SCI) sets out how the council involves and consults with the public and wider stakeholders when planning for future local development across the district. This is published on the council's website and covers consultation arrangements in respect of planning applications and planning policy matters, including the preparation of the Local Plan. Creation of a new Spatial and Address Management Service department, which will be responsible for GIS and the Asset Register. Regular media releases are used as a means of keeping residents of the district informed of current and upcoming issues and council decisions. The council endeavours to ensure that all communications with the public are accessible to all by providing a translation service, large print and braille. All published/printed communications meet WCAG 2.2 statutory accessibility regulations. Equity of participation and wider social outcomes (for example in health) are fundamental principles of the council's leisure service provision and are reflected in service specifications and the physical activity programme. The Healthy You Programme is based on community engagement and specific user feedback forms, part of the evaluation process.	In 2025/26 the Communications Team worked closely with the Waste Team and East Cambs Street Scene (ECSS) regarding the introduction of the new waste service. The Community Engagement Toolkit has been updated in 2025, informed by community engagement and feedback. Youth engagement has taken place throughout 2025/26, including a Youth Fusion event in summer 2025. Public Consultation taking place for the Bereavement Centre Environmental Permit. Implementation of the new vehicle-related Anti-Social Behaviour PSPO. The Register of Consultees was promoted both internally and externally in 2025. A Register of Consultees toolkit has also been produced and promoted internally. Stakeholder and public consultation for the PSPO Anti-Social Behaviour driving. Changes to Healthy You funding in December 2025 has brought reporting changes and service reviews. Development Services to re-commence the planning agents panel, to be held twice a year and feedback utilised to address and update concerns/processes.

Key element	How the council achieves this	Development in 2025/2026
	Stakeholder engagement has taken place throughout the Lake View Bereavement Centre project, which will remain essential leading up to the opening and foundational operations of the centre. Bereavement centre to be an inclusive and accessible environment for all users, with consideration to equality, diversity and environmental impacts. Continued Landlord engagement through both the Housing Department and Environmental Services. This includes forums, bulletins, social media updates and provision of resolution services. The Communications Team has a close relationship with all parish councils, with regular communications and a dedicated parish council newsletter. Councils across Cambridgeshire and Peterborough developed and submitted proposals to government in November 2025, and government is now consulting on these options	Economic Development continues to work in partnership with the Chamber of Commerce and the Cambridgeshire and Peterborough Combined Authority (CPCA) to support the delivery of the Enterprise Zone development and the implementation of the Local Growth Plan. A Planning Service Customer Charter and Negotiation Protocol have been developed to enhance clarity and transparency regarding the operation of the service. Regular communications have been undertaken regarding Local Government Reorganisation. Information has been shared with residents, stakeholders, councillors, and staff through a range of communication channels.

Focus and further development for 2026/2027

As part of Local Government Reorganisation, ensure that comprehensive and accessible governance documents are prepared and published, including interim constitutions, schemes of delegation, and clear committee structures and decision-making arrangements.

Development of a customer feedback form for Building Control to be added to the website in summer 2026

Promotion of Planning customer satisfaction surveys to be reviewed alongside Planning Agent Forums to gain feedback on the planning service.

Accessibility on the corporate website and intranet to be improved further with a review of PDF documents, adapted to html where possible

Update the Statement of Community Involvement, to reflect the adoption of the October 2023 update to the Local Plan, the implementation of the LURA and the impact on plan making.

Integration of IT systems to allow performance and insight reporting.

Consideration of council owned public spaces being transferred to town/parish councils 2026/2027.

Services to work proactively with Legal Services and the new Spatial and Address Management Service to ensure the accuracy and completeness of the asset register in readiness for Local Government Reorganisation.

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

<table>
<tr><th>Key element</th><th>How the council achieves this</th><th>Development in 2025/2026</th></tr>
<tr><td>Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.</td><td>The Corporate Plan for the period 2023 to 2027 was approved by council in July 2023. It contains three themes which set out the main areas where the council will concentrate work over the period:
• sound financial management
• cleaner, greener East Cambridgeshire
• sustainable communities

Within each of these themes the council set out the priorities for the year. Details of all the above, together with any committee reports referred to in this statement, can be found on the council's website.

The Medium-Term Financial Strategy (MTFS) is presented to council on an annual basis to support the budget papers and the Corporate Plan. The MTFS sets out the level of savings that need to be achieved over the medium term. Savings plans and income generation targets are developed to achieve the budget requirement set out in the MTFS.

The council's Environment Policy (2024) confirms that the council is committed to acting on urgent environmental issues facing the district and the wider world. The Policy is supported by the Climate and Nature Strategy 2024 to 2028, together with an annual commitment of Top 20 Actions.

Mandatory Carbon Impact Assessments (CIAs) and Equality Impact Assessments (EIAs) are undertaken for policy development and decision making. The completed assessments are published on the council website.</td><td>Climate and Nature Strategy 2024 to 2028 approved. Top 20 actions for 2025/2026 identified.

Integrated work with CPCA considering devolution relating to the Local Growth Plan.</td></tr>
</table>

Key element	How the council achieves this	Development in 2025/2026
Translating the vision into courses of action for the authority, its partnerships and collaborations.	Service Delivery Plans are reviewed every year in line with any changes to the corporate priorities and in accordance with the development of the budget to ensure the necessary resources are in place for their delivery. 2025/26 performance reporting against Service Delivery Plans was reported to respective committees. Staff appraisals and performance reviews are linked to corporate and service level plans. Where commissioned services are delivered jointly with partners this is reflected in service delivery plans and performance against both service delivery targets and budgets are monitored. There are service contracts in place between the council and its trading companies. In addition, the council, through the respective Shareholder Committee, approves each trading company business plan. There is a shareholder agreement in place between the respective companies and the council. The Equality, Diversity and Inclusion Policy set out the council's commitment to an inclusive and supportive environment for staff, Members, contractors and visitors that are free from discrimination. New Community Safety related statutory duty action plan to complement the existing ECDC Prevent Action plan. Grant funding is utilised to support health initiatives and to offer value for money services to residents to combat health inequalities. Compulsory training for all staff on 'Understanding the Safeguarding of Children, Young People and Adults at Risk', PREVENT training and Domestic Abuse. Domestic Abuse Housing Alliance (DAHA) accreditation for the housing and community advice team. Local Enforcement Plan adopted in March 2023 details how planning compliance is achieved.	Service Delivery Plans reviewed and approved by committees in March 2026, with 6 monthly progress updates. Health and Wellbeing strategy action plan has been monitored and reviewed throughout the year. The Waste Collection Service Standards have been published on the council's website to provide transparency and clarity for residents and to support improved engagement. Community Fund grants of up to £1,000 are provided to support new and existing projects that enhance the quality of life for East Cambridgeshire residents. Shared Prosperity Business Grants, totaling £165,000, were awarded to businesses across East Cambridgeshire during 2025. Policies and procedures reviewed and updated in line with the Renter's Rights Act 2025.

Focus and further development for 2026/2027

HR is awaiting publication of the updated Equality and Human Rights Commission (EHRC) Code of Practice, following the Supreme Court ruling in For Women Scotland Ltd vs The Scottish Ministers. Relevant policies will be reviewed once the updated guidance is issued.

Review and implement any required changes arising from the Employment Rights Act 2025, which received Royal Assent in December 2025.

With the Healthy You and Public Health contracts coming to an end and uncertainty regarding the new contract arrangements, the service may be impacted by changes to contract management and service delivery across East Cambridgeshire.

Further revisions to Biodiversity Net Gain system anticipated in 2026.

Policies and procedures have been reviewed and updated in line with the Tobacco and Vape Licensing Act, which received Royal Assent in May 2026.

Principle D, determining the interventions necessary to optimise the achievement of the intended outcomes

Key element	How the council achieves this	Development in 2025/2026
Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality.	The council's decision-making framework is set out in the council's Constitution including an effective scheme of delegation. The council's Constitution is kept under continuous review in line with best practice. The Constitution includes the Shareholder Committee roles of the Finance and Assets Committee and the Operational Services Committee for the East Cambridgeshire Trading Company (ECTC) and East Cambridgeshire Street Scene (ECSS), respectively, and the Anglia Revenues Partnership Joint Committee. Business Continuity Management arrangements are in place to support delivery of services and outcomes in the case of unforeseen events. The council ensures the robustness of its data quality through Records Management Guidance and mandatory annual Data Protection training, requiring all data to be accurate, reliable, timely, relevant, complete, and secure.	Procurement support was informally provided through North Northamptonshire Council in 2025/26, enabling ECDC to ensure procurement compliance and supporting preparations for Local Government Reorganisation. This arrangement was formalized on 1 June 2026.
Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.	Performance management in the council is based on the Corporate Plan priorities supported by Service Delivery Plans. The council's 2 Policy Committees (Operational Services and Finance and Assets) approve and monitor performance against Service Delivery Plans. A summary of the overall performance of the council, linked to the promises detailed in the Corporate Plan, is included in the introduction to the Statement of Accounts. The council has established a robust financial planning process which includes a Medium-Term Financial Strategy, frequent budget monitoring reports for officers and quarterly budget monitoring reports for Policy Committees. Customer satisfaction surveys are carried out by numerous services, including Home Improvement Agency (HIA), Environmental Services, Customer Services. Feeback is reviewed and service improvements are made in relation to this. The Economic Development team have a specialised Customer Relationship Management (CRM) system which is continually developed to support service delivery. The approved Homelessness and Rough Sleeper Strategy 2025, sets out the council's strategy and action plan from 2025-2030, in accordance with the Homelessness Act 2002. Continued digitisation of paper records and forms for all departments. Information review taking place at the same time.	Building Control services have implemented changes to comply with new reporting requirements set by the Building Safety Regulator. The Building Safety Levy regulations come into force in October 2026. The Community Infrastructure Levy (CIL) department will be responsible for collecting the Building Safety Levy. Changes to the election of Chairs/ Vice Chairs to reflect changes to proportionality. Building Control introduced a cross reference of demolition and self-build relief for automated report generation for government returns. Increased use of PPAs has resulted in underspend and some external support cost neutral. Building Control now sends out over 95% of documentation electronically. Digitisation will assist with a smooth transition into Local Government Reorganisation.

Focus and further development for 2026/2027

To develop robust governance frameworks, effective resource planning, and risk management arrangements, while ensuring compliance with statutory obligations arising from Local Government Reorganisation.

Recruitment to be able to meet the requirements of the Building Safety Levy.

Recruitment concerns in Development Services. Development Management Manual being created which will address expectations for new colleagues.

Recruitment of S106 Officer to monitor compliance with conditions, income and expenditure.

Principle E, developing the entity's capacity, including the capability of its leadership and the individuals within it

Key element	How the council achieves this	Development in 2025/2026
Defining and documenting the roles and responsibilities of Members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.	The council's Constitution sets out how the council operates and decisions are made. This contains separate articles and key documents covering the Member Code of Conduct, Proper Officer functions, and protocols for the Monitoring Officer. As the Head of Paid Service, the Chief Executive leads the officers and chairs the council's Corporate Management Team. The other two statutory officers, the Monitoring Officer and S151 Officer, report directly to the Chief Executive and are both members of the Corporate Management Team. Regular meetings are held between the Leader of the Council and Chief Executive, and the Leader of the Council and Corporate Management Team to maintain a shared understanding of roles and objectives. In addition, regular meetings are also held with the leaders of the Opposition alongside the Corporate Management Team.	
Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015).	The council establishment includes a Chief Finance Officer (CFO), ensuring the financial management arrangements conform with the requirements within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). This responsibility was discharged by the Director Finance, S151 Officer, during 2025/2026.	

Key element	How the council achieves this	Development in 2025/2026
Assessment of CIPFA SOLACE's Code of Practice for Good Governance that was issued in June 2024 on the role of Statutory Officers CEO, S151 and MO.	Statutory officers meet quarterly, and meet regularly with CMT, Leader of the Council, service leads. Consultations of proposed policies which have significant legal, financial and ethical implications. Statutory officers are supported to undertake continuous professional development. MO is gold command under the Civil Contingencies Act 2004.	A self-assessment of the council's Statutory Officers, comprising the Head of Paid Service, Chief Finance Officer, and Monitoring Officer, was undertaken in May 2026 in accordance with CIPFA guidance.
Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function.	The Monitoring Officer is a statutory appointment under Section 5 of the Local Government and Housing Act 1989. These responsibilities were delivered by the Director Legal in 2024/2025. The Monitoring Officer undertakes to discharge their statutory responsibilities with a positive determination and in a manner that enhances the overall reputation of the council. In doing so they will also safeguard, so far as is possible, members and officers whilst acting in their official capacities, from legal difficulties and/or criminal sanctions. It is important that Members and officers work together to promote good governance within the council. The Monitoring Officer plays a key role in this, and it is vital that Members and officers work with the Monitoring Officer to enable them to discharge their statutory responsibilities and other duties. There are working arrangements and understandings in place between the Monitoring Officer, Members and the Corporate Management Team, which are designed to ensure the effective discharge of the council's business and functions. These arrangements are detailed in the Monitoring Officer Protocol, in the council's Constitution.	
Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function.	The role of Head of Paid Service is defined in the Local Government and Housing Act 1989. In East Cambridgeshire District Council, it is assigned to the Chief Executive as set out in the Constitution and all necessary powers are delegated to fulfil the statutory role. The council is also required to provide the Head of Paid Service with staff, accommodation and other resources sufficient to enable the performance of the function. The annual budget proposed to council, prepared by officers, seeks to align the provision of council resources with the delivery of the Corporate Plan. In this manner, the Head of Paid Service ensures that the council is fulfilling its duty.	

Key element	How the council achieves this	Development in 2025/2026
Providing induction and identifying the development needs of members and officers in relation to their strategic roles, supported by appropriate training.	There is a Member induction and training programme in place. Members are also required to undertake specific training before performing certain duties such as planning and licensing. Additional Member seminars are also arranged throughout the year to deal with specific issues as they arise. There is a corporate induction programme for all new employees. Service lead participation in professional networks enables sharing of latest best practice and benchmarking.	Member seminars included: • May 2025, Local Government Reorganisation (LGR) • June 2025, Agricultural Reservoirs • July 2025, Local Nature Recovery Strategy • September 2025, New Waste Service • September 2025, Kingsway NSIP • October 2025, ARP Briefing (Finance and Assets members) • November 2025, Cambridgeshire County Council (CCC) Cycle Routes • January 2025, Council Budget • February 2026, LGR update • May 2026, Planning Regs
	Staff training and development needs are reviewed at performance appraisals and supervision meetings. All officer posts within the council have a detailed job description and person specification. The development needs of officers are determined through an annual performance appraisal, a key outcome of which is a Personal Development and Training Plan. This plan provides a link between service and corporate priorities and career development. Requests for professional/vocational training are presented to Corporate Management Team annually for final consideration. Continuous professional development completed by professional officers. Succession planning within key service area roles.	The staff training budget has been increased in 2026, in preparation for Local Government Reorganisation.

Key element	How the council achieves this	Development in 2025/2026
Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.	Healthy You programme is promoted with council staff. Promotion of health and wellbeing resources available via the council's intranet pages. Remote Working Policy adopted and health and safety advice available to support staff working on and off site. Every department has a health and safety representative in the working group. Health and Safety codes of practice made available to all staff on the Intranet. Flexible retirement policy in place. Volunteering Policy which supports staff to do a range of volunteering opportunities that positively impact on the community, helps vulnerable people in our society and/or helps to improve the environment in East Cambridgeshire.	Vulnerable Community Strategy updated in 2025.
Proactive and effective use of technology to support service delivery.	Adoption of employee self-service systems for payroll and human resources activity. The HR service actively supports staff to access and use the HR and Payroll system. Using the Employee Self-Service (ESS) functionality, staff can submit mileage and expenses claims, childcare claim and book leave. The HR service also supports service leads using the People Manager platform to manage their team's time and expense claim forms, leave requests, sickness absence and so on. Refreshing and reviewing systems to ensure these remain effective and up to date.	Introduction of Generative Artificial Intelligence (AI) Acceptable Use. Implementation of Microsoft Co-Pilot. The promotion of CRM self-serve accounts via the corporate website has resulted in increased uptake of CRM self-serve forms, streamlining the reporting process for customers and reducing the number of steps required. Digital Services has introduced six-monthly service review meetings across all services to review and update webpages, supporting customers in finding accurate and helpful information and reducing unnecessary customer contact.

Focus and further development for 2026/2027

Continued development and promotion of self-serve accounts, including the introduction of a Waste Services customer portal.

Principle F, managing risks and performance through robust internal control and strong public financial management

Key element	How the council achieves this	Development in 2025/2026
Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.	The council has a Risk Management Policy and framework to detail the approach to managing risks. The latest policy was approved by Full Council in February 2024. The council's Corporate Risk Register is the result of continuous review by a Risk Management Group, the Corporate Management Team and the Audit Committee, of the key risks that may have an impact on achieving the council's objectives. Each risk shows the owner the key controls in place to minimise any impact on the council and its provision of services to stakeholders and sources of assurance. Individual projects and partnerships are also subject to risk assessments. Service leads are asked to identify and highlight major risks at a service level for consideration by the Risk Management Group. Other service risks are managed by service leads via the Service Planning process. The Business Continuity Plan ensures that the council can plan for, and respond to, a disruptive incident to continue service delivery and business operations at an acceptable predefined level. Risks are considered when drafting project and event plans and reviewed at the end of each stage, as part of the project planning process. Data Protection Impact Assessments are undertaken for all new data processes that are deemed to have risks to personal data. The Communications Team regularly enters new partnerships and collaborations. It carefully monitors all formal and informal agreements and carries out risk assessments as required, for example when contracting work on behalf of other service leads or hosting publicity events.	The creation of a Negotiation Protocol and other streamlining initiatives in the Planning Department has reduced the time spent on individual planning applications. This has created additional capacity within the team and improved the timeliness of decision-making.
Ensuring compliance with the principles of the CIPFA Financial Management Code.	The council's S151 Officer is satisfied that there is compliance with the principles in the Financial Management Code.	

Key element	How the council achieves this	Development in 2025/2026
Ensuring an effective scrutiny function is in place.	The council has a Call-In and Referral Up Procedure which is part of the Constitution. This enables councillors to call in decisions made by the Policy Committees. Council can then consider the matter afresh and make a final decision which could be to uphold, amend or reject the previous decision of the Policy Committee. The council provides Members to other Scrutiny Committees, where required, to review the performance and effectiveness of other public service providers as well as the council. Examples include the Cambridgeshire Police and Crime Panel, Health and Wellbeing Board and the Community Safety Partnership. Independent Remuneration Panel (IRP) was appointed to make recommendations on allowances paid to councillors.	
Ensuring effective counter fraud and anti-corruption arrangements are in place.	An Anti-Fraud and Corruption Strategy is included in the Constitution, which includes procedures relating to Money Laundering and Bribery Act. All Officers undertake compulsory Fraud Awareness training The council is a member of the Cambridgeshire Fraud Hub and participates in the National Fraud Initiative (NFI) exercises to identify potential indicators of fraud or error. Both ARP and Licensing National Anti-Fraud Network membership, which can be utilised for fraud investigations. Fraud reporting email address made available for reporting concerns, this is monitored by the S151 Officer. ARP has a fraud department and investigates under the Prevention of Social Housing Fraud Regulations 2014.	In October 2025, the Audit Committee approved an update to the Anti-Fraud and Corruption Strategy to reflect the introduction of the "failure to prevent fraud" offence under the Economic Crime and Corporate Transparency Act 2023. In 2025/2026, the most common type of fraud identified is the misuse of Council Tax Single Person Discount. Fraud statistics are published as part of the council's Open Data on its website.
Gaining assurance on risks associated with delivering services through third parties.	The council's Corporate Risk Register details the governance controls that it maintains over its trading companies, to ensure that any risks associated with these are quickly identified. As part of the processes included in this, is the need for the companies to produce an annual Business Plan that includes a risk management section for approval at Committee. The council enters into sharing agreements, service level agreements and memorandums of understanding with external bodies, which provide assurance on risk. This includes, for example, agreements with Sanctuary, ARP and the Community Safety Partnership.	

Key element	How the council achieves this	Development in 2025/2026
Undertaking the core functions of an audit committee, as identified in Audit Committees, Practical Guidance for Local Authorities and Police (CIPFA, 2022).	The Audit Committee, for the financial year 2025/2026, operated in line with its terms of reference and supporting procedure rules covering internal and external audit, risk management, annual statement of accounts, corporate governance and internal control arrangements, and anti-fraud and corruption arrangements. In accordance with guidance, the Audit Committee does not engage in decision making which would impact upon its independence.	In February 2025 Audit Committee members participated in a self-assessment against the CIPFA 2022 guidance and devised an action plan for ongoing improvement. An annual report to council, reflecting on the work of the Committee was produced for 2025/2026 and approved by Full Council in May 2026.
Arrangements for managing data to ensure security, quality and accuracy.	The council has a Data Protection Officer (DPO) and Senior Information Responsible Officer (SIRO). Service leads ensure data is managed in line with the council's data protection guidelines. Where parts of the service are outsourced or delivered in partnership, and the third-party processes or has access to council data, assurance is obtained from the third party regarding the robustness of systems and controls it has in place.	Annual Information Governance Report provided to Audit Committee, detailing DPO performance data. Sharing agreements created for new partnerships and regularly reviewed for current partnerships.

Focus and further development for 2026/2027

Maintain comprehensive and accurate financial records throughout Local Government Reorganisation, in accordance with the CIPFA Code of Practice on Local Authority Accounting.

Work closely with other councils to develop a clear understanding of the emerging risk landscape that could affect governance, financial sustainability, service delivery, and organisational resilience from day one.

Ongoing development of the Bereavement Centre and new service design.

IPCO is due to conduct RIPA inspection due at the end of 2026.

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

Key element	How the council achieves this	Development in 2025/2026
Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.	The council provides support and information to the externally appointed auditors (Ernst and Young LLP). Audit findings and recommendations are reported through the Audit Committee.	The External Audit of the 2024/2025 accounts were both signed off by EY disclaimed audit opinion. The disclaimed opinion was given as problems with the Local Audit Market. It should be noted that the council published their 2024/2025 draft Accounts in line with the statutory requirement.
Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.	The council demonstrates a strong commitment to working in partnerships with other agencies to deliver priority outcomes and ensure that this partnership activity provides value for money and added value. The governance arrangements for key partnerships are kept under review. Governance arrangements for significant partnerships, such as the East Cambridgeshire Trading Company, East Cambridgeshire Street Scene and the Anglia Revenues Partnership, are documented in the Constitution.	The new Waste Service was successfully implemented. The project was externally audited with a high level of compliance/assurance received.

Key element	How the council achieves this	Development in 2025/2026
Ensuring an effective internal audit service with direct access to members is in place, providing assurance regarding governance arrangements and that recommendations are acted upon.	During 2025/2026 Internal Audit was delegated to North Northamptonshire Council which was led by a professionally qualified Chief Internal Auditor in accordance with the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations, the Global Internal Audit Standards, the Local Government Application Note and the CIPFA Code of Practice. The Internal Audit Charter is in line with the Global Internal Audit Standards in the public sector and provides the necessary access required to exercise this key role. The Chief Internal Auditor has been an attendee at all Audit Committee meetings and progress reports on delivery of the audit plan have been provided throughout the financial year. Implementation of audit recommendations are subject to monthly follow ups by the Internal Audit team and progress is reported to every committee meeting via a progress report.	Implementation of 95% of agreed actions from Internal Audit reports due during 2025/2026. The Audit Committee approved a revised Internal Audit Charter to align with the Global Internal Audit Standards in the public sector from April 2025 and again in March 2026. The Audit Committee received a full copy of the External Quality Assessment of the Internal Audit service in July 2025. This provided very positive feedback on the quality of the service and an assessment that the service 'general conforms' with the Public Sector Internal Audit Standards (the highest rating available) and highlighted that performance exceeded that of comparable local authorities assessed. The report also identified areas to develop further, with an action plan presented to the Committee with the Chief Internal Auditor's responses and actions taken.

Focus and further development for 2026/2027

To receive the outcome of the External Quality Assessment of Internal Audit and monitor implementation of any actions arising.

Work collectively with other councils for Local Government Reorganisation, including representation on LGR workstreams, creating terms of reference for joint committee, the S24 Direction and Structural Changes Order.

To develop and deliver a training plan for the Audit Committee Members.

5. Review of effectiveness

5.1. East Cambridgeshire District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the directors within the council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditors annual report, and by comments made by the external auditors and other review agencies and inspectorates.

5.2. The following is a brief description of the roles and processes that have been applied in evaluating the effectiveness of the governance framework:

1.) The council

In July 2023 the council approved the Corporate Plan for 2023 to 2027 which forms the basis of the performance management framework. Council reviews progress against the plan, ensuring it remains committed to the priorities whilst delivering a balanced budget. An updated action plan for 2025 to 2026 was approved by council in September 2025.

Council approved financial documents including the Medium-Term Financial Strategy, Capital Strategy, General Fund Revenue Budget, Treasury Management Strategy, and the Council Tax Reduction Scheme. The Medium-Term Financial Strategy provides the financial structure for the policy and budget framework, corporate planning, annual service planning and budget setting.

Section 151 of the Local Government Act 1972 requires that every local authority shall make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for administration of those affairs. This role was discharged by the council's Director, Finance and S151 Officer during 2025/2026.

The CIPFA Financial Management Code published in October 2019 sets out the financial standards of financial management for local authorities. Full adoption of the Code commenced on 1 April 2021. The council's s151 Officer is satisfied that there is compliance with the principles in the Financial Management Code.

The council has appointed Independent Persons in accordance with the standards framework to be compliant with the Localism Act 2011.

Council approved key strategies and policies, such as the Corporate Plan and the revised Corporate Risk Management Policy, are in place and communicated to officers and Members.

2.) The Finance and Assets Committee

The Committee reviewed and noted quarterly budget monitoring reports and regular updates on assets.

The Committee recommend that council approve financial reports, such as the Treasury Management Strategy, Treasury Management Annual Performance Review, the Annual Investment Strategy, Revenue Budgets, Capital Strategy, Council Tax, overall Council Budget reports, and reviewed the minutes of the ARP Joint Committee, as the partnership which delivers revenues and benefits for the council.

In undertaking its role as the Shareholder Committee for East Cambridgeshire Trading Company (ECTC), in March 2026, the Committee approved the Business Plan for 2026/2027. The Committee also noted the ECTC accounts for 2024/2025 September 2025.

The Committee received the annual Health and Safety report for 2024/25 in September 2025. This provided a summary of East Cambridgeshire District Council (Council), East Cambs Trading Company (ECTC) and East Cambs Street Scene (ECSS) health and safety performance to the end of the financial year 2024/2025 and set out the commitments relating to health and safety for the year 2025/2026.

In September 2025 the Committee approved the Health and Safety Policy 2025.

In March 2026, the Committee received the Annual Equality Monitoring report, in accordance with the Public Sector Equality Duty.

The Committee received an Asset Management Plan for 2026/2027 in March 2026.

3.) The Audit Committee

The Committee performed the role of the Audit Committee as defined by the Public Sector Internal Audit Standards, which covered internal and external audit matters, risk management arrangements, corporate governance including internal control arrangements and the annual governance statement, anti-fraud and corruption arrangements, and the statement of accounts.

The Committee received reports on corporate risks, the work and findings of internal audit, including the annual report, and external audit reports, letters and briefings. It also reviewed and approved the Annual Governance Statement for 2024/2025.

The committee received regular updates on the outcome of internal audit assignments and the implementation of actions agreed based on those findings.

4.) The Operational Services Committee

The Committee received and noted budget monitoring reports.

In March 2026, an update on the Community Safety Partnership was received for the Committee's noting.

The Committee approved a Public Space Protection Order (PSPO) to address Vehicle Related Anti-Social Behaviour.

The Committee approved Resource and Waste Strategy (2025 to 2031), a joint document produced by the Cambridgeshire and Peterborough Waste Partnership.

The Committee received performance monitoring updates on the Citizens Advice Service and our agreement with Voluntary and Community Action.

In undertaking its role as the Shareholder Committee for East Cambridgeshire Street Scene (ECSS), the Committee received performance reports for the delivery of the waste and street cleansing services by ECSS. The Committee also approved the ECSS Business Plan for 2026/2027 and half yearly performance report. The Committee also noted the ECSS statutory accounts and governance statement for 2024/2025.

5.) Relationship between the council and its trading companies

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

6.) Internal Audit

The council takes assurance about the effectiveness of the governance environment from the work of Internal Audit, which provides independent and objective assurance across the whole range of the council's activities. It is the duty of the Chief Internal Auditor to give an opinion on the adequacy and effectiveness of internal control within the council. This opinion has been used to inform the Annual Governance Statement.

The Chief Internal Auditor's annual report will be presented to the Audit Committee in July 2026. This report outlined the key findings of the audit work undertaken during 2025/2026 including any areas of significant weakness in the internal control environment.

The Chief Internal Auditor's annual opinion for 2025/2026 is, It is my opinion that Good Assurance can be given over the adequacy and effectiveness of the council's control environment for 2025/2026. This control environment comprises of the system of internal control, governance arrangements and risk management. Any limitations regarding this opinion are detailed and explained further (within the report)'.

The following is noted, 'For the audits completed by the Internal Audit service in 2025/2026, 100% of the opinions given in relation to the control environment and compliance have been of at least Moderate Assurance. There have been no reports issued with an opinion of 'high' organisational impact. Of the audits completed by the Internal Audit service, 67% of opinions were of 'Substantial' or 'Good'; and 'Of the agreed management actions due for implementation during 2025/2026, 95% had been completed during the year.'

7.) External audit

Under the Government's local public audit regime, the Public Sector Audit Appointments Limited, have awarded contracts for work previously carried out by the Audit Commission's audit practice. As a result, Ernst and Young (now EY) were appointed as the external auditors for East Cambridgeshire District Council from the 1st of April 2023 until the 31st of March 2028. This appointment was made under Regulation 13 of the Local Audit (Appointing Person) Regulations 2015.

In April 2025 EY provided their Auditor's Annual Report including the Value for Money (VFM) arrangements for the council. The report concluded that no significant risks or significant weaknesses were identified; that the council had proper arrangements in place to enable it to plan and manage its resources to ensure that it can continue to deliver its services, and that the council had proper arrangements in place to make informed decisions and properly manage its risks.

EY reported to the Audit Committee in January 2026 in the Audit Results Report that the financial statements were published on time, meeting 30 June 2025, deadline, and that the supporting evidence for key accounting estimates was generally of good quality and delivered as agreed.

In February 2026 EY issued a Disclaimer of Opinion for the 2024/2025 accounts. Due to the disclaimers of opinion on the financial statements in the prior years, delays in receiving associated audit evidence and the inability of the council to support the audit in advance of the backstop date of 27 February 2026, EY were not 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.

6. Significant governance issues and actions

The review of the effectiveness of the Governance Framework has provided a satisfactory level of assurance. The review process identified the following significant issues, based on the criteria set out in guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) for determining what constitutes a significant governance issue.

The 2024/2025 accounts resulted in a disclaimed opinion, with recommendations raised around the quality and consistency of draft accounts and supporting working papers. The Finance Team is actively working to address the recommendations to improve the 2025/2026 accounts preparation process, although it is recognised that due to ongoing national issues within the Local Audit Market, it is expected that future audit opinions may continue to be disclaimed or qualified, rather than reflecting specific issues within the council itself.

Looking ahead to devolution and Local Government Reorganisation, we will be working with partners to ensure that appropriate governance arrangements are in place for the new authorities created, ensuring that the new authorities are safe and legal from day one.

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

7. Statement by Leader of the Council and Chief Executive

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

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

Signed

Anna Bailey

Leader of the Council

Date

Signed

Emma Grima

Chief Executive

Date

End of document

East Cambridgeshire District Council

Auditor's Annual Report

Year ended 31 March 2025

13 April 2026

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

Shape the future with confidence

Agenda Item 7

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

13 April 2026

Dear Audit Committee Members

2024/25 Auditor's Annual Report

We are pleased to attach our final Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for East Cambridgeshire District Council. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2024/25.

This report is intended to draw to the attention of the East Cambridgeshire District Council any relevant issues arising from our work up to the date of issuing the report. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 14 July 2026.

The EY UK 2025 Transparency Report | 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

Contents

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

Purpose

The Auditor's Annual Report summarises the year's audit work, including value for money commentary and confirmation of the financial statement opinion. It also references any use by the auditor of their additional powers and duties under the Local Audit and Accountability Act 2014. In line with the NAO Code of Audit Practice 2024 ("the 2024 Code") and Auditor Guidance Note 03 (AGN 03), this report provides an overview to East Cambridgeshire District Council and the public, detailing current recommendations and a review of prior years' actions, including our assessment of whether they have been satisfactorily implemented.

Auditors must issue their draft annual report to those charged with governance by 30 November each year, reflecting the audit position and value for money assessment at that time, even if the 2024/25 audit is ongoing. We issued a draft Auditor's Annual Report to the S151 and Audit Committee Chair on 24 November 2025 reflecting the audit position and value for money assessment at that time to meet this requirement. As our audit work is now complete, and the Audit Results Report has been issued, this is the final version for the Committee.

Responsibilities of the appointed auditor

We have undertaken our 2024/25 audit work in accordance with the Audit Plan that we issued on 28 April 2025. We have complied with the 2024 Code, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- whether the financial statements give a true and fair view of the financial position of the Council and its expenditure and income for the year; and
- have been prepared properly in accordance with the relevant accounting and reporting framework.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the East Cambridgeshire District Council;
- the use of additional powers and duties, for example making written recommendations under Section 24 and Schedule 7 of the Act or making a report in the public interest; and
- if we identify a significant weakness in the East Cambridgeshire District Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Council

The Council is responsible for the preparation of the financial statement, including the narrative statement and governance statement, in accordance with the CIPFA Code and for having internal controls in place to ensure these financial statements are free from material error. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Executive Summary (cont'd)

2024/25 conclusions

Financial statements	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. In 2024/25, we have continued to audit the closing balance sheet and in-year transactions. We have not been able to complete all planned audit procedures, see pages 14 to 16 for more detail. We therefore have not obtained sufficient evidence to have reasonable assurance over all in-year movements and closing balances. As a result of the disclaimer of opinion on the 2023/24 financial statements, we do not have assurance over most of the brought forward balances from 2023/24 where we did not gain assurance (the opening balances). This means we do not have assurance over all 2024/25 in-year movements and the comparative prior year movements. We also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 financial statements. Taken together with the requirement to conclude our work by the 2024/25 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2024/25 financial statements are free from material and pervasive misstatement of the financial statements. We therefore issued a disclaimed 2024/25 audit opinion on 20th February 2026.
Going concern	Where a disclaimer of opinion is issued on the financial statements, we do not conclude on whether the use of the going concern basis of accounting is appropriate.
Consistency of the other information published with the financial statements	The financial information in the narrative statement and published with the financial statements is consistent with the accounts.
Value for money (VFM)	We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements. These are set out on pages 14 to 16, detailed findings and recommendations have been included in our Audit Results Report.
Consistency of the annual governance statement	We are satisfied that the annual governance statement is consistent with our understanding of the Council.

Executive Summary (cont'd)

2024/25 conclusions (cont'd)

Additional powers and duties	We had no reason to use our auditor powers.
Whole of Government Accounts and Certificate	We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.

Executive Summary (cont'd)

Value for money scope

Under the 2024 Code, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

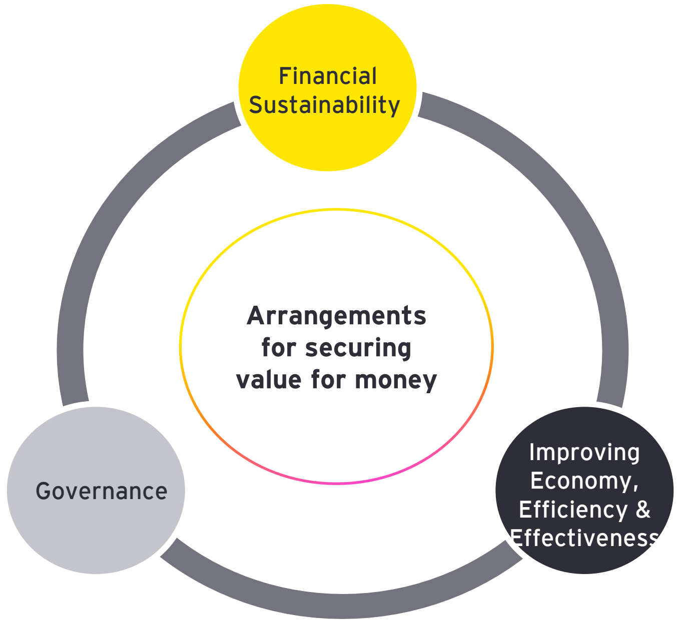
We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's report on the financial statements.

The specified reporting criteria are:

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

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

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the Director, Finance and s151 Officer;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.



Executive Summary (cont'd)

Reporting

Our commentary for 2024/25 is presented in Section 03. This section provides a summary of our understanding of the arrangements at the Council, as determined from our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2024/25 and up to the date of issuing this Auditor's Annual Report, which must be issued by 30 November. We have not identified any changes to this understanding from the date of the draft Auditor's Annual Report to the date of this final Auditor's Annual Report.

The recommendations we have agreed upon with the Council are included in Appendix A.

In compliance with the 2024 Code, we are required to provide commentary against the three specified reporting criteria. The table below outlines these criteria, indicates whether a significant risk of weakness was identified during our planning procedures, and details our current conclusions regarding any significant weaknesses within your arrangements.

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements. These are set out on pages 14 to 16, detailed findings and recommendations have been included in our Audit Results Report.
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

Executive Summary (cont'd)

Independence

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

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2025

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

EY UK 2025 Transparency Report | EY - UK

02 Audit of financial statements

Audit of financial statements

Key findings

The Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We identified weaknesses that have not enabled us to complete the audit as we initially planned. The commencement of the audit was delayed because of the quality of audit evidence for some significant account areas. We were therefore unable to complete all planned 2024/25 procedures for 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; Comprehensive Income & Expenditure Statement – Staff costs; Collection Fund; Cash Flow Statement; Leases; Other disclosures not separately identified.

Financial statement risks

Risk	Conclusion
Fraud Risk - Misstatements due to fraud or error – Management override of controls	We have not identified any material weaknesses in controls, evidence of management override, instances of inappropriate judgements being applied or significant unusual transactions.
Fraud Risk - Misstatements due to fraud or error – capitalisation of revenue 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.
Significant risk – Group Accounting	We have completed our work in this area and reported several audit differences in the Audit Results Report. The main issues reported and adjusted by management: ▪ 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.

Audit of financial statements (cont'd)

Financial statement risks (cont'd)	
Risk (cont'd)	**Conclusion**
Fraud Risk - Revenue recognition from contract with customers (ECTC)	We have completed our work in this area and have no matters to report.
Significant risk – Valuation of WIP (Group Component – ECTC	We have completed our work in this area and have no matters to report.

Audit of financial statements

Financial Statement reporting assessment

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. The table over-page sets out our views on the effectiveness of the Council's arrangements to support external financial audit 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.

In addition, 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 is set out on page 16. 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.

Audit of financial statements

Financial Statement reporting assessment

Area	Status (R / A / G)	Explanation	Further detail
Timeliness of the draft financial statements	Effective	The financial statements were published by the 30th 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. We will work with the finance team to help improve the quality of working papers and supporting evidence for the 2025/26 audit.
Quality of working papers and supporting evidence	Ineffective	Working papers and supporting evidence were generally not to the expected standard.	
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 with the agreed timeline.	N/A

Audit of financial statements (cont'd)

Financial Statement reporting assessment (cont'd)

Area	Status (R / A / G)	Explanation	Further detail
Access to finance team and personnel to support the audit in accordance with agreed project plan	Requires improvement	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. 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 Principal Accountant mentioned above to Section 151 Officer role during the audit. 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.	We expect to raise a scale fee variation in respect of this.
Volume and value of identified misstatements and disclosure amendments	Ineffective	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 have been corrected by management.	We expect to raise a Scale Fee variation in respect of the additional work required.

Audit of financial statements

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.

EXPECTED STATUS

2023/24

Disclaimer opinion

- Pervasive gaps over opening balances, comparators, and in-year movements.
- Lack of assurance over PPE valued on a cyclical basis, from the 22/23 audit.
- Lack of assurance over Reserves (cumulative nature)

CURRENT AUDIT STATUS OF EAST CAMBRIDGESHIRE DISTRICT COUNCIL

- The Council's progress is behind the expected timescales set out in LARRIG 01.
- This is because we were unable to complete all planned procedures in 2023/24 due to weaknesses in Council arrangements.

Current audit year 2024/25

Disclaimer or qualified opinion

Continuing impact from 2023/24:

- Lack of assurance over all the comparator I&E transactions, PPE and reserves.
- Due to gaps in PPE assurance, there is a likely lack of assurance over related in-year transactions.
- Potential for qualified except for, but more likely to be disclaimed

CURRENT AUDIT STATUS OF EAST CAMBRIDGESHIRE DISTRICT COUNCIL

- The Council's progress is behind the expected timescales set out in LARRIG 01 and the opinion for 2024/25 was disclaimed.
- We have not been able to complete all planned procedures (see details on previous page)
- The Audit Results Report set out in more detail the assurance we have gained by accounts area.

2025/26

Qualified (except for) opinion

- Assurance in place over opening and closing balances, and assurance gained over each in-year movement.
- Likely gap over specific comparator balances may remain on PPE due to the extent items have not been valued since 2022/23. The impact on the CIES & reserves would require to be assessed.
- However, with the anticipation of incorporating build-back guidance focusing on reserves, there is increasing probability that gaps in assurance can be specifically identified, leading to higher likelihood of a qualified report (not disclaimed).

LIKELY AUDIT STATUS OF EAST CAMBRIDGESHIRE DISTRICT COUNCIL

- The Council is currently behind the illustrative timescale for the process of re-building assurance, because not all audit procedures were completed during either 2023/24 or 2024/25.
- The audit report on the Council's 2025/26 financial statements will therefore likely also need to be disclaimed due to the pervasive gaps in assurance over opening balances, comparators and in-year movements (akin to the 2023/24 year in the above indicative timetable).

2026/27

Unqualified opinion

- Expectation that all items resolved.
- Auditor will need to reassess the PPE cyclical valuation impact - but may be able to work with the authority to ensure that items previously valued in 2022/23 were revalued by this time or would be immaterial.

CURRENT AUDIT STATUS OF EAST CAMBRIDGESHIRE DISTRICT COUNCIL

- The ability to issue a qualified opinion on the Council's 2026/27 financial statements will depend on the ability to complete audit procedures during the 2025/26 and 2026/27 audits, as well as the Council taking steps to support the rebuilding of assurance over PPE.

03 Value for Money commentary

Value for Money

The Council's responsibilities for value for money

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

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

Our responsibilities

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

	Significant risk identified	Significant weakness identified
Financial sustainability How the Council plans and manages its resources to ensure it can continue to deliver its services.	▪ No significant risk identified to date.	▪ No significant weakness identified to date.
Governance How the Council ensures that it makes informed decisions and properly manages its risks.	▪ No significant risk identified.	▪ We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements. These are set out on pages 15 to 16, detailed findings and recommendations have been included in our Audit Results Report.
Improving economy, efficiency and effectiveness How the Council uses information about its costs and performance to improve the way it manages and delivers its services.	▪ No significant risk identified to date.	▪ No significant weakness identified to date.

VFM commentary: Financial Sustainability

Financial sustainability: Our audit procedures

Our audit procedures obtained assurance over the arrangements in place for the Financial Sustainability sub-criteria set out in AGN03:

- How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the body plans to bridge its funding gaps and identifies achievable savings;
- How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Significant risks identified during planning procedures

Within our Audit Planning Report, we identified no risks of a significant weakness in the Council's arrangements for financial sustainability. In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years. The Council's underlying arrangements in relation to financial sustainability are not significantly different in 2024/25.

Overview of our conclusions

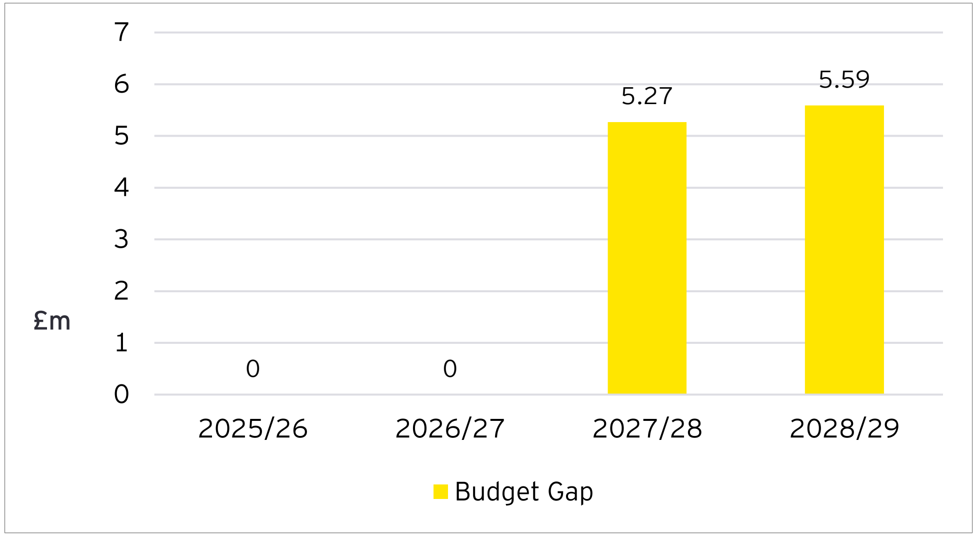
Based on the work performed, the Council had proper arrangements in place in 2024/25 to plan and manage its resources to ensure it can continue to deliver its services.

Financial Sustainability considerations

Medium Term Financial Strategy MTFS)

In February 2025, East Cambridgeshire District Council approved its updated Medium Term Financial Strategy (MTFS) for 2025/26 to 2028/29. The Strategy highlights significant uncertainties, including the reduction of Government Grants, whether there will be additional funding for the new waste collection requirements, and stability of interest rates. Rising staff costs, reduced interest income following ECTC loan repayment, and falling rates add further pressure. While the Council has achieved a balanced budget for 2025/26 and 2026/27 through the Surplus Savings Reserve, future years show substantial shortfalls. The Strategy stresses proactive planning to maintain financial resilience, recommending early action to identify savings and prioritize income-generating opportunities, which offer high returns with minimal service impact. It also advises that all options—efficiency improvements, cost reductions, and new revenue streams—be thoroughly assessed and implemented where appropriate throughout the MTFS period.

Exhibit A: The Council's MTFS outlines a cumulative gap of £10.855 million by 2028/29

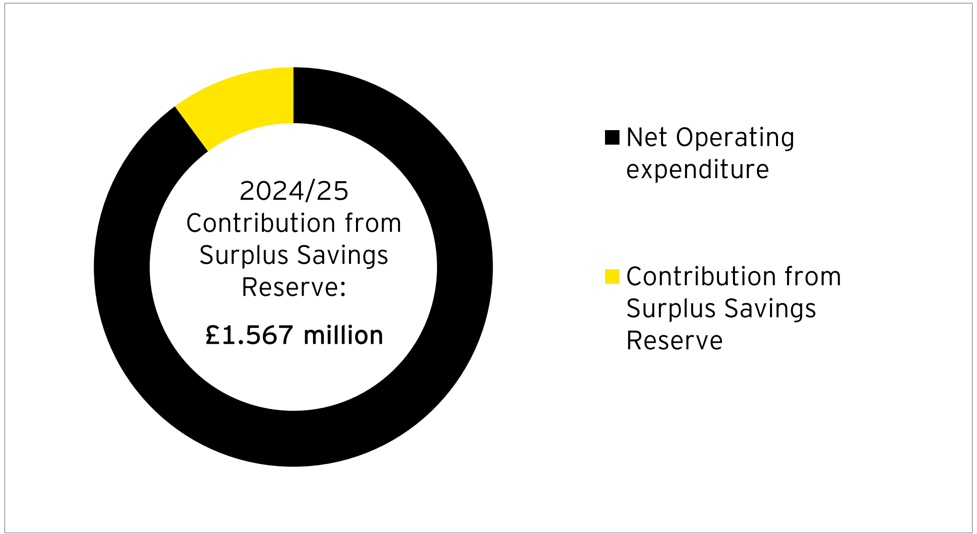


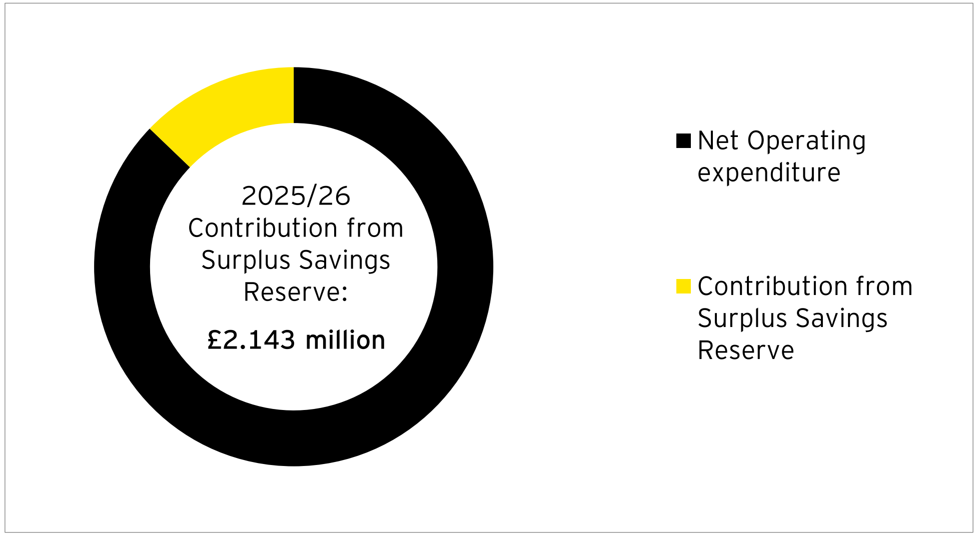
Savings plans

The Council's 2025/26 budget is balanced through the use of the Surplus Savings Reserve, with no immediate savings target set for this year. However, the Medium Term Financial Strategy identifies significant budget shortfalls from 2027/28 onward, requiring proactive measures. While the Council has a strong track record of delivering efficiencies, the Strategy emphasizes the need to accelerate income-generating opportunities and review all options—efficiency improvements, cost reductions, and new revenue streams—during the MTFS period. Progress on these measures will need to be monitored and reported regularly to the Council and its Committees to ensure timely implementation and financial resilience.

The Council established a Surplus Savings Reserve, the balance was £9.2 million at 1 April 2024. In 2024/25, a transfer of £0.7 million was made to the reserve, and a contribution from the reserve of £1.567 million was made. Further contributions from the reserve are forecast in 2025/26, 2026/27 and 2027/28, that result in the reserve being fully used by 31 March 2028. The Council's financial strategy acknowledges this will reduce the overall level of reserves significantly and outlines plans to mitigate the risks in the MTFS, including targeted savings, income generation, and careful monitoring of reserves. However, if underlying pressures persist or intensify, the depletion of reserves could compromise financial resilience in the latter years of the medium-term strategy. Whilst, the Council has managed to balance its budget in the short term, the medium-term outlook is characterised by a structural gap that will require ongoing vigilance, proactive savings measures, and potentially difficult decisions on service priorities to ensure long-term sustainability.

Exhibit B: The Council's contribution from Surplus Savings Reserve to deliver a balanced budget in 2024/25 was £1.567 million, 11% of net operating expenditure. 2025/26 estimated contribution from Surplus Savings Reserve to deliver a balanced budget is £2.143 million, 14% of net operating expenditure.



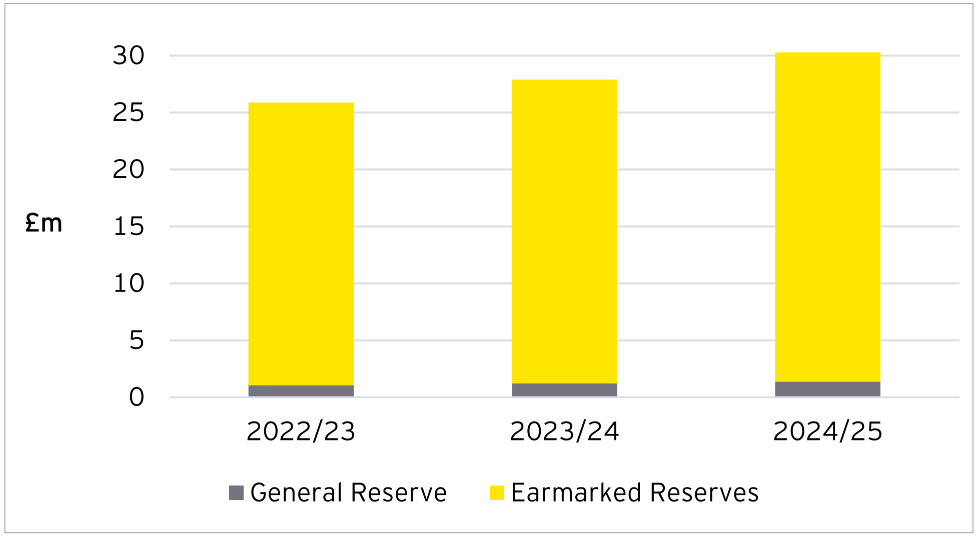


Financial Sustainability considerations

Reserves position

At the 31 March 2025, the Council held a General Fund balance of £1.386 million, which is the minimum level set by the Section 151 Officer in the 2024/25 budget. In addition, the Council has a Surplus Savings Reserve of £10.229 million, which is in addition the General Fund balance. Together with further Earmarked General Fund Reserves of £18.674 million, this provides a strong level of resources if future savings requirements are not identified or achieved in each of the 4 financial years of the Medium Term Financial Strategy, allowing the Council to continue to deliver the current level of services.

Exhibit C: The Council's unallocated General Reserve continued to increase in 2024/25 to meet the is the minimum level of 10% of the net operating budget set by the Section 151 Officer



Financial Sustainability considerations

Budget Monitoring

The Council monitors budgets through quarterly reports to the Council's two Policy Committees (Operational Services and Finance and Assets), assessing service delivery against priorities and the Corporate Plan. Service leads track performance, supported by a financial management system for real-time updates. Budgets are based on income and expenditure forecasts within the Medium Term Financial Strategy, reviewed annually to address risks. Reserves, including a 10% General Fund, provide contingency for overspends. Internal Audit ensures compliance with CIPFA standards and effective controls. Variances and savings are addressed promptly, with updates reflected in financial reports and committee reviews.

The Council's spending for the financial year 2024/25 was £12.742 million, which was £1.409 million lower than budgeted. The main reason for the improved performance was due to interest received on investments was significantly higher than the budget. The underspend has been moved to the Surplus Savings Reserve.

Exhibit D Summary of the Council's 2024/25 Outturn

	Original Budget £m	Outturn 2024/25 £m	(Underspend) /Overspend £m
Service Net Revenue Expenditure	14.151	12.742	(1.409)
Total Net Revenue Expenditure	18.840	17.397	(1.443)
Total Financing	(18.840)	(20.274)	(1.443)
Transfer to Surplus Savings Reserve			(2.622)
Net (Increase)/Decrease in Earmarked Reserves			(2.391)
Total Reported General Fund Movements			0.229
Reported (Surplus) upon Services in Income & Expenditure Account			(2.391)

VFM commentary: Governance

Governance: Our audit procedures

Our audit procedures obtained assurance over the arrangements in place for the Governance sub-criteria set out in AGN03:

- How the body monitors and assesses risk and how the body gains assurance over the effective operations of internal controls, including arrangements to prevent and detect fraud;
- How the body approaches and carries out its annual budget setting process;
- How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer and member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

Significant risks identified during planning procedures

Within our Audit Planning Report, we identified no risks of a significant weakness in the Council's governance arrangements. In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years. The Council's underlying arrangements in relation to governance are not significantly different in 2024/25.

Overview of our conclusions

We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements. These are set out on pages 14 to 16, detailed findings and recommendations have been included in our Audit Results Report.

Based on the work performed, we have not identified any significant weaknesses in the Council's 2024/25 arrangements to make informed decisions and properly manage its risks.

Governance considerations

Annual Governance Statement

We reviewed the framework for the preparation of the Annual Governance Statement (AGS). The process, as designed, is adequate to enable the Council to report on the design and operation of arrangements that ensure sound governance, effective resource and risk management, and robust internal controls.

The Council's Annual Governance Statement sets out the core governance arrangements for the year, including an Action Plan to address previously identified matters, which demonstrates how the Council's Code of Governance reflects the seven principles of good governance.

The Chief Internal Auditor, in line with the CIPFA Code of Practice, has provided an annual opinion based on a risk-based audit plan, concluding that the Council's governance, risk management, and control framework for 2024/25 offers "Good Assurance." While this assurance is not absolute, it serves as a key source for the Council's Annual Governance Statement. The opinion reflects work performed during the year and considers the internal audit team's performance against its objectives, providing a reasonable level of assurance on the overall adequacy and effectiveness of the system of internal control.

Risk Management

East Cambridgeshire District Council maintains a comprehensive risk management framework as a core element of its governance arrangements. The system is designed to identify, assess, and manage risks that could impact the achievement of strategic objectives. It operates through a structured process of risk identification, scoring, mitigation, and monitoring, supported by a Corporate Risk Register that is reviewed twice yearly by the Audit Committee. High-priority risks, such as service delivery challenges, are addressed through targeted actions and performance monitoring. The Council's Risk Management Policy, aligned with the Accounts and Audit Regulations 2015, ensures accountability at all levels, while the framework incorporates assurance sources and heat maps to highlight risk significance. This proactive approach reflects the Council's commitment to continuous improvement and resilience in service delivery.

Reporting Arrangements

The Council published their draft 2024/25 financial statements for audit before the 30 June 2025 deadline, in line with the Audit and Accounts regulations, and advertised and held an inspection period for members of the public, again in line with these regulations.

We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements. These are set out on pages 12 to 17, detailed findings and recommendations have been included in our Audit Results Report.

We will work with the finance team to help improve the quality of working papers and supporting evidence for the 2025/26 audit.

Governance considerations

Internal audit arrangements, including arrangements to prevent and detect fraud

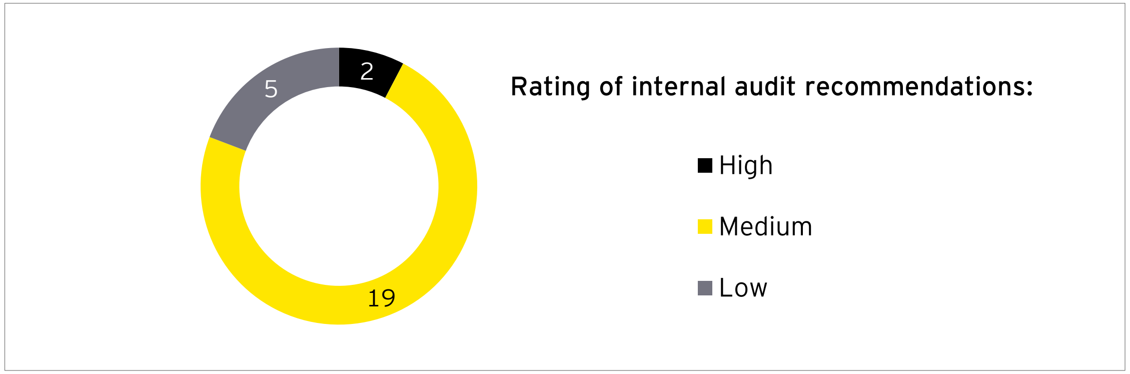
East Cambridgeshire District Council's internal audit function operates under the CIPFA Code of Practice for Internal Audit in UK Local Government, ensuring independence, objectivity, and compliance with professional standards. The service is delivered through a risk-based annual audit plan, approved by the Audit Committee, which prioritizes areas of greatest strategic and operational risk. This approach enables the internal audit team to provide assurance on governance, risk management, and internal control systems across the Council.

The Chief Internal Auditor provides an annual opinion based on completed work, and for 2024/25 this was "Good Assurance," indicating that controls are generally sound and risks are well managed, though absolute assurance cannot be given. The audit plan includes core financial audits, governance reviews, and targeted audits of high-risk areas, supplemented by advisory work to support continuous improvement. Performance monitoring is integral to the arrangements. Progress against the audit plan and quality standards is reported regularly to the Audit Committee, ensuring transparency and accountability.

Out of the twenty six Internal Audit recommendations raised during the year, four are outstanding, with one currently overdue. The internal audit team benchmarks its performance against objectives and maintains compliance with Global Internal Audit Standards. These arrangements collectively provide a robust assurance mechanism, supporting the Council's Annual Governance Statement and reinforcing its commitment to effective risk management and sound financial stewardship. The Council and Internal Audit should continue to ensure that all outstanding actions are being monitored with the action owners on a regular basis, and that all overdue actions are reported to the Governance and Audit Committee.

The offence of failing to prevent fraud, as introduced by the Economic Crime and Corporate Transparency Act 2023, became effective on 1 September 2025. The Home Office has published statutory guidance (most recently updated in October 2025) which organisations must consider. This guidance outlines the core principles for establishing, reviewing, or enhancing anti-fraud procedures. The Council has reviewed its existing fraud policy and procedures against the latest Home Office guidance. The review strengthened prevention, detection, and response measures, reaffirmed a zero-tolerance stance, clarified staff responsibilities, and ensured clear reporting and whistleblowing channels. The updated strategy prioritizes risk assessment, staff awareness, and proportionate controls. Governance oversight was reinforced through the Audit Committee, which approved the policy and recommended adoption by Full Council, demonstrating compliance and readiness to meet statutory duties.

Exhibit E Internal audit's follow up of recommendations noted that 1 recommendation is agreed and overdue as of July 2025



Governance considerations

Informed decision making and member challenge

The Council operates under a governance framework set out in its Constitution, which defines decision-making responsibilities and committee structures. Full Council is the principal decision-making body, comprising all elected members, and decisions require a majority vote.

Decision-making processes and delegations are set out within the Constitution for all Committees, as well as decision making that is delegated to Council Officers. Where formal decisions are required they are scrutinised by the appropriate committee in advance of presentation to Full Council where required. This ensures that the necessary information is provided and that recommendations can be challenged before decisions are made. Few days before the meeting, the agenda is made available to all the members. During the meetings, the members are given sufficient opportunity to challenge the decisions and have a proper debate. This is evident from the minutes of the meetings.

The Audit Committee provides independent assurance on governance, risk management, and financial reporting arrangements, meeting regularly in accordance with its terms of reference. It reviews internal and external audit reports and monitors compliance with statutory and regulatory requirements.

The Council has implemented Members' code of conduct which is intended to promote high standards of behaviour amongst the elected and co-opted Members of the council. The Code is underpinned by the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. It defines the rules to be adhered to as part of meeting the relevant requirements and setting appropriate standards. Every member much comply with this code. Any issues, for example from whistle-blowing processes or complaints, are investigated in accordance with agreed processes and/or referred to Internal Audit or the Monitoring Officer, as appropriate. Further, every member is required to disclose the existence and nature of the disclosable pecuniary interest in any matter which is discussed at the meeting and such member cannot attend the meeting as well. This is maintained by the Monitoring officer.

Local Government Reorganisation

Local Government Reorganisation is expected to pose challenges for local authorities. During this period of change, the Council must maintain essential services and fulfil statutory duties. According to the Ministry of Housing, Communities, and Local Government (MHCLG) guidance issued in July 2025, decisions made by the Council prior to reorganisation regarding ongoing service delivery and the medium-term financial strategy should focus on providing value for money for taxpayers and avoid limiting future decisions or sustainability of new councils.

The government has stated that it will issue directions under section 24 of the 2007 Act after Structural Changes Orders are made, specifying a person authorised to give consent on relevant matters and outlining how this authority should be exercised. MHCLG has noted these directions will follow previous precedents, requiring written consent from the successor council for land disposals and contracts exceeding a specified value.

To comply with MHCLG guidance and forthcoming directions, councillors and statutory officers need to be aware of their responsibilities and ensure that appropriate accounting and governance systems are maintained.

Central Government also ran an eight-week public consultation from 17 February to 13 April 2025 on its proposals for local government reorganisation in Cambridgeshire and Peterborough, which included the potential abolition of East Cambridgeshire District Council and the transfer of its functions to a new unitary authority. The Council's preferred option for local government reorganisation was submitted to Government in November 2025.

VFM commentary: Improving economy, efficiency and effectiveness

Improving economy, efficiency and effectiveness: Our audit procedures

Our audit procedures include:

- How financial and performance information has been used to assess performance to identify areas for improvement;
- How the body evaluates the service it provides to assess performance and identify areas for improvement;
- How the body ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess where it is meeting its objectives; and
- Where the body commissions or procures services, how it assesses whether it is realising the expected benefits.

Significant risks identified during planning procedures

Within our Audit Planning Report, we identified no risks of a significant weakness in the Council's arrangements for improving economy, efficiency and effectiveness. In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years. The Council's underlying arrangements in relation to improving economy, efficiency and effectiveness are not significantly different in 2024/25.

Overview of our conclusions

Based on the work performed, the Council had proper arrangements in place in 2024/25 in how it uses information about its costs and performance to improve the way it manages and delivers its services.

Improving economy, efficiency and effectiveness considerations

Financial and performance information

Regular reporting of performance and finances is undertaken. As part of this, the Council consider the delivery of services and the Council priorities and previous performance. Service leads are responsible for monitoring the performance of teams, in line with key Council objectives as set out in the Corporate Plan. This is reflected on within the Narrative Report. Quarterly budget monitoring reporting is done to the Finance and Assets Committee and Operational Committee, in which the financial outturn of all the services are considered. If any services are performing not-in-line with the budget, corrective measures are produced and approved in the meeting.

The Corporate Plan sets out future promises and commitments for the Council. The Council monitors the provision of services against these commitments. The nature of monitoring therefore is dependent on the nature of the service provided and the commitments monitored. The Narrative Report sets out a review of achievements against the corporate plan. The Council's two Policy Committees (Operational Services and Finance and Assets) approve and monitor performance against Service Delivery Plans. The Council presents a service delivery report bi-annually where under each service area, performance measures are evaluated.

Monitoring of the Corporate Plan and the progress of actions to address the requirements of the plan is through discussion at Corporate Management Team, with subject papers taken to relevant Committees on an ad-hoc basis. The nature of monitoring is therefore dependent on the nature of the service provided and the commitments made. Three priority areas identified by the Council within the Corporate Plan: Sound Financial Management; Cleaner, greener East Cambridgeshire; Sustainable communities. Review of achievements against the corporate plan can be seen within the Council's Narrative Report as part of the Statement of Accounts.

Procurement and contract management

The Council has, as part of its Constitution, Contract Procedure Rules which officers are expected to adhere to when procuring on behalf of the Council. Training on Contract Procurement Rules has become mandatory for all service leads at least once every three years. The Council also maintains a contract register. Internal Audit review procurements as part of their Internal Audit plan, and procurement compliance received satisfactory assurance for the year. This informs the annual assurance opinion of internal control and value for money. The Monitoring Officer has overall responsibility for ensuring the Council complies with relevant laws and regulations.

Improving economy, efficiency and effectiveness considerations

Partnership working

The council ensures its representation on partnership bodies by appointing relevant officers or members as needed. A key partnership is with the Anglia Revenues Partnership (ARP), where the council participates in relevant meetings. The management of ARP is conducted through a joint committee, which consists of five councillors, including one representative from each respective council. Additionally, the Operational Improvement Board, which also comprises five senior officers from the respective councils, includes the director of finance of East Cambridge District Council as a member. This structure allows the council to effectively influence ARP's operations, ensuring they align with the council's objectives. ARP's primary responsibilities include managing council tax, business rates, and housing benefits.

Other significant partnerships involve working arrangements with two subsidiary companies, East Cambs Street Scene Limited (ECSS) and East Cambs Trading Company Limited (ECTC) which operate as wholly owned subsidiaries of East Cambridgeshire District Council, structured to deliver services at arm's length while maintaining governance and accountability. Both companies are governed by their Articles of Association and Shareholder Agreements, which set out decision-making powers and require Council consent for significant changes. The Council exercises its shareholder responsibilities through the Finance and Assets Committee, which approves annual business plans, monitors performance, and ensures compliance with strategic objectives. Each company has an independent Board of Directors, including senior Council officers and external members, responsible for operational decisions and risk management. Boards should meet regularly and report to the Operational Services Committee on financial and operational performance. Financial governance is reinforced through annual audits by external auditors and submission of audited accounts to the Council. Both companies are required to adhere to statutory and financial regulations, to ensure transparency and accountability. These arrangements are designed to collectively provide a robust framework for governance, balancing commercial flexibility with public sector standards and safeguarding the Council's interests.

04 Appendices

Appendix A – Recommendations from current year

Recommendations from 2024/25

The table below sets out the recommendations arising from the value for money work for the year 2024/25. All recommendations have been agreed by management.

Issue	Recommendation	Management response
Governance We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements. These are set out on pages 14 to 16, detailed findings and recommendations have been included in our Audit Results Report.	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.	The Council accepts the recommendation and recognises the need to strengthen financial statement preparation and audit support. Capacity and capability issues identified during the 2024/25 audit have been acknowledged and are being addressed through the appointment of an Interim Technical Accountant and the recruitment of a Principal Accountant with The Council will continue to strengthen working paper quality, improve responsiveness to audit queries, and maintain regular communication and escalation arrangements to support a more efficient audit process going forward.

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East Cambridgeshire District Council

Audit planning report

Year ending 31 March 2026

30th April 2026

Agenda Item 8

Shape the future with confidence

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

Private and Confidential

30th April 2026

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

Dear Audit Committee

Audit planning report 2025/26

We are pleased to attach our audit planning report for the forthcoming meeting of the Audit Committee. The purpose of this report is to provide the Committee with a basis to review our proposed audit approach and scope for the 2025/26 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements.

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

We welcome the opportunity to discuss this report with you on 14 July 2026 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

David Riglar

For and on behalf of Ernst & Young LLP

Enc

Contents

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 (Terms of appointment and further guidance from 1 October 2025 - 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 2024 (the NAO Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of East Cambridgeshire District Council. Our work has been undertaken so that we might state to the Audit Committee and management of East Cambridgeshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility

01 Overview of our 2025/26 audit strategy

2025/26 audit strategy overview: Rebuilding Assurance

The purpose of this report

As the Council's body charged with governance, the Audit Committee plays a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support a timely and efficient audit. Failure to achieve this will significantly increase the level of resources required to fulfil our respective responsibilities.

As part of our responsibilities, we assess and report on the adequacy of the Council's external financial reporting arrangements, as well as the effectiveness of the Audit Committee in fulfilling its role within those arrangements as part of our Value for Money assessment. 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. Wherever necessary, we will consider invoking other statutory reporting powers to highlight any weaknesses in these arrangements. We direct Audit Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) for expectations on preparing financial statements (see Appendix A).

Our shared strategy to rebuild assurance

We are now in Phase 2 of the implementation of the Ministry for Housing, Communities and Local Government's (MHCLG) measures to address the backlog facing local government audit. Throughout 2023/24 and 2024/25, we have applied a structured, risk-based prioritisation approach to local government audits to support a return to unqualified audit opinions wherever feasible, while still meeting statutory backstop requirements. Our approach recognises that recovery depends heavily on the Council's own capacity and preparedness and that audit effort must be targeted where it can deliver meaningful assurance.

Management has overall responsibility for leading and sustaining the Council's recovery from a disclaimed audit opinion. This includes ensuring that the financial statements are prepared in accordance with proper practices and supported by complete, accurate and timely audit evidence.

To deliver this, it is essential that management:

- Strengthen the underlying control environment, particularly in areas linked to prior year disclaimers.
- Provide high quality working papers and ensure that all audit evidence is complete, consistent and readily accessible.
- Allocate sufficient, knowledgeable resources throughout the audit cycle.
- Actively engage with auditors, promptly addressing findings and resolving weaknesses in financial reporting arrangements.
- Communicate transparently with the Audit Committee, as Those Charged with Governance, ensuring that Committee members have clear visibility of risks, progress and emerging issues.

In line with the National Audit Office's Local Audit Reset and Recovery Implementation Guidance (LARRIGs) - and specifically the guidance on rebuilding assurance following a disclaimed opinion - management must support the restoration of reliable opening balances and enable a phased progression from disclaimed to qualified and ultimately unmodified audit opinions. Achieving this requires sustained delivery of the "natural rebuild," through the completion of all planned audit procedures across successive annual cycles, alongside targeted work to rebuild assurance over historical balances, including both usable and unusable reserves, where cumulative gaps in evidence present the most significant challenges.

2025/26 audit strategy overview: Rebuilding Assurance

Our shared strategy to rebuild assurance continued

Appendix A explains the expected timeline to full assurance set out within the NAO's LARRIG 01 guidance, along with our assessment of the Council's status. During 2023/24 and 2024/25, the focus of the rebuild process has been on this "natural" rebuild, to complete all planned audit procedures for each respective audit year.

As set out in our Audit Results Reports dated 20/02/2025 and 20/02/2026, we were not able to complete all planned audit procedures for the following reasons:

- Disclaimers of opinions were issued on the Council's 2023/24 and 2022/23 financial statements under the arrangements to reset and recover local government audit;
- In 2024/25, although the level of assurance gained increased, we did not have sufficient assurance over some brought forward balances from 2023/24;
- As a result, we were unable to gain sufficient assurance over the 2024/25 in-year movements or the 2023/24 comparative balances as disclosed in the 2024/25 financial statements;
- We were also unable to complete planned procedures over a number of areas in 2024/25 due to a lack of sufficient evidence, which includes Short-Term Debtors, Creditors, Grants Received in Advance, Reserves, Staff Costs, Income and Expenditure, Cashflow Statement, Collection Fund, All other disclosure, and Leases.

As part of our interim audit procedures for 2025/26, we will undertake a detailed risk assessment to evaluate the risk of material misstatement in the opening reserves balances at 1 April 2025, and to assess management's readiness to support the historic rebuild process over transactions and balances in 2022/23 that were not subject to audit. This work is expected to be completed by 30 June 2026 and is essential to determining whether the pre-2023/24 gaps in assurance - particularly those relating to reserves and other cumulative balances - can be sufficiently addressed to support future progression towards qualified or unmodified audit opinions.

We will discuss the outcome of our risk assessment over the opening reserves balances with management to confirm our planned approach for 2025/26. However, because we were unable to complete all planned audit procedures for 2023/24 and 2024/25 for the reasons outlined above, it is unlikely that we will commence any rebuilding of assurance over the historic position during the 2025/26 audit cycle. In line with our established prioritisation principles, we will focus our audit resources on rebuilding assurance for those bodies where planned audit procedures were completed in 2023/24 and 2024/25, in order to support the sector wide objective of returning to unmodified audit opinions as quickly and sustainably as possible.

It is therefore critical that management ensure they can provide high quality working papers, robust audit evidence, and resolve the underlying issues identified in prior years as part of the 2025/26 audit cycle. This will be essential to avoid any further delay in the eventual process for rebuilding assurance over the Council's historic position.

2025/26 audit strategy overview: Rebuilding Assurance

Preparedness for 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. Our 2024/25 reporting included our assessment of the effectiveness of the Council's arrangements to support the external audit process across a range of relevant measures (reproduced in Appendix A). We concluded that the Council was not fully prepared for the audit and that improvements were required in relation to:

- The provision of working papers in line with the agreed Client Assistance Schedule and timetable;
- The provision of working papers which have been through sufficient internal review;
- The availability of key finance personnel to respond to queries during the execution phase of the audit in accordance with the agreed project plan;
- The completeness and quality of the draft financial statements submitted for audit.

We will continue to report on our assessment of the quality of the Council's financial statements' preparation and support, to support ongoing transparency of the audit process to those charged with governance, and to facilitate benchmarking and tracking of progress in future years.

Scope of our audit

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the Council. Additionally, we aim to ensure that the Council has established proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, as mandated by relevant legislation and the requirements of the NAO Code. We will issue an Audit Results Report that summarises our opinion on the financial statements by 30 November 2026 and other procedures required by the Code. This includes our assessment of the control environment, including our follow up of the recommendations that we made in 2024/25 (refer to Appendix D). In addition, our Auditor's Annual Report will conclude on whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

In addition to the audit of the Council, we will also complete the audit of the Group, which includes the Council, East Cambs Street Scene Limited and East Cambs Trading Company Limited. Our Group risk assessment and procedures are outlined in Section 5.

Timeline

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

Our independence considerations

Please refer to Appendix B for our update on independence.

2025/26 audit strategy overview: Audit risks and materiality

Audit risks and areas of focus

The purpose of our audit is to obtain reasonable assurance to express an opinion about whether the group financial statements as a whole are free from material misstatement, whether due to fraud or error. There is one significant change to the scoping for the audit of the 2025/26 financial statements, relating to the implementation of CIPFA's Bulletin 22 in relation to the valuation of Property, Plant and Equipment.

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

Risk/area of focus	Risk identified	Change from PY	Details
Presumptive risk of management override of controls	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure (including REFCUS)	Fraud risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Revenue recognition from contract with customers (Group Component – ECTC)	Fraud risk	No change in risk or focus	Under, ISA (UK) 240, there is a presumed risk of material misstatement due to fraud related to improper revenue recognition. We have rebutted this presumption for the Council's revenue streams due to their nature which limits the opportunity for improper recognition. However, this risk cannot be rebutted for commercial revenue streams such as those related to East Cambs Trading Company Limited within the Council's consolidated financial statements. We consider this risk to be prevalent in East Cambs Trading Company Limited's turnover, specifically in relation to the revenue from contracts with customers.
Group Accounting	Significant risk	No change in risk or focus	The Council has been preparing group accounts for a number of years. We identified several misstatements during the 2024/25 audit. The Council will need to undertake its annual assessment of the group boundary to determine the procedures required to consolidate the relevant component entities. We will engage with the auditors of the significant components to understand and evaluate any risks they have recognised in the 2025/26 audits and what impact this has on our risk procedures concerning the Group accounts.
Valuation of WIP (Group Component – ECTC)	Significant risk	Increase in risk or focus	There is a risk that work in progress may not be valued in accordance with the CIPFA Code of Practice on Local Authority Accounting, specifically the requirement to measure inventories at the lower of cost and net realisable value. The significant risk relates to the valuation of Work-in-Progress (WIP) within the East Cambs Trading Company Limited (ECTC) component. WIP represents a material balance in the component financial statements and involves significant management judgement and estimation in determining the fair value of costs capitalised at the reporting date.

2025/26 audit strategy overview: Audit risks and materiality

Audit risks and areas of focus continued

Risk/area of focus	Risk identified	Change from PY	Details
Valuation of Land and Buildings	Inherent risk	No change in risk or focus	The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end Land & Buildings balances recorded in the Balance Sheet. As a result of our work on the 2024/25 financial statements we did not identify any material issues with the work of the external valuer. We are also not aware of any other trigger events that would give rise to a significant risk, and therefore, this remains an inherent risk. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates In the 2025/26 financial statements the Council will be required to apply CIPFA Bulletin 22 which reassesses the current regime of valuation for non-investment assets across the public sector. The guidance mandates a quinquennial revaluation or a five-year rolling programme for formal valuations, supported by annual indexation in the intervening years. Successful implementation will depend on the Council ensuring that their existing valuation programme is adapted in line with the guidance and that appropriate indices are selected to be applied in intervening years.
Accounting for Pension Assets/Liabilities	Inherent risk	No change in risk or focus	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. 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. Procedures for 2025/26 will also include consideration of the 2025 triennial revaluation of the Pension Fund and its impact on the Council's net pension asset/liability.
Application of IFRS16	Inherent risk	No change in risk or focus	IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/24 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Council's 2025/26 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. We have not been able to gain assurance over this area during the 2024/25 audit. As such, this area remains an inherent risk.

2025/26 audit strategy overview: Audit risks and materiality

Materiality

Planning materiality £0.83m

Group materiality has been set at £0.83 million, which represents 2% of gross expenditure on the provision of services in 2024/25 (2024/25: £0.85 million, 2%).

We separately report on Council's single entity financial statements. This audit has a separate materiality level, which has been set at £0.80 million.

Performance materiality £0.41m

Group performance materiality has been set at £0.41m, which represents 50% of materiality.

The Council's single entity performance materiality has been set at £0.40 million.

Audit differences £0.041m

We will report all uncorrected misstatements relating to the income statement and balance sheet that have an effect on income and misstatements in the OCI over £0.041 million.

Other misstatements identified will be communicated to the extent that they merit the attention of Audit Committee

2025/26 audit strategy overview: Value for Money

Our risk assessment

Under the NAO Code we are required to:

- Satisfy ourselves that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources, having regard to NAO AGN 03.
- Design work to provide sufficient assurance to support reporting against the Code's specified reporting criteria outlined below; and
- Apply a risk-based approach to our work, informed by sector knowledge, the annual governance statement, evidence from the financial statements audit and relevant work of other bodies.

In undertaking our risk assessment, we obtain an understanding of the key processes the Council has in place, including financial management, risk management and partnership working arrangements. Our Auditor's Annual Report, which will be issued before 30 November 2026 will include a summary of our commentary on the arrangements in place against each of the three value for money criteria and recommendations raised as a result of any significant weaknesses identified. A key part of our work will be the follow up of previous recommendations to provide the Committee with assurance on the pace of planned improvements.

	Financial sustainability How the Council plans and manages its resources to ensure it can continue to deliver its services.	**Governance** How the Council ensures that it makes informed decisions and properly manages its risks.	**Improving economy, efficiency and effectiveness** How the Council uses information about its costs and performance to improve the way it manages and delivers its services.
Risks of significant weaknesses in arrangements identified in 2025/26:	▪ No risks identified	▪ We have identified a value for money risk in the Council's arrangements to effectively support an audit of its financial statements.	▪ No risks identified

02 Audit risks

Our response to significant risks

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

Presumptive risk of management override of controls*

What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
In accordance with ISA 240, the presumptive risk of management override of controls is present at every entity and we design the appropriate procedures to consider such risk. ▪ Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud. ▪ Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. We consider this risk to be relevant to the Group and Council as a single entity.	In order to address the risks outlined we will carry out a range of procedures including: ▪ Identifying fraud risks during the planning stages. ▪ Inquiry of management about risks of fraud and the controls put in place to address those risks. ▪ Understanding the oversight given by those charged with governance of management's processes over fraud. ▪ Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions). ▪ Considering whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud. ▪ Considering the effectiveness of management's controls designed to address the risk of fraud and determining an appropriate strategy to address those identified risks of fraud. ▪ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements. ▪ Undertaking procedures to identify significant unusual transactions. ▪ Considering whether management bias was present in the key accounting estimates and judgements in the financial statements. Having evaluated this risk, we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required.

Our response to significant risks

Inappropriate capitalisation of revenue expenditure*

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
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.	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure. We consider this risk to be relevant to the Group and Council as a single entity.	In order to address the risks outlined we will carry out a range of procedures including: ▪ Testing Property, Plant and Equipment (PPE) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature. ▪ Assessing whether the capitalised spend clearly enhances or extends the useful like of asset rather than simply repairing or maintaining the asset on which it is incurred. ▪ Considering whether any development or other related costs that have been capitalised are reasonable to capitalize, i.e., the costs incurred are directly attributable to bringing the asset into operational use. ▪ Testing REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. ▪ Seeking to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year. ▪ Carrying out a review of capital budget monitoring and outturn reports to identify any unusual trends or significant under/overspends.

Our response to significant risks

Group Accounting

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
• 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.	The Council has been preparing group accounts for several years. We have assessed a significant risk concerning the consolidation adjustments made for group accounting as several material audit adjustments were made during the 2024/25 audit. Therefore, we have raised this as a significant risk as: (a) The magnitude of misstatement is high given that material audit differences were identified in prior year. (b) The likelihood of misstatements is high given that there were multiple audit differences identified in the prior year. Therefore, there is a significant risk that the Council may prepare their group accounts incorrectly.	In order to address the risks outlined we will carry out a range of procedures including: ▪ Review the Council's group accounting workings; ▪ Consider the need to liaise with the component auditors to understand any risks that they are recognising and issue Group Instructions as necessary; ▪ Evaluate any risks at component level on the group accounts; ▪ Issue instructions to the component auditors we intend to place reliance on; and ▪ Audit the consolidation process and group accounts.

Our response to significant risks

Revenue recognition from contract with customers (Group Component – ECTC)

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement

We have assessed that the risk of misreporting revenue in the Group financial statements is most likely to be achieved through improper recognition of transactions in the commercial revenue streams of the East Cambs Trading Company Limited.
 	
If this were to happen it would have the impact of overstating turnover of East Cambs Trading Company Limited, with a resulting overstatement of revenue in the Group financial statements.
 	
East Cambs Trading Company Limited engages various contracts with customers, primarily offering services such as property development and grounds maintenance services.
 	
The total revenue recognised at 31st March 2025 was £3.864 million (prior year was £5.582 million).
	Under, ISA (UK) 240, there is a presumed risk of material misstatement due to fraud related to improper revenue recognition. We have rebutted this presumption for the Council's revenue streams due to their nature which limits the opportunity for improper recognition. However, this risk cannot be rebutted for commercial revenue streams such as those related to East Cambs Trading Company Limited within the Council's consolidated financial statements.
	
	The CIPFA Code adopts the requirements of IFRS 15, *Revenue from Contracts with Customers*. Revenue recognition under this standard is complex and is determined by the specific contractual terms applicable to each service.
	
	The application of the five-step model outlined in IFRS 15 requires significant judgement in assessing the timing of completing of performance obligations and the corresponding recognition of revenue. Consequently, there is a risk that revenue recognition from these contracts may be inaccurately recorded, potentially impacting financial reporting and compliance.
	
	We consider this risk to be prevalent in East Cambs Trading Company Limited's turnover, specifically in relation to the revenue from contracts with customers.
		In order to address the risks outlined, the component auditor will carry out a range of procedures including:
		
		• Obtain an understanding of East Cambs Trading Company Limited's revenue recognition policies and procedures, including the five-step model of IFRS 15.
		• Engage discussions with management to understand their rationale for revenue recognition decisions and any changes in accounting policies or practices.
		• Perform a risk assessment to identify areas where revenue recognition may be susceptible to misstatement. This includes evaluating the complexity of contracts, the judgement involved in estimating costs, and the timing of revenue recognition.
		• Evaluate the design and implementation of internal controls related to revenue recognition.
		• Perform substantive testing of revenue transactions. This includes:
		    ○ selecting a sample of contracts and tracing revenue recognised to supporting documentation, such as invoices and delivery confirmations,
		    ○ testing the accuracy of estimates related to costs incurred and the completion of performance obligations, and
		    ○ reviewing journal entries related to revenue recognition for unusual or inappropriate entries.
		• Perform analytical procedures to identify any unusual trends or fluctuations in revenue that may indicate potential misstatements.
		• Where applicable, assess the reasonableness of management's estimates related to the timing of revenue recognition.

Our response to significant risks

Valuation of WIP (Group Component - ECTC)

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
Misstatements that occur in relation to this risk would affect the Component's work in progress balance, specifically for East Cambs Trading Company Limited. The following values were reported in 2024/25: Income statement accounts: ▪ Cost of sales (inventory contribution): £2.084 million. Balance sheet accounts: ▪ WIP Inventories: £1.19 million.	The significant risk relates to the valuation of Work-in-Progress (WIP) within the East Cambs Trading Company Limited (ECTC) component. WIP represents a material balance in the component financial statements and involves significant management judgement and estimation in determining the fair value of costs capitalised at the reporting date. There is a risk that work in progress may not be valued in accordance with the CIPFA Code of Practice on Local Authority Accounting, specifically the requirement to measure inventories at the lower of cost and net realisable value. The valuation of WIP is subject to judgement in assessing the appropriateness of costs included, the stage of completion, and the recoverability of amounts capitalised, including consideration of impairment and depreciation where applicable. As a result, there is a risk that WIP may be over- or understated, which could lead to a material misstatement in the component accounts and the Group financial statements. This risk is not considered to be a presumed fraud risk but arises from the level of judgement and estimation uncertainty involved in the valuation of WIP. Accordingly, it has been identified as a significant risk requiring focused audit attention.	In order to address the risks outlined component auditor will carry out a range of procedures including: • Obtain and review management's assessment of work in progress and compare expected sales proceeds less costs to complete and sell to costs incurred, to assess whether WIP is held at the lower of cost and net realisable value; • Select a sample of costs capitalised to work in progress and agree to supporting invoices to confirm appropriate capitalisation; • Inquire whether any sales have occurred post year end and, where applicable, compare actual sales prices achieved to those assumed in the NRV assessment; • Challenging key judgements and assumptions applied by management in determining the year-end WIP balance; • Obtain independent market evidence to corroborate assumptions used in determining expected sales values; • Performing analytical review and journal entry testing, where relevant, to identify indicators of misstatement.

Other areas of audit focus

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

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
Valuation of Pension Assets and Liabilities		
The Council's net pension asset/liability is measured as the sum of the long-term payments due to members as they retire against the Council's share of the Cambridgeshire Pension Fund investments. At 31 March 2025 the Council's net liability totalled £5.483 million which was impacted by the accounting requirements of IFRIC 14.	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. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. 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.	In response to the risk, we will: ▪ Liaise with the auditor of Cambridgeshire Pension Fund to obtain assurances over the information supplied to the actuary, including in relation to the triennial valuation, and confirm joint assurances in respect of employer and employee contributions. ▪ Engage our actuarial specialists to assess the work of the actuary. This will involve a consideration of the net asset/liability and any calculation of the asset ceiling in accordance with IFRIC 14 where relevant . ▪ Assessing the work of PwC, appointed to consider actuarial assumptions used at the year end for all local government sector bodies. ▪ Review and test the accounting entries and disclosures made within the Group Council's financial statements in relation to IAS19. ▪ Require an updated IAS19 report in July to ensure that there have been no material movement in the value of pension fund assets between the initial IAS19 report, and the signing of the financial statements. ▪ Consider the valuation and disclosure of unfunded liabilities, for which there are no plan assets to meet the pension liabilities. As part of our audit procedures, we will request that the Group and Council obtain an asset ceiling report from its actuaries. Our actuarial specialists will review the asset ceiling report to satisfy themselves that it is materially correct. Following review, we will also ensure that pension assets and liabilities are appropriately recorded within the Group financial statements.

Other areas of audit focus

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
Valuation of Other Land and Buildings		
The relevant 2024/25 account balances in the audited financial statements were: ▪ Property, plant and equipment: £39.995 million ▪ Relating to land and buildings: £34.323 million ▪ Relating to infrastructure assets: £0.644 million ▪ Additions totalled: £1.357 million	The fair value of Property, Plant and Equipment (PPE) land and buildings represent significant balances in the Council's accounts and are 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. We note that all of the Authority's PPE is subject to revaluation. The Authority's PPE is valued on a rolling programme over 5 years. The valuation basis is different depending on the type of property being revalued, with assets carried at Depreciated Replacement Cost, Existing Use Value or Fair Value. Each valuation basis is reliant on different inputs, estimation processes and assumptions. In the 2025/26 financial statements the Council will be required to apply CIPFA Bulletin 22 which reassesses the current regime of valuation for non-investment assets across the public sector. The guidance mandates a quinquennial revaluation or a five-year rolling programme for formal valuations, supported by annual indexation in the intervening years.	• Review and assess management's assessment and planned approach to CIPFA Bulletin 22, in the context of other challenges in the application. In particular considering the appropriateness of indices applied to assets not revalued during intervening years and triggers for revaluation; • Review and appraise the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; • Perform testing of key assumptions and methodologies on a sample of assets and consider the reasonableness of the estimation techniques employed; • Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support price per square metre); • Assess any changes to useful economic lives against the most recent valuer assessments; • Test accounting entries have been correctly processed in the financial statements; • Where material, sample test transfers from assets under construction and confirm for a sample that remain within assets under construction that development is still in progress; • Review and assess management's impairment assessment of ongoing and completed capital projects to ensure assets are held at an appropriate value; • Consider involving EY internal specialists, based on a risk assessment, to challenge the work performed by the Council's valuers, focusing on more material assets or those subject to more complex judgements and assumptions.

Other areas of audit focus

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
Implementation of IFRS16		
Misstatements that occur in relation to this risk would affect the Council's lease asset balances which were £0.932 million in 2024/25. Misstatements may also impact the associated disclosures, including their compliance with the disclosure requirements of the CIPFA code.	IFRS 16 Leases became applicable in local government for periods beginning 1 April 2024. During the 2024/25 audit. We have not been able to gain assurance over this area during the 2024/25 audit. As such, this area remains an inherent risk. The 2025/26 risk will focus on the valuation of the lease liabilities (Council as lessee), completeness and presentation of disclosures, as well as the valuation of any associated lease assets.	In response to the risk, we will: ▪ Gain an understanding of the processes and controls developed by the Council relevant to the implementation of IFRS 16. We will pay particular attention to the Council's arrangements to ensure lease and lease-type arrangements considered are complete. ▪ Review the discount rate that is used to calculate the right of use asset and assess its reasonableness. ▪ Review management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components. ▪ Gain assurance over the right of use asset included in the 2025/26 financial statements ▪ Sample test leases to ensure that transition arrangements have been correctly applied. ▪ Consider the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date. ▪ Sample test lessor lease arrangements to ensure that they are classified correctly (operating vs finance lease) and that transition arrangements have been correctly applied. ▪ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to lessor lease arrangements, ensuring compliance with all disclosure requirements of the CIPFA code.

03 Value for money

Value for money

Council's responsibilities for value for money

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

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

Auditor responsibilities

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

The specified reporting criteria are:

Financial sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.

Governance

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

Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Value for money

Planning and identifying risks of significant weakness in value for money arrangements

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

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

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

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

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

Reporting on value for money arrangements

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

Additionally, we are required to provide a commentary on the value for money arrangements in the Auditor's Annual Report. The NAO Code specifies that this commentary should be clear, readily understandable, and highlight any issues we wish to draw to the Council's or the wider public's attention. This may include matters that are not considered significant weaknesses in arrangements but should still be brought to the Council's attention. It will also cover details of any recommendations from the audit and the follow-up of previously issued recommendations, along with our assessment of their satisfactory implementation. Our 2025/26 Auditor's Annual Report must be issued in draft by 30 November 2026 to comply with the revised requirements of the NAO Code.

Value for money

Value for money risk assessment

We have completed our initial value for money planning, where we have considered:

- Our entity level controls and understanding the business assessment
- The Council's Risk Register/the Annual Governance Statement
- Council meeting minutes and/or our planning meetings with management
- Key financial and budget information
- Key performance reports
- Findings of other inspectorates, review agencies and other relevant bodies.

As part of our initial planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing value for money that we needed to perform further procedures on. The risks we have identified are detailed on the table overleaf along with the further procedures we will perform. We will continue to review the body's arrangements and report any changes to our risk assessment.

Criteria	2024/25 judgements on arrangements	2025/26 risk assessment	2025/26 expected procedures to respond
Financial sustainability	We did not identify any significant weaknesses or VFM recommendations in 2024/25.	▪ No risks identified	N/A
Governance	We identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements.	We have identified a risk of significant weakness in relation to how the body ensures effective processes and systems are in place to support its statutory financial reporting requirements, which has been informed by the areas for improvement identified in the 2024/25 audit.	▪ We will continue to assess the Council's arrangements for the production of financial statements and supporting working papers by the statutory deadline of 30 June 2026 and provide an updated "RAG" rating against each of the criteria for 2025/26.
Improving economy, efficiency and effectiveness	We did not identify any significant weaknesses or VFM recommendations in 2024/25.	▪ No risks identified	N/A

04 Audit materiality

Materiality

Group and Council materiality

For planning purposes, Group and Council materiality for 2025/26 have been set at £0.82 million and £0.8 million respectively. This represents 2% of the Group's and Council's 2024/25 gross expenditure on provision of services. It will be reassessed throughout the audit process.

The Council is a public sector body and the main function of the entity is to provide services to the local community. For a public sector entity, the expectations of users (including regulators) of the entity are focused on the measurement of expenditure and, as such, the income statement is considered the most appropriate basis for determining materiality for public sector bodies. We consider that gross expenditure on the provision of services is the area of biggest interest to the users of the Council's accounts.

We have provided supplemental information about audit materiality in Appendix G.

Group gross expenditure on provision of services
£41.744m

Planning materiality **£0.83m**

Performance materiality **£0.41m**

Component performance materiality **£0.083m**

Audit differences **£0.041m**

Council gross expenditure on provision of services
£41.395m

Planning materiality **£0.8m**

Performance materiality **£0.4m**

Audit differences **£0.04m**

Key definitions

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

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.41 million for the Group and £0.4 million for the Council which represents 50% of planning materiality. As per our initial assessment, we believe the misstatements (including disclosure misstatements) identified in 2024/25 are indicative of a higher likelihood that misstatements may occur in the 2025/26 financial statements.

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

Audit difference threshold – We will report to you all uncorrected misstatements over £0.041 million for the Group and £0.04 million for the Council, relating to the income statement and balance sheet that have an effect on income and misstatements in the OCI.

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

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

05 Scope of our audit

Audit process and strategy

Objectives of our audit scoping

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

1. **Financial statement audit**

Our opinion on the financial statements:

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

Our opinion on other matters:

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

Other procedures required by the Code:

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

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

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

Internal audit

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

The Annual Internal Audit Report concluded Good Assurance over the adequacy and effectiveness of the Council's control environment for 2024/25.

Scoping the group audit

Group scoping

The Council prepares its annual report and financial statements on a group basis. In line with ISA (UK) 600, our audit strategy for performing an audit of a group with multiple components is risk-based and our scoping of the group audit responds to the risks of material misstatement that we have identified for the group financial statements.

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

We next identified individually relevant components based on various risk characteristics and applied professional judgement to determine which accounts were to be included in the work performed at these components. We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements.

When determined that these residual balances could give rise to a risk of material misstatement of the group financial statements, we determine whether it is necessary to perform audit procedures on further accounts in components which are individually relevant and/or include accounts in additional components within the group audit scope to address the risks of material misstatement of the group financial statements. Having identified the components for which work will be performed, we determined the scope to assign to each component.

For the remaining residual amount of balances and accounts of the group financial statements which are not included within the group scope we perform further risk assessment procedures to confirm that there is no risk of material misstatement within those amounts.

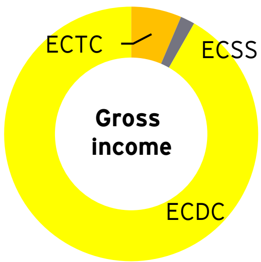
Details of procedures performed centrally

We determined that centralised audit procedures can be performed for all areas of the Council, as the group and Council audit teams are the same. We will not perform any centralised procedures over the balances of the East Cambs Trading Company Limited, and East Cambs Street Scene Limited, all of which will be audited by the component auditor. Refer to Appendix C for further details on the group scoping.

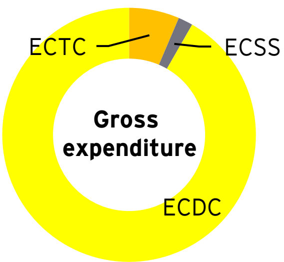
Scoping the group audit

Coverage of Gross income/Gross expenditure/Total assets

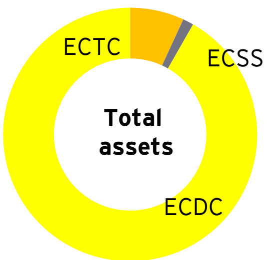
Based on the Group's prior year results, our scoping is expected to achieve 100% coverage of the group's gross income, gross expenditure and total assets. Our audit approach is risk based and therefore the data below on coverage is provided for your information only. Further details on the scoping of the Group audit can be found at Appendix C.



100%
(2024/25: 100%) of the group's gross income will be covered by full scope and specific scope audits



100%
(2024/25: 100%) of the group's gross expenditure will be covered by full scope and specific scope audits



100%
(2024/25: 100%) of the group's total assets will be covered by full scope and specific scope audits

A

Procedures performed centrally: Certain balances within components assigned a full or specific scope may be subject to centralised procedures performed by the Group audit team.

B

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

C

Specific Scope: East Cambs Street Scene Limited - Locations involving the design and performance of audit procedures on one or more classes of transactions, account balances, or disclosures of the financial information of the group. The accounts included in the scope are not a significant proportion of the financial information of the component.

D

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

E

Other Procedures: Amounts have been evaluated as not presenting a risk of material misstatement to the group financial statements. Individually, these components do not exceed more than 1% of the Group's revenue.

06 Audit team

Audit team

Audit team leadership

The engagement team is led by David Riglar, who has overall responsibility for the performance of the audit and for the auditor's report issued on behalf of EY (for both Group and Council). There are no changes to the audit partner or engagement manager.

Our approach to the use of specialists

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

Area	Specialists
Valuation of Other Land and Buildings	EY Real Estates (if required, based on risk assessment at year-end)
Pensions disclosure	Specialist PWC consulting actuary and EY Actuaries

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

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

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

David Riglar
Key audit partner

Anastasia Lukhtan
Manager

Irene Mukomba
Lead Senior

Specialist 1
EY Real Estates (if required)

Specialist 2
Specialist PWC consulting actuary and EY Actuaries

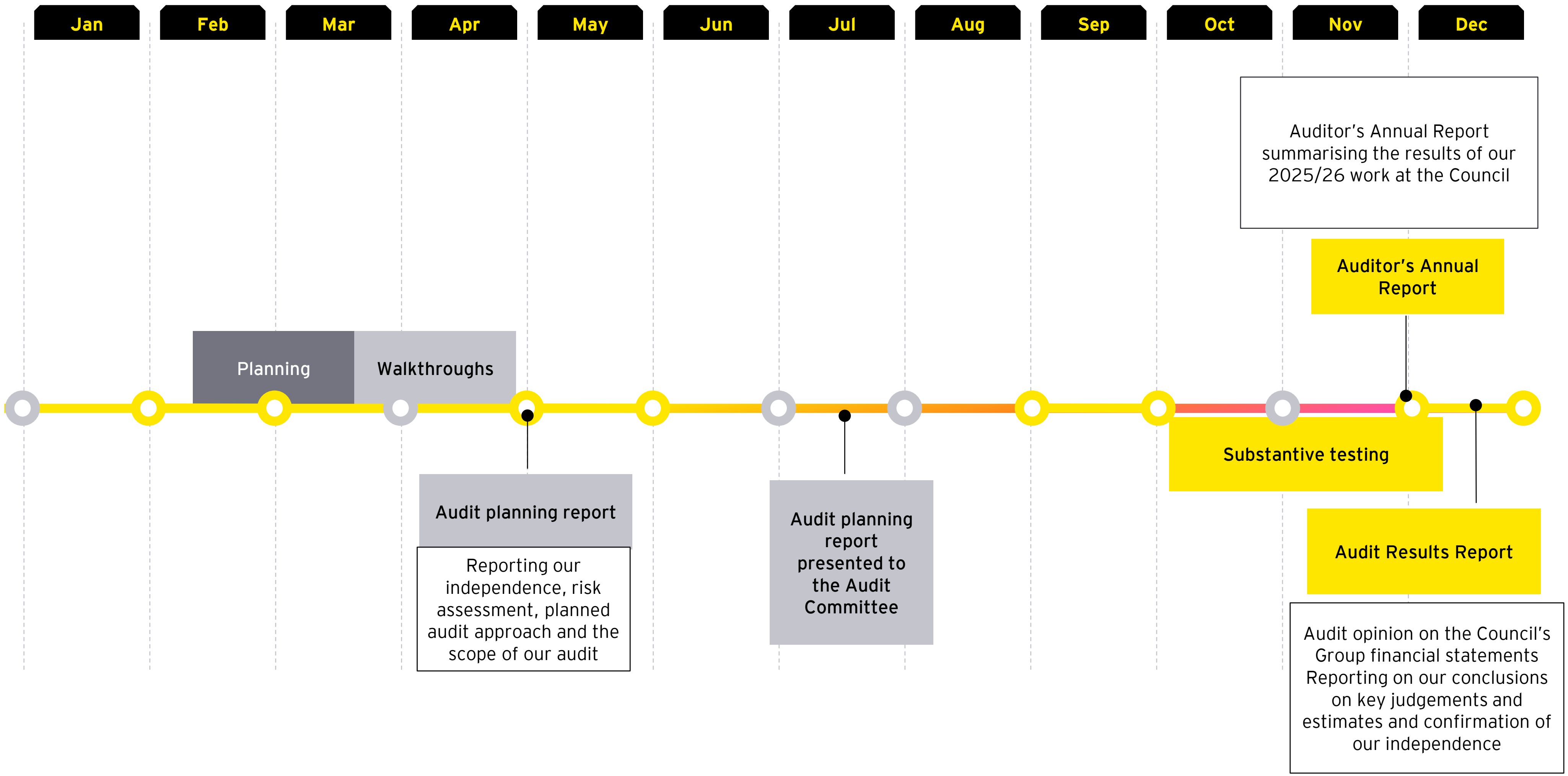
07 Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2026.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.



08 Appendices

Appendix A — Rebuilding assurance: responsibilities

The Council's responsibilities

As set out in Appendix B our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See https://www.psaa.co.uk/managing-audit-quality/contract-monitoring-2023-24-to-2027-28/terms-of-appointment-from-2023-24/terms-of-appointment-and-further-guidance-from-1-october-2025/. In particular, the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

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

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

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

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

Observations from 2024/25

As we have outlined in prior years, 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 presented our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures as part of our 2024/25 Audit Results Report.

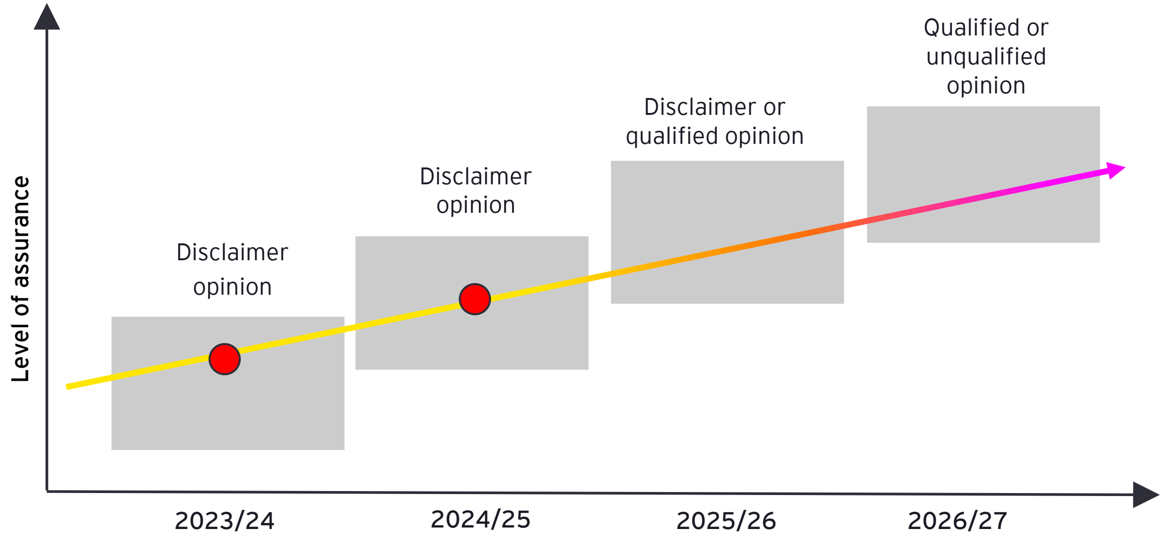
We have repeated this assessment on the following page. Where we have been unable to undertake all planned procedures, this is likely to extend the timetable to recover assurance on the Council's financial statements.

Appendix A — Rebuilding assurance continued

Progress to full assurance

The chart below sets out the illustrative timescale for the process of rebuilding 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 assessment and what still needs to be done to successfully rebuild assurance.

The guidance recognises that the path to full assurance, and therefore an unqualified opinion, will usually take a number of years to achieve, and depends upon co-ordination and engagement between the Council and audit team. Since 2022/23, we have applied a structured, risk-based prioritisation approach to local government audits to support a return to unqualified audit opinions wherever feasible, while still meeting statutory backstop requirements.



East Cambridgeshire District Council progress

In the audit reports for the years ended 31 March 2024 and 31 March 2025, a disclaimer of opinion was issued due to the application of the backstop. This means the auditor has not been able to form an opinion on the financial statements.

In our view, the Council's progress falls behind the expected timescales set out in LARRIG 01.

In 2024/25, no additional assurance was achieved. There is a continuing lack of assurance over Short term debtors, Short term Creditors, Grants received in advance, Reserves, Staff costs, Other Income and Expenditure, Leases, Collection Fund, Other Disclosures. As a result, we anticipate that for 2025/26:

- We will have limited assurance over the opening balances for 2025/26; and
- Limited assurance over the closing reserves balance, due to uncertainty over the opening amount.

We will continue to work with the Council to rebuild assurance over time. Our objective is to continue to rebuild assurance, by providing assurance over the in year 2025/26 transactions and movements, where possible, and closing balances which can be materially determined without the opening balance, such as debtors and creditors.

Appendix A — Rebuilding assurance: responsibilities continued

Factors impacting the execution of the 2024/25 audit

Area	Status (R / A / G)	Explanation	Further detail
Timeliness of the draft financial statements	Effective	The financial statements were published by the 30th 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. We will work with the finance team to help improve the quality of working papers and supporting evidence for the 2025/26 audit.
Quality of working papers and supporting evidence	Ineffective	Working papers and supporting evidence were generally not to the expected standard.	
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

Key:

- **Red: Ineffective.** In our judgement, significant improvements are required in the Council's arrangements to support the rebuilding of assurance. Action should be taken to respond immediately.
- **Amber: Requires Improvement.** Matters and/or issues had an impact on the delivery of the audit and should be addressed in future years.
- **Green: Effective.** There were no significant matters that impacted the timing or effectiveness of audit procedures.

Appendix A — Rebuilding assurance: responsibilities continued

Factors impacting the execution of the 2024/25 audit (continued)

Area	Status (R / A / G)	Explanation	Further detail
Access to finance team and personnel to support the audit in accordance with agreed project plan	Requires improvement	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. 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. 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.	We expect to raise a scale fee variation in respect of this.
Volume and value of identified misstatements and disclosure amendments	Ineffective	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 have been corrected by management	We expect to raise a Scale Fee variation in respect of the additional work required.

Key:

Red: Ineffective. In our judgement, significant improvements are required in the Council's arrangements to support the rebuilding of assurance. Action should be taken to respond immediately.

Amber: Requires Improvement. Matters and/or issues had an impact on the delivery of the audit and should be addressed in future years.

Green: Effective. There were no significant matters that impacted the timing or effectiveness of audit procedures.

Appendix B - Independence and Fees

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

Required communications

Planning stage	Final stage
▪ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ▪ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▪ The overall assessment of threats and safeguards; ▪ Information about the general policies and process within EY to maintain objectivity and independence ▪ The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the audit committee/those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a "pre-approval" to provide the service).	▪ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▪ Details of non-audit/additional services provided and the fees charged in relation thereto; ▪ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▪ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner ▪ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▪ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence (for breaches of the FRC Ethical Standard include details of its significance); and ▪ An opportunity to discuss auditor independence issues.

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

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

Appendix B - Independence and Fees continued

Relationships, services and related threats and safeguards

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

Overall Assessment

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

Self interest threats

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

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

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

At the time of writing, there are no non-audit service for the 2025/26 financial year. No additional safeguards are required.

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

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

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decisions based on that work. There are no management threats at the date of this report.

Appendix B - Independence and Fees continued

Other threats

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

EY Transparency Report

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2025 and can be found here: EY UK 2025 Transparency Report.

Appendix B — Independence and Fees continued

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

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

The agreed fee presented is based on the following assumptions:

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

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

	Current Year 2025/26	Prior Year 2024/25
	£	£
Total Fee – Code Work	166,971	162,424
Scale Fee Variation (Note 1)	TBC	TBC
Total audit	**TBC**	**0**
Other non-audit services not covered above (Note 2)	0	0
Total other non-audit services	0	0
Total fees	**TBC**	**TBC**

All fees exclude VAT

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

- Consideration of correspondence from the public and formal objections.
- New and revised accounting standards, for example CIPFA Bulletin 22.
- Non-compliance with law and regulation with an impact on the financial statements.
- VFM risks of, or actual, significant weaknesses in arrangements and related reporting impacts.
- The need to exercise auditor statutory powers.
- Prior period adjustments.
- Modified financial statement opinions.

2. There are no non-audit services for 2024/25 or 2025/26 as 2023/24 was the final year of housing benefits work.

Appendix C — Scoping the group audit

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

Detailed scoping

Component/location	One or more account balance is subject to centralised audit procedures	Individually relevant component (IRC) / Additional relevant component (ARC)	Scope	Statutory audit performed by EY	Coverage	
					Gross Expenditure	Total assets
East Cambridgeshire District Council	No	IRC	Full	✓	94.32%	93.15%
East Cambs Trading Company Limited	No	IRC	Full	x	5.24%	5.73%
East Cambs Street Scene Limited	No	IRC	Specific	x	0.44%	1.12%
Total full & specific scope coverage					**100%**	**100%**

Non-EY member firms

The following components will be audited by non-EY member firms who have confirmed their independence:

Component name	Group Audit Scope	Component Auditor
East Cambs Trading Company Limited	Full	Price Bailey LLP
East Cambs Street Scene Limited	Specific	Price Bailey LLP

Key changes to our group scoping from the last year

- No scope changes from the prior year

Appendix C — Scoping the group audit continued

Identification of individually relevant components and additional relevant components:

We considered the following when identifying individually relevant components and the accounts to be included in the work to be performed at these components:

- Identification of individually relevant components (IRC): IRC components, are components that individually have a risk of material misstatement to the group financial statements. We considered the following matters to determine which components were individually relevant:
  - The significant risks (including fraud risks), and other areas of higher assessed risk associated with the component and the nature of the circumstances related to those risks of material misstatement, including the relative size of the balance at the component.
  - The financial size of the component relative to the group
- Accounts to be included in the work to be performed by IRCs: We applied professional judgment in determining those accounts having considered:
  - The reasons the component was identified as individually relevant and the accounts affected by risks associated with the component
  - The extent of centralised procedures
  - Whether the accounts are affected by other assessed risks of material misstatement of the group financial statements
  - The relative size of the balance at the component.

We identify additional relevant components when we determined that the remaining group significant account balances (residual balances) not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. In determining the number of additional components and extent of procedures to be performed took into consideration:

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

Group audit team involvement in component audits

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

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

Our planned involvement in the component audit of the East Cambs Street Scene Limited and East Cambs Trading Company Limited. will principally include regular discussions/touch points with Price Bailey LLP throughout their planning and execution of the audit, and review of component team audit deliverables and underlying workpapers.

Appendix D — Prior year recommendations

As part of our annual audit procedures we will follow up the specific open and in progress recommendations reported within our 2024/25 reporting, including those relating to value for money arrangements. The open recommendations from prior years are outlined below, along with the response from management.

Classification of recommendations		
High: Key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.	**Moderate:** Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.	**Low:** Less significant issues and / or areas for improvement which consider merit attention but do not require to be prioritised by management.

Internal control weaknesses

No.	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
1.	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.	We recommend that the Council improve controls over the Fixed Asset Register inputs, settings and depreciation calculation. Moderate	This will be followed up as part of our 2025/26 audit.
2	From our work over Group Statements, several audit adjustments and disclosure misstatements have been identified.	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. Moderate	This will be followed up as part of our 2025/26 audit.
3	Capital Grant Register: The Council does not maintain a Capital Grants Register.	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. Moderate	This will be followed up as part of our 2025/26 audit.

Appendix D — Prior year recommendations

As part of our annual audit procedures we will follow up the specific open and in progress recommendations reported within our 2024/25 reporting, including those relating to value for money arrangements. The open recommendations from prior years are outlined below, along with the response from management.

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High: Key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.	**Moderate:** Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.	**Low:** Less significant issues and / or areas for improvement which consider merit attention but do not require to be prioritised by management.

Internal control weaknesses (continued)

No.	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
4.	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.	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. Moderate	This will be followed up as part of our 2025/26 audit.
5.	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.	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. We recommend Council 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. We recommend that the council 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. Moderate	This will be followed up as part of our 2025/26 audit.

Value for money arrangements

No.	Value for money reporting criteria	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
1.	Governance	We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements.	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 High	The Council accepts the recommendation and recognises the need to strengthen financial statement preparation and audit support. Capacity and capability issues identified during the 2024/25 audit have been acknowledged and are being addressed through the appointment of an Interim Technical Accountant and the recruitment of a Principal Accountant with The Council will continue to strengthen working paper quality, improve responsiveness to audit queries, and maintain regular communication and escalation arrangements to support a more efficient audit process going forward.

Appendix E — Regulatory update

Key regulatory changes

There are a number of key regulatory developments underway relating to local authority governance and the audit of the Council's financial statements. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures	Impact on East Cambridgeshire District Council
English Devolution and Community Empowerment Bill	The Bill has completed all scrutiny stages in the House of Commons and is now at Committee stage (Grand Committee) in the House of Lords. The following measures therefore remain proposals until Royal Assent is granted: ▪ **Local audit system reforms:** The Bill includes provisions to reform elements of the local audit framework in England alongside support measures intended to address the audit backlog. The Bill will also enable changes to the way audit oversight and local audit responsibilities operate. Section 61 of the Bill provides for the establishment of the Local Audit Office (LAO). Legislation will set out that the main objective of the LAO is to secure the effective operation of the system of audit, with a view to meeting the needs of users of audited accounts. The LAO will appoint auditors to non-NHS bodies, determine audit fees and prepare one or more Code of Audit Practice. ▪ **Combined authorities and Combined County Authorities:** The Bill expands powers and functions of combined authorities and places combined county authorities on a clearer statutory footing. This will allow further transfer of functions from constituent councils. ▪ **Devolution of functions to "Strategic Authorities":** The Bill expands the category of Strategic Authorities and allows transfer of responsibilities from central government and councils. ▪ **Local Government Reorganisation:** The Bill supports changes to council structures to support devolution.	▪ Local audit system reforms may result in changes to audit timescales or responsibilities and there may therefore be transition risks in future years. ▪ The Bill provides that the Council must have an audit committee, and that at least one member of the committee be an independent person.
Renters Right Act	▪ The Renter's Rights Act became law on 27th October 2025. Under the Act, Councils are going to gain new powers to investigate landlords; act against rogue landlords; and ensure landlord compliance with new standards expected of them. ▪ Local housing authorities will receive £18.2 million in 2025/26 to support preparations for the implementation of the Renters' Rights Act 2025 and to build enforcement capacity. Funding will be allocated based on the number of private rented sector properties in each local area.	Enforcement guidance for local Councils has now been published. The guidance provides the critical information that enforcement officers will need to know to carry out their work in line with the new legislation. There will be a bespoke programme of training, webinars and resources through 'Operation Jigsaw', a cross-local Councils initiative; Changes will start coming into effect from 1st May 2026.

Key regulatory changes continued

Name	Summary of key measures	Impact on East Cambridgeshire District Council
Public Office (Accountability) Bill	The Public Office (Accountability) Bill aims to impose a duty on public authorities and public officials to "at all times act with candour, transparency and frankness in their dealings with inquiries and investigations." Breach of the duty would be a criminal liability. The Bill is expected to apply not only to both core public bodies delivering public services but also private bodies delivering public functions such as those on a government contract. The Bill also proposes: ▪ A new statutory duty on public authorities to promote and take steps to maintain high standards of ethical conduct, as defined by the Seven Principles of Public Life, or "Nolan Principles"; ▪ Reforms that will make it easier to prosecute misconduct in public office; and ▪ An offence of misleading the public.	▪ While the Bill continues to make its way through the House of Commons Committee processes, the Council should ensure that training and support for Councillors is enhanced to take account of greater expectations in relation to local government standards.
Fair Funding Review	▪ On 20 November 2025, the government announced a multi-year Local Government Finance Settlement in a decade, together with the Fair Funding Review . Key measures include: ▪ There will be a single settlement for 2026/27 to 2028/29 ▪ The government plans to use up to date English Indices of Multiple Deprivation, together with up-to-date services cost and demand data to calculate individual council allocations for 2026/27 to 2028/29; and ▪ The Children and Young People's Services formula will use the latest index of deprivation affecting children. The new indices are expected to lead to greater transparency and a reduced reliance on competitive bidding for funds. The Government also announced it will simplify 33 funding streams, worth almost £47 billion over three years.	Using new indices will result in some Councils seeing increases in their allocations, whilst others see decreases. The government has, however, set out transitional arrangements to help with managing change: ▪ A Recovery Grant funding guarantee to upper tier authorities in receipt of Recovery Grant; ▪ Funding floors and phasing in of new allocations across the multi-year settlement; and ▪ Additional money in the national settlement for children's social care and a new ring-fenced combined Homelessness, Rough Sleeping and Domestic Abuse grant over three years. .

Appendix E — Regulatory update continued

National Audit Office reporting

There are a number of key publications from the National Audit Office that have an impact on the Council. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key messages	Impact on East Cambridgeshire District Council
Local government finance report 2026 to 2027	The 2026-27 Local Government Finance Report introduces a multi-year settlement covering 2026/27 to 2028/29 and implements the Fair Funding Review 2.0. Updated distribution formulas will reallocate resources between councils, reflecting more recent demographic and deprivation data. The report confirms the continuation of council tax referendum principles and introduces significant changes to Special Educational Needs and Disabilities (SEND) funding, including the extension of the statutory override for DSG deficits to 2027/28 and a government-funded write-off of approximately 90% of historical DSG deficits. These policy changes represent one of the most substantial re-baselining exercises in recent years.	▪ Councils must re-model their Medium-Term Financial Plans (MTFPs) to account for formula redistribution effects and redesigned SEND funding arrangements. The ongoing restrictions on council tax increases will continue to limit local financial flexibility. For many authorities, particularly those with substantial DSG deficits, the reforms will have material implications for reserves management and financial stability.
Exceptional Financial Support for local authorities for 2025-26	Exceptional Financial Support (EFS) remains a mechanism for councils facing acute short-term financial pressures. For 2025-26, thirty authorities received in-principal approval for EFS, allowing them to treat certain revenue costs as capital expenditure through capitalisation directions. The government has removed the additional 1% borrowing premium previously applied and has imposed conditions including enhanced assurance reviews and restrictions on community-asset disposals. The NAO notes that, although EFS can prevent immediate failure, it shifts the burden to future years through increased borrowing.	▪ For the sector, the continuation of EFS signals sustained financial fragility. Authorities using EFS must demonstrate credible, independently-scrutinised recovery and savings plans, along with significant improvements in governance, financial management, and internal controls. ▪ Councils should expect intensive oversight and stringent follow-up from central government when accessing this mechanism.
Local audit reform: Government response to the consultation to overhaul local audit in England	The government response sets out a comprehensive overhaul of the local audit system in England. Central to the reforms is the creation of the Local Audit Office (LAO), which will assume responsibility for appointing auditors, preparing Codes of Audit Practice, enforcing quality standards, and overseeing audit delivery. A phased transition plan will move existing responsibilities from Public Sector Audit Appointments (PSAA) and other bodies to the NAO between 2026 and 2027, with the aim of stabilising the system, addressing audit backlogs, and restoring confidence in the timeliness and quality of local audit.	▪ For councils, the reforms will lead to more prescriptive expectations around audit readiness, governance, documentation quality, and responsiveness. Authorities should anticipate tighter reporting deadlines and increased scrutiny of working papers, internal controls, and VFM arrangements.

Appendix E — Regulatory update continued

National Audit Office reporting continued

Name	Summary of key messages	Impact on East Cambridgeshire District Council
Local Government Financial Sustainability	The National Audit Office most recently reported on the context of local government finances in February 2024, which included their consideration of service and financial pressures. They concluded that although total local government funding has risen modestly in recent years, it has not kept pace with population growth, rising service demand, or the increasing complexity and cost of supporting people with high needs. Real-terms funding per person fell between 2015-16 and 2023-24, while demand for essential services such as adult social care, children's social care, SEND provision and homelessness continued to escalate. The NAO highlights growing evidence of strain across services, including delays in Education, Health and Care Plans and a sharp rise in families housed in temporary accommodation for longer than legally permitted. Repeated delays to long-promised funding reforms mean councils continue to rely on short-term, stop-gap measures. Exceptional Financial Support has become increasingly common, but while it prevents immediate failure, it also shifts financial risk into future years, reflecting underlying structural weaknesses in the local government finance system	▪ The report signals deepening financial fragility across the sector, with many councils facing heightened risk of issuing Section 114 notices unless systemic pressures are addressed. Rising demand and cost escalation in statutory services are absorbing an ever-greater share of local authority budgets, reducing the capacity to invest in preventative activity and long-term service improvement. The NAO warns that widespread reliance on temporary fixes—including Exceptional Financial Support—creates additional future liabilities and limits councils' ability to plan sustainably. Without coordinated, cross-government reform of funding, accountability and service oversight frameworks, councils will remain locked in reactive financial management, with growing consequences for service quality, citizen outcomes and long-term financial resilience.
Unlocking land for housing	The National Audit Office reported in February 2026 that the government aims to deliver 1.5 million new homes by July 2029. To support this ambition, various land-unlocking programmes have been introduced to address constraints such as inadequate infrastructure, land assembly challenges, and site viability issues. Since 2016, £10.5 billion has been allocated across 768 projects, with £8.4 billion committed and £5.7 billion spent. Although these programmes collectively predict enabling around 713,000 homes, the NAO highlights that only a small proportion—around 33,300 homes—can currently be evidenced as completed, pointing to gaps in monitoring and programme assurance. Additionally, the creation of the National Housing Delivery Fund and a new National Housing Bank from April 2026 signals a shift toward a more consolidated and strategic funding model.	▪ The sector will experience increased expectations to produce detailed and evidence-based infrastructure planning to secure funding from the new mechanisms. Councils will be required to strengthen the robustness of business cases, improve monitoring of actual housing delivery, and anticipate tighter central-government scrutiny of riskier or larger projects. The shift to a single-gateway funding structure will also compel councils to maintain well-developed pipelines to access multi-year support.
Improving local areas through developer funding	The NAO identifies developer contributions—primarily Section 106 agreements and the Community Infrastructure Levy (CIL)—as essential tools for funding local infrastructure and affordable housing. However, the report finds significant variation across councils in both the application and governance of these mechanisms. Negotiated viability assessments often reduce the contributions developers agree to provide, while only around half of planning authorities have formally adopted CIL. Developer contributions account for roughly 44% of affordable housing delivery nationally, yet over 17,000 S106-linked affordable homes with planning consent lacked a housing association buyer at the time of review, indicating a delivery bottleneck. The government is providing additional planning capacity funding and establishing a Section 106 Affordable Homes Clearing Service to support councils in unlocking stalled developments.	▪ For councils, strengthening internal governance and transparency around developer contributions will be increasingly important. Authorities will need improved planning capacity, including specialist viability expertise, to mitigate risks of reduced contributions and ensure developer obligations are properly monitored. With the proposed Infrastructure Levy no longer being taken forward, councils must optimise and professionalise the existing S106 and CIL frameworks.

Appendix F — Required communications with the Audit Committee

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

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Planning and audit approach	Communication of: ▪ The planned scope and timing of the audit ▪ The planned use of internal audit ▪ The significant risks identified 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	Audit Plan – 14 July 2026 – Audit Committee
Significant findings from the audit	▪ 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 ▪ Other significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management ▪ Circumstances that affect the form and content of our auditor's report ▪ Other matters if any, significant to the oversight of the financial reporting process	Audit Results Report – TBC

Appendix F — Required communications with the Audit Committee continued

Required communications	What is reported?	Our Reporting to you When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▪ 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 - TBC
Misstatements	▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management ▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods	Audit Results Report - TBC

Fraud	▪ 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, unless prohibited by law or regulation any identified or suspected fraud involving:
	  ▪ Management;
	  ▪ Employees who have significant roles in internal control; or
	  ▪ Others, when the identified or suspected fraud is other than clearly inconsequential.
	▪ 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 - TBC

Appendix F — Required communications with the Audit Committee continued

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Related parties	Significant matters arising during the audit in connection with the entity's related parties	Audit Results Report - TBC
Independence	Communication of the relevant ethical requirements, including those related to independence, that we apply for the audit engagement, including any independence requirements specific to audits of financial statements of the entity. Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence ▪ Breaches of IESBA Code of Ethics, local independence regulations or professional standards (for breaches of the FRC Ethical Standard, include details of the breach and its significance) Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place. Communication of relevant information to those charged with governance, to enable them to provide concurrence on the non-audit services being provided.	Audit Plan - 14 July 2026 - Audit Committee Audit Results Report - TBC

Appendix F — Required communications with the Audit Committee continued

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
External confirmations	▪ Management's refusal for us to request confirmations ▪ Inability to obtain relevant and reliable audit evidence from other procedures	Audit Results Report - TBC
Consideration of laws and regulations	▪ 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 - TBC
Internal controls	▪ Significant deficiencies in internal controls identified during the audit	Audit Results Report - TBC
Group audits	▪ An overview of the work to be performed at the components and the nature of the group audit team's planned involvement in the work to be performed by component teams ▪ Instances when the group audit team's review of the work of a component team gave rise to a concern about the quality of that team's work, and how the group audit team addressed the concern ▪ Any limitations on the ability to obtain sufficient appropriate audit evidence in support of the group audit opinion, for example, where the group audit team's access to people or information may have been restricted	Audit Plan - 14 July 2026 - Audit Committee Audit Results Report - TBC

Appendix F — Required communications with the Audit Committee continued

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - TBC
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit Results Report - TBC
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - TBC
Auditors report	▪ 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 - TBC

Appendix G — Additional audit information

Objective of our audit

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

Other required procedures during the course of the audit

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

Purpose and evaluation of materiality

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

Materiality determines:

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

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

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TITLE: Draft Statement of Accounts 2025/26

Committee: Audit Committee

Date: 14th July 2026

Author: Director, Finance

Report number: AB41

Contact officer:
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jude.antony@eastcambs.gov.uk

Issue

1. To note that the Council's draft Statement of Accounts for 2025/26 has been published on the Council's website.

Recommendation

2. That the Committee notes the report.

Background/Options

3. 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).

4. 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 2026 required the following:

- The draft Accounts must be certified by the Council's Responsible Financial Officer, the Section 151 Officer, by 30 June following the end of the financial year. It is confirmed that the Accounts were signed off by this statutory deadline, having been certified and uploaded to the Council's website on 30 June 2026.

- The draft Accounts and any associated financial documentation are made available for public inspection for a period of 30 working days. The accounts are currently available for public inspection, this started on the 1st July 2026 and will continue until the 11th August 2026. To this point, neither the Council nor Ernst & Young LLP (EY) as the Council's auditors, have received any communications from the public.

- By the 31st January 2027, the backstop date for the 2025/26 accounts:
  - The Accounts must be re-certified by the Responsible Financial Officer

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

5. EY have programmed their work schedule to start the formal part of the Audit of the Council's Statement of Accounts in October 2026, but a significant amount of pre-audit work has already started as they collect the information needed to undertake their review.

Arguments/Conclusions

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

Additional Implications Assessment

7. 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**

Appendices

Appendix 1: Draft Statement of Accounts 2025/26

Background documents

None

East Cambridgeshire District Council

Draft

Statement of Accounts

2025/26

Contents

Narrative Report

By the Director, Finance
As the Council's Responsible Financial Officer, I am pleased to present the Council's 2025/26 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2026. 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 2025/26.
- The Financial Statements
- Technical information

Commentary and Review of 2025/26

Review and Commentary on the Council's services and performance during 2025/26
Within the Corporate Plan 2023 to 2027, there are three priority areas;

- Sound Financial Management
- Cleaner, greener East Cambridgeshire
- 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'.

2025/26 Actions	Results
Council to approve the 2026/27 budget and the Medium Term Financial Plan in February 2026 only increasing Council Tax as a last resort.	The 2026/27 budget was approved in February 2026 including a balanced budget for 2026/27 and 2027/28 with no increase in Council Tax in 2026/27 (this for the thirteenth consecutive year)
Work with other councils in the Cambridgeshire and Peterborough region to ensure the transition to any new local government structure that delivers the most financially sustainable outcomes for East Cambridgeshire's residents possible.	The Council continued to engage in devolution and local government reorganisation discussions to help protect East Cambridgeshire's financial sustainability and interests.
Engage proactively with the Fair Funding Review process, assessing potential impacts on the council's income and planning accordingly to safeguard services and investment in the district.	The impact of the Fair Funding Review and the wider funding reforms have been reflected in the Medium Term Financial Strategy, with ongoing monitoring of future funding changes and potential implications for the Council.

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.

2025/26 Actions	Results
Deliver the Climate and Nature Top 20 actions for 2025/26 including a focus on nature improvements, reducing our carbon emissions, and adapting to a changing climate.	15 actions completed or well advanced including another 100 orchard trees given to communities across the district, solar panels installed on the new development built by Palace Green Homes at Arbour Square, Ely and the Council reduced its own water consumption by a further 10% in its main office, The Grange (following a 10% reduction the previous year).
Implement a new waste and recycling collection service for residents from June 2026.	The new waste collection service went live on the 1st June 2026 – The launch has been supported by a detailed communications campaign and resident engagement.
Support the development of a network of Agricultural Reservoirs across East Cambridgeshire.	The Council has engaged with key stakeholders and researchers to progress the development of Agricultural Reservoirs across East Cambridgeshire.
Produce a plan setting out how we will become a net zero council by 2036.	The ‘A Pathway to Net Zero’ report was approved by the Council in November 2025, providing a detailed action plan of how we will aim to meet our emission target.
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.
Secure funding for Photovoltaic (PV) panels at the Bereavement Centre.	All grant funding opportunities are being explored. Following a submission to Cambridgeshire and Peterborough Combined Authority (CPCA). The Council was not successful. The build out of the Bereavement Centre is at an advanced stage and due to complete in Summer 2026. To future proof the Bereavement Centre, as part of the build, ducting to easily facilitate future PV on site has already been installed.

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.

2025/26 Actions	Results
Allocate the £100k Homes at Kennett.	Three £100k Homes have been allocated, a further six will be available during 2026/27.
Support local businesses via our UK Shared Prosperity and Rural England Prosperity Business Grant Funds.	**Rural England Capital Growth Fund:** Supported 22 businesses, delivering 6 jobs, 2 apprenticeships, and wider gains in skills, innovation and productivity. **UKSPF Business Growth Fund:** Supported 29 businesses, delivering 13 jobs (created/expected), 3 apprenticeships, and wider gains in skills, innovation and productivity.
Further develop the council's Sustrans feasibility schemes for the Ely to Soham and Burwell to Fordham routes.	Work to progress the feasibility studies to a preliminary design for the selected routes has continued. Public consultation on a preferred route that links Burwell and Fordham via Exning was held in Spring 2026.
Continue to work with partners to deliver the actions in the council's Health and Wellbeing Strategy.	987 individuals accessed Health & Wellbeing physical activity programmes delivered or supported by the Council. Eight targeted healthier weight programmes were delivered with significant improvements in peoples wellbeing scores being recorded. Ten older adult strength and balance programmes have provided participants with improved mobility whilst also addressing social isolation. The Health and Well Fair event took place in Soham attracting over two hundred local residents. A community appointment day for parents with children on neurodevelopmental assessment waiting lists was organised collaboratively by the East Cambs Neighbourhood team.
Work with CPCA and partners to deliver improvements to active travel, road and rail infrastructure, including bus franchising, the BP Witchford	The Council has continued to engage with the CPCA and Cambridgeshire County Council on improvements to active travel, rail and road infrastructure. Officers

Road Non-Motorised User (NMU) crossing, A10 Ely to A14 improvements scheme, support local rail improvements including Soham Railway Station phase 2.	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.
Continue to support existing Community Land Trusts (CLTs) across the district and work with communities to establish and develop new CLTs.	The Council continues to promote CLTs and has assisted existing CLTs including, Kennett, Haddenham and Swaffham Bulbeck CLT.
Develop an Inclusive Play Strategy	Audits of Parish and District Council play areas were conducted, and the findings of the District Council audits will be incorporated into the Strategy to be considered by Members in September 2026. In February 2026 the Council introduced a bespoke CIL grant scheme for Inclusive Play & Open Spaces to provide match funding to assist with the delivering of inclusive play and open spaces.
Open the Bereavement Centre.	The project is on track, and the Bereavement Centre is due to open in Summer 2026
Provide match funding to parishes producing Neighbourhood Plans of up to £5,000 per parish.	A scheme has been set up and to date 2 Parish Councils have been awarded £5,000 and 1 other has notified us they will be applying.
East Cambs Trading Company will complete the development at Arbour Square, Ely, which will deliver 27 homes (100%) affordable housing as social rent properties	7 properties were completed and sold to Havebury for Social Rent between February and March 2026. The remaining 20 will be completed and sold to Havebury for Social Rent between June and August 2026.

Revenue Spending and Sources of Income

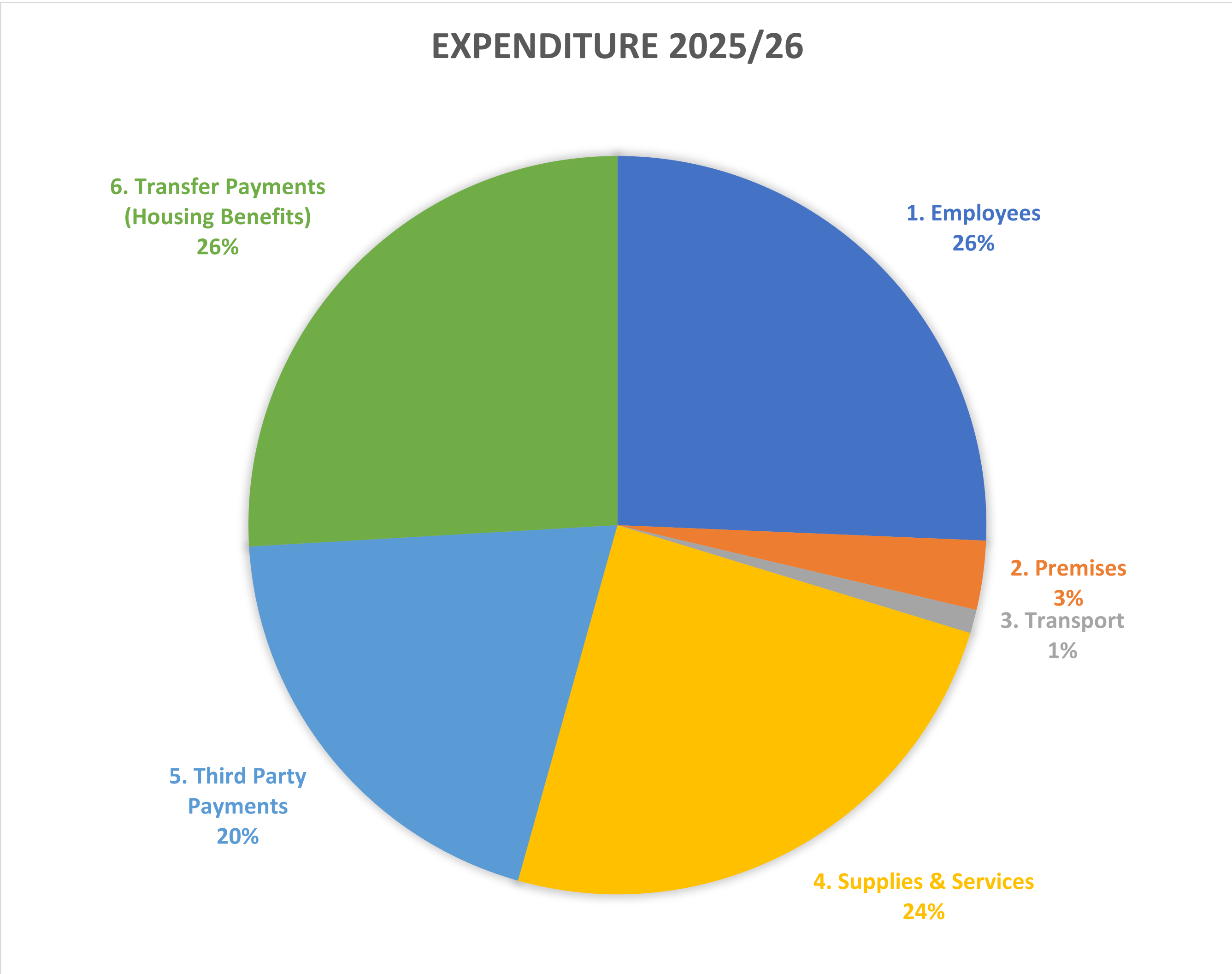
The Table below sets out the Council's budget for 2025/26 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	Budget £000	Outturn £000	Variance £000
Service			
Finance & Assets	7,969	6,637	(1,332)
Operational Services	6,843	6,366	(477)
Service Net Revenue Expenditure	**14,812**	**13,003**	**(1,809)**
Land Drainage	801	629	(172)
Parish Precepts	3,596	3,586	(10)
Movement in Corporate Reserves	40	40	0
Total Net Revenue Expenditure	**19,249**	**17,258**	**(1,991)**
Financing			
Council Tax	(8,311)	(8,311)	0
Non-Domestic Rates	(7,647)	(8,715)	(1,068)
Revenue Support Grant	(126)	(116)	10
Other Government Grants	(1,353)	(1,353)	0
Budget - draw from Surplus Savings Reserve	(1,813)	(1,813)	0
Total Financing	**(19,250)**	**(20,308)**	**(1,058)**
Transfer to Surplus Savings Reserve			**(3,049)**
Net (Increase)/Decrease in Earmarked Reserves			**(1,458)**
Total Reported General Fund Movements			**(4,507)**
Adjustment between Funding & Accounting Basis			**(8,740)**
Reported Deficit (Surplus) upon Services in Income & Expenditure Account			**(7,283)**

The net cost of individual committees shown in the table above differs from the formal Statement of Accounts due to statutory accounting adjustments, including capital accounting entries, pension adjustments and the treatment of movements to and from reserves. The table reflects the Council's management reporting structure used throughout the year and is consistent with the revenue outturn reported to the Finance and Assets Committee. Overall, the Council reported favourable revenue variances across its service committees, principally as a result of higher than anticipated investment income, additional Renewable Energy Business Rates receipts, Government grant funding towards Internal Drainage Board levies, staff vacancy savings across a number of services and lower financing costs. These favourable variances were partially offset by increased expenditure on Information Technology, Local Government Reorganisation and other service pressures.

Analysis of Revenue Expenditure

The Council spent £41.368 million (gross) in 2025/26; the chart below shows the type of expenditure this was spent on.



Reserves

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

Usable Reserves 2025/26	Brought Forward £'000	Contributions To £'000	Contributions From £'000	Carried Forward £'000
General Fund	1,386	40	0	1,426
Surplus Savings & Earmarked	28,901	7,243	(8,740)	27,404
TOTAL GENERAL FUND	**30,287**	**7,283**	**(8,740)**	**28,830**
Capital Receipts Reserve	1,759	0	(330)	1,429
Capital Grants Unapplied	1,415	1,021	0	2,436
Total Usable Reserves	**33,461**	**8,304**	**(9,070)**	**32,696**

Capital Spending

The final capital budget for 2025/26 was £16.968 million and the table below shows the movement from the original capital programme approved in February 2025.

Capital Programme	£'000	£'000
Original Approved Capital Programme 2025/26	13,217	
Approved slippage from 2024/25	1,554	
Approved Additions	2,197	
Updated Capital Programme for 2025/26	16,968	
Capital outturn		12,519
Underspend against revised budget		(4,449)

There was additional lending provided to East Cambs Trading Company (ECTC), with total lending of £2.875 million during the year compared with the original budget provision of £1.5 million. This overspend was partially offset by the deferral of the Solar Panels on Council Buildings project and lower than anticipated expenditure on Depot capital maintenance works.
The most significant variance relates to the Bereavement Centre project, which underspent by £3,529,235 against the revised budget. Whilst substantial progress has been made during the year, expenditure was lower than anticipated due to the timing of construction works and project delivery milestones, with the remaining budget being carried forward to support completion of the scheme.
Further underspends arose on the Refuse and Cleansing Vehicles programme (£1,032,993) and the Waste Wheeled Bins project (£786,909). These variances reflect delays in procurement and delivery timelines, resulting in expenditure being reprofiled into next financial year. Additional underspends were reported on Mandatory Disabled Facilities Grants (£188,116) and Food Waste Caddies (£168,147), where demand and delivery profiles differed from those assumed when the budget was set.

Spend in 2025/26 was as shown below:

2024/25 £'000	Capital Spending	2025/26 £'000
682	Housing Grants	1066
445	Vehicle Replacement Programme	299
204	Refuse Vehicles	1,555
1,675	Loan to subsidiary company	2,875
43	Loan to EC CLT	0
67	Depot Improvements	129
499	Bereavement Centre	6,230
39	Wheelie Bins	365
3,654	Gross Expenditure	12,519
	Funded From	
74	Capital Receipts Reserve Applied	36
637	Grants	1,395
1,499	CIL Earmarked Reserve Contribution	7,029
989	Internal Borrowing Contributions	4,059
455	Section 106	0
3,654		12,519

Treasury Management

East Cambridgeshire District Council remained in a cash surplus position throughout 2025/26 and invested surplus cash in accordance with its Treasury Management Strategy, with the primary objectives of security, liquidity and yield. During the year, the composition of the Council's liquid assets changed as a result of investments with an original maturity of three months or less being classified as Cash and Cash Equivalents, rather than Short-term Investments. Consequently, cash and cash equivalents increased from £10.4 million to £30.2 million, while short-term investments reduced from £22.1 million to nil. This movement reflects a change in the classification of the Council's investments based on their maturity profile at the year end, rather than a change in the Council's overall liquidity or investment position.

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 manages 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 2025/26 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 2025/26 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 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.
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 and 8 to the accounts.

Movement in Reserves Statement
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 2026 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 2025 £'000		31 March 2026 £'000
46,455	Long Term Assets	56,267
37,303	Current Assets	35,421
(8,734)	Current Liabilities	(8,918)
(10,203)	Long Term Liabilities	(5,195)
64,821	Net Assets	77,575
33,461	Useable Reserves	32,696
31,360	Unusable Reserves	44,879
64,821	Total Reserves	77,575

The Council's Balance Sheet has moved from a position at the 31st March 2025 of £64.821 million to £77.575 million at the 31st March 2026. The principal reasons for this movement of £12.754 million is largely attributable to the increase in Fixed Assets, decrease in movement on the pension liability and increase in Cash & cash equivalents. The full Balance Sheet is on page 21 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 2026 £'000
Operating activities	4,746
Investing activities	15,402
Financing activities	(278)
Net Increase in cash and cash equivalents	19,869
Cash and cash equivalents	
At the beginning of the reporting period	10,377
At the end of the reporting period	30,246

The increase in cash and cash equivalents reflects the withdrawal of short-term investments into cash and cash equivalents as part of the Council's treasury management activities.

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
- Town and Parish Councils

Technical Information

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 2025/26.

Statement of Accounting Policies
The accounting polices applicable to the 2025/26 Statement of Accounts are the same as those that were applied to the 2024/25.

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 were no material unusual or exceptional items of income or expenditure recognised during 2025/26. However, the Council experienced a number of material movements within the financial statements, principally reflecting the reclassification of investments between short-term investments and cash and cash equivalents, changes in the valuation of property, plant and equipment, movements in pension assets and liabilities, and the normal year-end accounting adjustments required under the CIPFA Code of Practice.

Material Events after the Reporting Date
There have not been any material events after the reporting date.

Material Assets Acquired or Liabilities Incurred
During the year, the Council incurred capital expenditure resulting in additions to Property, Plant and Equipment and assets under construction. The most significant additions relate to ongoing capital schemes, including the Bereavement Centre and operational asset investment.
These transactions form part of the Council’s normal capital programme and do not represent material acquisitions outside the ordinary course of business. Full details are provided within Notes 12 and 13 to the financial statements. There have not been any liabilities incurred during the year.

Changes in Statutory Functions
There were no changes in statutory functions in 2025/26.

Rounding
Figures included in the Statement of Accounts are presented to the nearest thousand pounds (£'000) unless otherwise stated. Consequently, minor rounding differences may occur between individual figures, totals and percentages. Such differences are not material and do not affect the overall accuracy or fairness of the financial statements**.**

Jude Antony - FCCA
Director, Finance (Section 151 Officer)

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 Director & 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 as at 31st March 2026 and its income and expenditure for the year ended 31st March 2026.

Jude Antony - FCCA
Director, Finance (Section 151 Officer)

Audit Committee Certificate for the Approval of the Accounts

COUNCIL Comprehensive Income and Expenditure Statement

2024/25					2025/26		
GROSS EXPENDITURE £'000	GROSS INCOME £'000	NET EXPENDITURE £'000		NOTE	GROSS EXPENDITURE £'000	GROSS INCOME £'000	NET EXPENDITURE £'000
22,273	(18,708)	3,563	Finance & Assets		25,370	(17,353)	8,016
15,178	(8,871)	6,307	Operational Services		16,967	(14,930)	2,038
37,451	**(27,579)**	**9,870**	**Cost of Services**	8	**42,337**	**(32,283)**	**10,054**
3,271	0	3,271	Parish Council Precepts	8	3,586	0	3,586
673	0	673	Internal Drainage Board		629	0	629
30	0	30	Loss/(Gain) on disposal of non-current assets		0	0	0
3,974	**0**	**3,974**	**Other Operating Expenditure**		**4,216**	**0**	**4,216**
0	(2,191)	(2,191)	Interest Receivable & Investment Income	8	0	(1,839)	(1,839)
0	(156)	(156)	Net Interest on the net Pension Liability	21	0	(639)	(639)
0	**(2,347)**	**(2,347)**	**Financing & Investment Income & Expenditure**		**0**	**(2,478)**	**(2,478)**
0	(7,957)	(7,957)	Council Tax Income	8	0	(8,471)	(8,471)
0	(7,718)	(7,718)	Non-Domestic Rates income & Expenditure	8	0	(9,137)	(9,137)
0	(1,671)	(1,671)	Non Ring Fenced Government Grants	8	0	(1,467)	(1,467)
0	**(17,347)**	**(17,347)**	**TAXATION & NON SPECIFIC GRANT INCOME**		**0**	**(19,075)**	**(19,075)**
41,425	**(47,273)**	**(5,850)**	**(Surplus)/Deficit on Provision of services**	8	**46,553**	**(53,837)**	**(7,283)**
0	367	367	(Surplus) or deficit in the revaluation of non-current assets	11	0	(2,244)	(2,244)
0	8,920	8,920	Actuarial losses (Gains) on pension assets & liabilities	21	0	(3,227)	(3,227)
0	**9,280**	**9,280**	**Other comprehensive income & expenditure**		**0**	**(5,471)**	**(5,471)**
41,425	**(37,986)**	**3,437**	**TOTAL COMPREHENSIVE**		**46,553**	**(59,308)**	**(12,754)**

INCOME & EXPENDITURE

The Council's Surplus on the Provision of Services increased from £5.9 million to £7.3 million. Gross expenditure rose by £5.1 million, mainly due to higher operating costs, while gross income increased by £6.6 million, primarily from additional Renewable Energy Business Rates and service income.

COUNCIL Movement in Reserves Statement 2024/25

Restated	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		(5,851)			(5,851)		(5,851)
Other Comprehensive Income and Expenditure	(148)	148			0	9,216	9,216
Total Comprehensive Income and Expenditure	**(148)**	**(5,703)**			**(5,851)**	**9,216**	**3,365**
ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS		3,459	(1,026)	27	2,460	(2,460)	0
Net Increase/Decrease before Transfers to/from earmarked reserves	**(148)**	**(2,244)**	**(1026)**	**27**	**(3,391)**	**6,756**	**3,365**
Balance at 31 March 2025	**(1,386)**	**(28,901)**	**(1,415)**	**(1,759)**	**(33,461)**	**(31,360)**	**(64,821)**

COUNCIL Movement in Reserves Statement 2025/26

	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 2025	**(1,386)**	**(28,901)**	**(1,415)**	**(1,759)**	**(33,461)**	**(31,360)**	**(64,821)**
Movement in Reserves							
(Surplus) or Deficit on provision of services		(7,283)			(7,283)		(7,283)
Other Comprehensive Income and Expenditure	(40)	40				(5,471)	(5,471)
Total Comprehensive Income and Expenditure	**(40)**	**(7,243)**			**(7,283)**	**(5,471)**	**(12,754)**

ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS		8,740	(1,021)	330	8,049	(8,049)	0
Net Increase/Decrease before Transfers to/from earmarked reserves	**(40)**	**1,497**	**(1,021)**	**330**	**766**	**(13,519)**	**(12,754)**
Balance at 31 March 2026	**(1,426)**	**(27,404)**	**(2,436)**	**(1,429)**	**(32,696)**	**(44,879)**	**(77,575)**

Balance Sheet

31 Mar 2025 £'000 (Restated)		Note	31 Mar 2026 £'000
	LONG TERM ASSETS		
39,995	Property, Plant and Equipment	***12***	49,813
105	Heritage Assets	***14***	105
6,355	Long Term Debtors	***16***	6,349
46,455	**TOTAL LONG TERM ASSETS**		**56,267**
	CURRENT ASSETS		
22,101	Investments (Short Term)	***23***	0
4,811	Short Term Debtors	***17***	5,153
14	Inventories		22
10,377	Cash and Cash Equivalents	***18***	30,246
37,303	**TOTAL CURRENT ASSETS**		**35,421**
83,759	**TOTAL ASSETS**		**91,688**
	CURRENT LIABILITIES		
(7,507)	Short Term Creditors & Receipts in Advance	***19***	(8,562)
(1,227)	Provisions	***20***	(356)
(8,734)	**TOTAL CURRENT LIABILITIES**		**(8,918)**
28,569	NET CURRENT ASSETS		26,503
75,024	**TOTAL ASSETS LESS CURRENT LIABILITIES**		**82,770**
	LONG TERM LIABILITIES		
(4,720)	Capital Grants Received in Advance		(4,275)
(5,483)	Net Pensions Liability	***21***	(920)
(10,203)	**TOTAL LONG TERM LIABILITIES**		**(5,195)**
64,821	**NET ASSETS**		**77,575**
	FINANCED BY:		
33,461	USABLE RESERVES	***10a***	32,696
31,360	UNUSABLE RESERVES	***10b***	44,879
64,821	**TOTAL RESERVES**		**77,575**

Jude Antony - FCCA
Director, Finance (Section 151 Officer)

Cash Flow Statement

31 March 2025 £'000		31 March 2026 £'000
5,850	**Net Surplus on the Provision of Services**	**7,283**
	Adjustments for Non-cash items:	
(2,191)	Interest Receivable	(1,839)
(76)	Depreciation & Amortisation, Impairment	969
(478)	Pension Liability/(asset)	(1,336)
(501)	Change in Debtors, Creditors and provisions and inventories (excluding collection Fund)	(331)
(3,245)	**Total Adjustments**	**(2,537)**
2,604	**Net Cash Flows from Operating Activities**	**4,746**
(1,548)	Purchase of PPE & Intangibles	(8,542)
(840)	Change in Long Term Debtors	6
(12,101)	Net Purchase of Investments	22,100
2,191	Interest Received	1,839
(12,299)	**Investing Activities**	**15,402**
1,077	Net Receipt of Capital Grants	(447)
(2,648)	Change in Collection Fund agencies, Debtors & Creditors	169
(1,572)	**Financing Activities**	**(278)**
(11,267)	**Net Increase / (decrease) in cash and cash equivalents**	**19,869**
21,644	**Cash and cash equivalents at the beginning of the reporting period**	**10,377**
10,377	**Cash and cash equivalents at the end of the reporting period**	**30,246**

Note 1. Expenditure & Funding Analysis

The Expenditure and Funding Analysis is complementary to the Movement in Reserves Statement. The latter defines which of the Authority's 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.'

2024/25	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non- General Fund £'000	Total Movement in year £'000
Finance & Assets	2,042	1,845	(322)	3,563
Operational Services	6,307			6,307
NET COST OF SERVICES	**8,349**	**1,845**	**(322)**	**9,870**
Other Operating Expenditure plus Taxation & Grant Income	(16,039)	(319)	639	(15,720)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	**(7,690)**	**1,526**	**317**	**(5,850)**
Other Comprehensive I&E		367	8,913	9,280
TOTAL	**(7,690)**	**1,893**	**9,230**	**3,430**

2025/26	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non- General Fund £'000	Total Movement in year £'000
Finance & Assets	8,402	322	(707)	8,016
Operational Services	1,390	648		2,038
NET COST OF SERVICES	**9,792**	**970**	**(707)**	**10,054**
Other Operating Expenditure plus Taxation & Grant Income	(8,335)	(7,597)	(1,405)	(17,337)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	**1,456**	**(6,627)**	**(2,112)**	**(7,283)**
Other Comprehensive I&E		(2,244)	(3,227)	(5,471)
TOTAL	**1,456**	**(8,871)**	**(5,339)**	**(12,754)**

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 24 to 27).
(ii) Notes directly supporting the primary financial statements (Notes 8 to 21, Pages 28 to 41).
(iii) Notes containing memorandum notes in support of the Accounts (Notes 22 to 30, Pages 42 to 53).
(iv) Accounting Policies (Note 31, Pages 54 to 62)
(v) Going Concern Statement (Note 32, Page 62 to 63).

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

(a) Note 8, (Pages 28 to 29) in support of the Comprehensive Income and Expenditure Account.
(b) Note 9, (Page 30) supplementary information in support of the General Fund Statutory Outturn.
(c) Notes 10 & 11, (Pages 31 to 34) in support of the Movement in Reserves Statement and the Reserves section of the Balance Sheet.
(d) Notes 12 to 21, (Pages 35 to 42) 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:

a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024

b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024

c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024

d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

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 2025/26, 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 2025/26 for Land and Buildings (NBV) is £35.926 million (2024/25; Land and Buildings (NBV) was £34.323 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 £0.920 million for 2025/26; this has decreased by £4.563 million since 2024/25. 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 5.

- 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.
  To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2026. An estimated provision of £0.850 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 £0.340 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 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	All Property is reviewed on a 4 year rolling basis. Where an asset has not been specifically reviewed a "table-top" analytical review is undertaken to determine if the principal valuation indexes show a material change in the current asset's valuation. In addition, an annual impairment review is undertaken to determine if any of the Council's assets have been impaired.	56.5% 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 £0.281 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 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.	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: • 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £0.822 million. • 0.1% increase in the salary increase rate would result in an increase in pension liability of £0.032 million. • 0.1% increase in the pension increase rate would result in an increase in pension liability of £0.790 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 2025/26 no such items of income or expenditure were incurred (2024/25 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 2026.
With regard to 2025/26:

- **Adjusting Events**
  The financial statements and accompanying notes have not been adjusted for any material events occurring after 31 March 2026.

- **Non-Adjusting Events**

  The financial statements and accompanying notes have not been adjusted, as there were no material non-adjusting events occurring after 31 March 2026.

Note 8. Expenditure & Income by Nature

2024/25 General Fund £'000	2024/25 Other Reserves £'000	2024/25 Total £'000		2025/26 General Fund £'000	2025/26 Other Reserves £'000	2025/26 Total £'000
10,031	(322)	9,709	Employees (*)	11,623	(707)	10,915
26,890	0	26,890	Other Service Expenses (*)	30,453	0	30,453
0	852	852	Depreciation, Amortisation & Impairment (*)	0	969	969
(655)	655	0	REFCUS (*)	(1,065)	1,065	0
	(156)	(156)	Interest payable	1	(640)	(639)
631	(631)	0	Statutory Minimum Provision	585	(585)	0
3,944	0	3,944	Precept Payments	4,216	0	4,216
30	0	30	Loss/(Gain) on disposal of non-current assets	(4)	4	0
40,870	**398**	**41,267**	**TOTAL EXPENDITURE**	**45,809**	**105**	**45,914**
(15,878)	(3,083)	(18,961)	Government Grants (Services) (*)	(13,738)	(8,050)	(21,788)
(1,671)	0	(1,671)	Government Grants (Central)	(1,467)	0	(1,467)
(8,619)	0	(8,619)	Sales Fees & Charges (*)	(10,495)	0	(10,495)
0	0	0	REFCUS Loan Repayments (*)	30	(30)	0
(2,191)	0	(2,191)	Interest Receivable	(1,838)	0	(1,838)
(8,112)	154	(7,957)	Council Tax	(8,311)	(161)	(8,471)
(8,347)	629	(7,718)	Business Rates	(8,533)	(604)	(9,137)
(44,817)	**(2,300)**	**(47,117)**	**TOTAL INCOME**	**(44,352)**	**(8,845)**	**(53,197)**
(3,948)	**(1,902)**	**(5,850)**	**NET EXPENDITURE**	**1,456**	**(8,740)**	**(7,283)**
11,769	**(1,898)**	**9,870**	**COST OF SERVICES (*)**	**16,807**	**(6,753)**	**10,054**

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:

2024/25 £000		2025/26 £000
	Credited to non-specific income	
(109)	Revenue Support Grant	(114)
(1,070)	New Homes Bonus	(829)
(493)	Rural Services Grant	(524)
(1,671)	**TOTAL**	**(1,467)**
	Credited to services	
(12,135)	Benefits	(10,483)
(106)	HB Admin Grants	(180)
(1,415)	Section 106	(1,350)
(2,750)	Community Infrastructure Levy	(5,942)
(2,150)	Homelessness	(2,109)
(116)	Collection Costs	(103)
(289)	Other	(1,621)
(18,961)	**TOTAL Credited to services**	**(21,788)**

Other service grants increased by £1.332 million during the year, primarily due to additional project-specific funding, including Recycling grants, UK Shared Prosperity Fund (UKSPF) funding, Net Zero Village Grant funding and corporate policy and research grants.

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 2024 £'000	Transfers In 24/25 £'000	Transfers Out 24/25 £'000	31 March 2025 £'000	Transfers In 25/26 £'000	Transfers Out 25/26 £'000	31 March 2026 £'000
General Fund Core and Surplus Savings	**10,413**	**3,061**	**(1,859)**	**11,615**	**3,150**	**(1,807)**	**12,958**
Community Infrastructure Levy	12,661	1,994	(1,500)	13,156	0	(2,092)	11,063
Enterprise Zone NNDR	956	299	(20)	1,235	428	(70)	1,593
Change Management	58	0	(57)	0	0	0	0
Major Project Development	100	0	0	100	0	0	100
Affordable Housing	131	11	(52)	90	0	(9)	80
Vehicle Replacements	74	0	0	74	0	0	74
Housing	73	0	0	73	0	0	73
Leisure Centre	58	0	0	58	0	(10)	48
Cambridgeshire Horizons	2,537	7	(15)	2,529	0	(1,022)	1,507
Historic Homelessness Grant	0	371	(101)	270	0	(109)	161
Other Earmarked	838	340	(89)	1,089	0	84	1,173
Total Earmarked	**17,485**	**3,022**	**(1,834)**	**18,674**	**428**	**(3,228)**	**15,872**
TOTAL	**27,898**	**6,083**	**(3,693)**	**30,289**	**3,579**	**(5,035)**	**28,831**

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 11a. 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 2026 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 2026 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 2024/25	**Usable Capital Receipts Reserve**	**Usable Capital Grants Unapplied Reserve**	**Un-usable Capital Adjustment Reserve**	**Un-usable Revaluation Reserve**	**Un-usable Deferred Capital Receipts Reserve**	**Capital Outturn for the year TOTAL**
Transfers between reserves	74					74
GF Contributions to Capital			(729)			(729)
Grants Received		(1026)				(1,026)
Expenditure Grants to Third Parties						
Capital Receipts	(47)				3	(44)
Repayment of soft loans						0
Additions			(2,057)			(2,057)
Depreciation			779	112		891
Amortisation			0			0
Revaluation			(39)			(39)
Statutory Minimum Provision			(631)			(631)
Disposals			55	15		70
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE - Balance Sheet Side	27	(1026)	(2,622)	127	3	(3,492)
Revaluation				367		367
TOTAL RESERVES MOVEMENT	**27**	**(1026)**	**(2,622)**	**494**	**3**	**(3,125)**

Movements in 2025/26	**Usable Capital Receipts Reserve**	**Usable Capital Grants Unapplied Reserve**	**Un-usable Capital Adjustment Reserve**	**Un-usable Revaluation Reserve**	**Un-usable Deferred Capital Receipts Reserve**	**Capital Outturn for the year TOTAL**
GF Contributions to Capital	365		(365)			0
Grants Income CIL			(6,730)			(6,730)
Grant Income S106			(299)			(299)
Expenditure Grants to Third Parties (REFCUS)			1,035			1,035
Disabled Facilities Grant		(1,021)				(1,021)
Income						0
Additions						0
Depreciation			1,100	226		1,326
Amortisation			(357)			(357)
Revaluation						0
Statutory Minimum Provision			(585)			(585)
Disposals	(36)		40			4
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE - Balance Sheet Side	329	(1,021)	(6,162)	226	0	6,627
Revaluation				(2,244)		(2,244)

TOTAL RESERVES MOVEMENT	**329**	**(1,021)**	**(6,162)**	**(2,017)**	**0**	**(8,871)**

11b. Adjustments between Accounting Basis and Funding Basis under Regulations

2024/25 £'000		2025/26 £'000
(3,492)	**Total Capital Items from previous page**	**(6,627)**
(156)	Net interest on the Pension Liability	(640)
(322)	Current & Past Cost Pension Adjustment	(696)
(478)	**Pensions Reserve (see Note 21 for detail)**	**(1,336)**
154	Change in Council Tax Entitlement	(161)
746	Change in Business Rates entitlement	(621)
(117)	Change in Renewable Energy NNDR	17
783	**Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)**	**(765)**
12	**Other Items**	**(11)**
(3,174)	**TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**	**(8,740)**
5,850	**SURPLUS/(DEFICIT) UPON PROVISION OF SERVICES**	**7,283**
2,675	**GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)**	**(1,457)**

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 2025-26	Land & Buildings £'000	Vehicles, Plant, Furniture & £'000	Infrastructure Assets £'000	Community Assets £'000	Right of Use Assets £'000	Total Assets £'000
Cost or valuation						
At 1 April 2024	**35,856**	**6,931**	**720**	**877**	**862**	**45,246**
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 written off to Gross Carrying Amount	(233)					(233)
Disposals	(448)	(75)				(523)
At 31 March 2025	**35,697**	**7,542**	**720**	**877**	**967**	**45,803**
Accumulated Depreciation & Impairment						
At 1 April 2024	**(1,708)**	**(3,817)**	**(76)**	**0**	**0**	**(5,601)**
Depreciation Charge in year	(311)	(545)			(35)	(891)
Transfers						
Depreciation restated to the Revaluation reserve Upon Revaluation	233					233
Accumulated Depreciation & Impairment Written off to Gross Carrying Amount	412	41				453
Adjustment for disposal						
At 31 March 2025	**(1,374)**	**(4,321)**	**(76)**	**0**	**(35)**	**(5,806)**
Balance Sheet Value at year end	**34,323**	**3,221**	**644**	**877**	**932**	**39,995**
Balance Sheet Value at year start	**34,148**	**3,114**	**644**	**877**	**862**	**39,641**

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

Movement of Property, Plant and Equipment 2025-26	Land & Buildings £'000	Vehicles, Plant, Furniture & £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Right of Use Assets £'000	Total Assets £'000
Cost or valuation							
At 1 April 2025	**35,697**	**7,542**	**720**	**877**	**0**	**967**	**45,803**
Transfers	(499)				499		0
Additions in Year	129	2,222			6,230		8,579
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,234			8		1	2,243
Revaluation increases / (decreases) recognised in the CI&ES	357						357
Accumulated Depreciation & Impairment Written off to Gross Carrying Amount	(1,240)						(1,240)
Disposals	(2)	(661)					(663)
At 31 March 2026	**36,676**	**9,103**	**720**	**884**	**6,729**	**968**	**55,080**
Accumulated Depreciation & Impairment							
At 1 April 2025	**(1,374)**	**(4,321)**	**(76)**	**0**	**0**	**(35)**	**(5,806)**
Depreciation Charge in year	(618)	(668)				(40)	(1,326)
Transfers							
Depreciation restated to the Revaluation reserve Upon Revaluation	1,240						1,240
Accumulated Depreciation & Impairment Written off to Gross Carrying Amount	2	622					624
Adjustment for disposal							
At 31 March 2026	**(750)**	**(4,367)**	**(76)**	**0**	**0**	**(75)**	**(5,268)**
Balance Sheet Value at year end	**35,926**	**4,736**	**644**	**884**	**6,729**	**894**	**49,813**
Balance Sheet Value at year start	**34,323**	**3,221**	**644**	**877**	**0**	**922**	**39,995**

Capital Commitments

At 31 March 2026, the authority had a retention amount of £0.018 million with the Pellikaan contract on the Hive Leisure Centre to be paid in 2026/27 (31 March 2025: £0.018 million).

Revaluations

Land and buildings

The Authority carries out a rolling programme ensuring 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 2025/26	Land and Buildings £'000	Vehicles Plant Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets under Construction £'000	Right of Use Assets £'000	Total £'000
Carried at Historic Cost	8,578	4,736	644	876	6,729	68	21,630
Valued at Fair Value as at:							
31st March 2026	22,272					1	22,273
31st March 2025	1,244			8		825	2,077
31st March 2024	3,832						3,832
31st March 2023							0
Total Cost of Valuation	**35,926**	**4,736**	**644**	**884**	**6,729**	**894**	**49,813**

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.

2024/25 £'000		2025/26 £'000
10,571	**Opening Capital Financing Requirement**	**10,078**
	Capital Enhancement	
1,254	Property, Plant and Equipment	8,578
1675	Loan to Subsidiary Company	2,875
43	Loan to EC CLT	0
655	Revenue Expenditure Funded from Capital under Statute	1,065
3,627	**TOTAL CAPITAL ENHANCEMENT**	**12,518**
	Sources of Finance	
(74)	Capital receipts	(365)
(610)	Grants and other contributions	(8,050)
(1,954)	Direct Revenue Financing – Other	0
(850)	Repayment of loan from subsidiary company	(2,850)
0	Repayment of Loans from CLT/Others	(60)
(631)	Minimum revenue provision	(585)
(4,119)	**TOTAL SOURCES OF FINANCE**	**(11,911)**
10,078	**Closing Capital Finance Requirement**	**10,685**

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

31 March 2025 £'000		31 March 2026 £'000
5,825	Loan to Trading Companies	5,850
277	Loan to CLT	247
253	Loans to Individuals & Private Sector	253
6,355	**Total**	**6,349**

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

31 March 2025 £’000		31 March 2026 £’000
629	Council Taxpayers	742
561	Non-Domestic Rate Payers	750
1,190	**Sub Total Local taxation**	**1,492**
670	Trading Company	316
1,990	Sundry Debtors & Accruals	3,615
2,660	**Sub Total Financial Instruments definition**	***5,423***
376	Payments in Advance	200
(892)	Bad Debt Provisions	(1,414)
635	Local Govt.	193
191	Central Govt. – Customs & Excise	5
651	Central Govt. – Other	746
962	**Sub Total**	**(270)**
4,811	**TOTAL**	**5,153**

The increase in the bad debt provision reflects its reclassification from creditors in the prior year to debtors at 31 March 2026.

Note 18. Cash and Cash Equivalents

31 March 2025 £'000		31 March 2026 £'000
10,000	Money Market Funds/Short Term Investments	29,870
377	Bank Account - Operational	376
10,377	**Total**	**30,246**

Note 19. Creditors

31 March 2025 £'000		31 March 2026 £'000
(315)	Payroll Creditors	(360)
(1,950)	Sundry Creditors	(3,316)
(144)	Trading Company	(208)
(2,409)	**Sub Total Financial Instruments Definition**	**(3,884)**
(694)	Local Govt. - Collection Fund Account	(656)
(1,611)	Central Govt. – Collection Fund Account	(1,125)
(639)	Other Local Government	(629)
(1,053)	Central Govt. – DWP, DCLG	(936)
(1,101)	Receipts in Advance	(1,332)
(5,098)	**Sub Total**	**(4,678)**
(7,507)	**Total**	**(8,562)**

The increase in sundry creditors mainly relates to an accrual for the Bereavement Centre contractor's invoice (£1.2m), which was received on 2 April 2026.

Note 20. Provisions, Contingent Assets and Liabilities

Provisions

31 March 2025 £'000		31 March 2026 £'000
(16)	Maintenance of Amenity Areas	(16)
(1,211)	Business Rate Appeal	(340)
(1,227)	**Total**	**(356)**

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 £0.850 million at the end of 2025/26 of which £0.340 million would have to be met by the Council, and £0.510 million by other Collection Fund participants.

Contingent Liabilities

At 31 March 2026, the Council had one contingent liability of £48,000 relating to an employment matter. There were no contingent liabilities at 31 March 2025.

Contingent Assets

There were no contingent assets at the 31st March 2026 (31st March 2025: nil).

Note 21. Pension Fund Net Long Term Liability & Reserve

31 March 2025 £'000	Gross Liabilities	31 March 2026 £'000
(53,784)	**Opening Balances as at 1 April**	**(47,037)**
(2,598)	[I] Interest Cost	(2,711)
8,985	[A] Actuarial (losses) /gains from changes in financial assumptions	(4,413)
(1,306)	[C] Current service cost	(1,038)
0	[C] Past Service Cost	0
(463)	[N] Contributions from scheme participants	(495)
2,061	[N] Benefits paid	2,089
68	[N] Estimated unfunded benefits paid	60
(47,037)	**Closing balance at 31 March**	**(53,545)**

31 March 2025 £'000	Gross Assets	31 March 2026 £'000
56,816	**Opening fair value of scheme assets balance as at 1 April**	**57,739**
2,754	[I] Interest Expense	3,351
(1,861)	[A] Actuarial (losses) / gains from changes in financial assumptions	1,179
1,628	[C] Contributions by the employer	1,674
68	[C] Contributions for unfunded (Discretionary benefits)	60
463	[N] Contributions by employees into the scheme	495
(2,061)	[N] Benefits paid	(2,089)
(68)	[N] Unfunded (Discretionary benefits)	(60)
57,739	**Closing balance at 31 March**	**62,349**
(16,185)	Effect of Asset Ceiling	(9,724)
41,554	**TOTAL ASSETS NET OF CEILING**	**52,625**

(5,483)	**TOTAL NET LIABILITIES**	**(920)**

Net Movement 2024/25 £'000		Net Movement 2025/26 £'000
1,696	**General Fund Charge - Employer Contributions**	**1,734**
(322)	[C] Other items to net cost of services	(696)
(156)	[I} Interest cost minus return on plan assets to financing income & expenditure	(640)
1,218	**Charge to Surplus/(Deficit) upon Provision of Services**	**398**
9,061	[A] Actuarial Gains/Losses to other income & expenditure	(3,227)
10,279	**Charge to Comprehensive Income &Expenditure Account for the Year**	**(2,829)**
(1,696)	Less General Fund Charge - Employer Contributions	(1,734)
8,583	**TOTAL MOVEMENT IN PENSION RESERVE**	**(4,563)**

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 West Northamptonshire & Cambridgeshire Pension Fund, part of the Local Government Pension Scheme (LGPS). The fund is administered as a defined-benefit scheme in accordance with LGPS Regulations 2013, 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 2026.
In 2025/26 the Council paid an employer's contribution of £1.73 million representing 25% of employees’ pensionable pay (2024/25 £1.62 million @ 25%) into the West Northamptonshire & Cambridgeshire 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. The Council’s 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 £0.920 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 2027 is £0.437 million.

Virgin Media vs NTL Pension Trustees II Limited ruling

In June 2024, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.
The Local Government Pension Scheme is a contracted out defined-benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, East Cambridgeshire District Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

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 West Northamptonshire &Cambridgeshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2026. The results of this valuation were projected forward using approximate methods. The main assumptions used by the actuary are as shown below.

2024/25	County Fund – Main Assumptions	2025/26
3.25%	Rate of increase in salaries	3.50%
2.75%	Rate of increase in pensions	3.00%
5.80%	Rate of discounting scheme liabilities	6.20%
	Mortality assumptions:	
	Longevity at 65 for current pensioners	
21.8	Men	22.6
24.5	Women	25.3
	Longevity at 65 for future pensioners	
22.6	Men	23.3
25.9	Women	26.5

Local Government Pension Scheme Assets Comprised:

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

31-Mar-25 £'000		31-Mar-26 £'000
974	Cash and cash equivalents	1,558
	Equity instruments by industry:	
616	Consumer	664
623	Manufacturing	596
33	Energy & Utilities	61
673	Financial Institutions	642
563	Health & Care	495
1,387	Information Technology	1,484
65	Other	49
3,960	Sub-total equity	**3,991**
	Debt Securities:	
5,957	UK Government	7,470
	Private equity:	
7,639	All not in active markets	8,404
	Real Estate	
5,486	Real Estate - UK Property	5,382
0	Real Estate - Overseas Property	0
	Other investment funds:	
8,148	Bonds	8,566
21,303	Equity	21,832
4,272	Infrastructure	5,146
0	Real Estate - UK Property	0
0	Other	0
33,722	Sub-total other investment funds	**35,545**
57,739	**Total Assets**	**62,350**

Sensitivity analysis:

Increase Assumption 31 Mar 25 £'000	**Impact on the defined benefit obligation in the scheme**	**Increase Assumption 31 Mar 26** £'000
817	Decrease in Real Discount Rate by 0.1%	822
1,881	1 Year increase in member life expectancy	2,142
35	Rate of Increase in salaries increase by 0.1%)	32
805	Increase in the Pension Increase Rate (CPI) by 0.1%	790

Further information
Further information may be found in the West Northamptonshire & Cambridgeshire 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	
	2024/25	2025/26
	£'000	£'000
Measured at Amortised Cost		
Investments and Cash & Cash Equivalents		
Short term Investments	*22,101*	*0*
Money Market Funds	*10,000*	*29,870*
Cash & Cash Equivalents	*377*	*376*
Total Investments and Cash & Cash Equivalents	32,478	30,246
Debtors	*2,660*	*3,931*
Loans & Investments	0	0
Total Debtors	2,660	3,931
TOTAL FINANCIAL ASSETS	**35,138**	**34,177**
Long Term		
Loans & Investments	*6,355*	*6,350*
Measured at Amortised Cost		
Creditors	*(2,409)*	*(3,885)*
Financial Liabilities at amortised cost	0	0
Total Creditors	*(2,409)*	*(3,885)*
TOTAL FINANCIAL LIABILITIES	**(2,409)**	**(3,885)**

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-term 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 £30.2 million (2024/25; £32.4 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 2026 that this was likely to occur and there are no investments that as at 31 March 2026 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 £195k (£119 in 2024/25) of the £2,113k (£1,282k in 2024/25) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2025 £000	31 March 2026 £000
Less than three months	1,139	1,872
Three to six months	15	14
Six months to one year	9	32
More than one year	119	195
Total	1,282	2,113

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	2024-25		2025-26	
	Turnover	**Surplus/(Loss)**	**Turnover**	**Surplus/(Loss)**
Business Units	97,294	34,544	80,648	(66,279)
E Space South	22,023	15,646	39,209	29,052
E Space North	286,417	9,681	260,469	72,318
Building Control	241,360	(119,477)	259,872	(107,611)
Total	**647,095**	**(59,606)**	**640,198**	**(72,521)**

Note 25. Members' Allowances

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

2024/25 £		2025/26 £
323,575	Allowances	*333,106*
3,482	Expenses	*4,090*
327,057		**337,196**

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.

2024/25				2025/26
9	*50,000*	but less than	*55,000*	**11**
5	*55,000*	but less than	*60,000*	**8**
3	*60,000*	but less than	*65,000*	0
1	*65,000*	but less than	*70,000*	**2**
1	*70,000*	but less than	*75,000*	**1**
0	*75,000*	but less than	*80,000*	**1**
0	*80,000*	but less than	*85,000*	**1**
0	*85,000*	but less than	*90,000*	0
3	*90,000*	but less than	*95,000*	0
0	*95,000*	but less than	*100,000*	0
0	*100,000*	but less than	*105,000*	**1**
1	*105,000*	but less than	*110,000*	**2**
0	*110,000*	but less than	*115,000*	0
1	*115,000*	but less than	*120,000*	**1**
1	*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
0	*150,000*	but less than	*155,000*	0
25				**29**

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.

Key – 2024/25
Note 1. All staff detailed above were in post throughout the 2025-25 financial year
*The Chief Executive moved to reduced hours, through flexible retirement, from 8th April 2025.

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 – 2025/26
Note 1 Chief Executive 1 Retired December 2025
Note 2 Chief Executive 2 Appointed January 2026
Note 3 Director Commercial Left role December 2025
Note 4 Finance Director 1 Retired August 2025
Note 5 Finance Director 2 Appointed September 2025

2025/26	Salary including allowances	Additional Payments	Benefits and fees	Total remuneration	Employer Pension contributions	Remuneration including pension contributions
Post Holder	**£**	**£**	**£**	**£**	**£**	**£**
Chief Executive 1	91,240	6,586	4,958	**102,785**	15,876	**118,661**
Chief Executive 2	34,799		309	**35,109**	6,055	**41,164**
Director Operations	110,582	3,686	1,239	**115,507**	19,883	**135,390**
Director Commercial	82,936	6,750		**89,686**	15,605	**105,292**
Director Community	105,017			**105,017**	18,273	**123,290**
Director Legal Services	105,017		815	**105,832**	18,273	**124,105**
Director Finance 1	43,757	3,851	(130)	**47,477**	7,614	**55,091**
Director Finance 2	46,939		326	**47,265**	8,167	**55,433**

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.

2024/25				2025/26		
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
2	0	0	£0 to less than £20,000	0	0	0
0	0	0	£20,000 to less than £40,000	0	0	0
2	**0**	**0**	**TOTAL**	**0**	**0**	**0**

Note 27. External Audit Related Costs

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

2024/25 £'000		2025/26 £'000
162	External Audit	*167*
41	Grant Claim Certificate	*40*
203		**207**

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 2025/26 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 2025/26, there was one transaction with related parties when the accounts were produced that was not disclosed elsewhere in the accounts.

One Councillor rents a business unit. Payment to ECDC £9,316. Nil outstanding

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
- 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 £1,391K,
Payments from ECDC to ECTC £1,385K

East Cambs Street Scene Ltd

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

Payments from ECSS to ECDC £1,187K
Payments from ECDC to ECSS £5,248K

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:

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.

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.
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:

2024/25 £'000		2025/26 £'000
9	Not later than 1 year	55
275	Later than 1 year and not later than 5 years	156
297	Later than 5 years	253
581		**464**

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 2025/26 £0 contingent rents were receivable by the Authority (2024/25 £0).

IFRS 16 (Leases) effective from 1 April 2025 IFRS 16 has been effective since 1 January 2019 for the private sector. However, CIPFA/LASAAC had deferred implementation of IFRS16 for local government to 1 April 2025. From 1 April 2025 the Council adopts IFRS16 and ensures 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 resulted 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 £1,838,370, this figure was made up of £1,585,630 from investment in money markets and other short, fixed term investments and £252,740 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 **2025/26** financial year and its position at the year-end of 31 March 2026. 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 **2025/26** and the Service Reporting Code of Practice **2025/26,** 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-usable (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 accruals basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. There is a de minimis level of £10,000 however, where the cumulative value of individual assets is greater than £10,000 and they meet the criteria for recognition they will be capitalised.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

Components

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

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

Impairment

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

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

Depreciation

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

Depreciation is calculated as follows:

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

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

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

Year of depreciation charge

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

Heritage Assets

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

Intangible Assets

Expenditure, on an accruals 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 West Northamptonshire & Cambridgeshire Pension Fund. 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 principal 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 principal 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 2025/26 (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 £'000	Earmarked reserves £'000
31st March 2026	£1,426	£15,872

Figures from the 2026/27 budget approved by Full Council on the 24th February 2026, predicted a balance of £1.691 million in the General Fund and £12.162 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 Director Finance.] These figures are before the underspend in 2025/26 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 2025/26 underspend) is that after allocations from the Surplus Savings Reserve in 2025/26 there will still be over £8.321 million in this reserve as at the 31st March 2027. 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 achieve its approved budget position in 2026/27 and 2027/28. The budget for 2026/27 has been set taking account of current economic conditions, including inflationary pressures and anticipated employee pay awards, together with known changes in income and expenditure streams. The Medium-Term Financial Strategy incorporates the latest available assumptions regarding funding, service demand and other financial risks facing the Council.

On this basis, the Council has a reasonable expectation that it has adequate resources to continue in operational existence throughout the going concern assessment period, being at least twelve months from the date of approval of these financial statements, whilst continuing to provide its statutory and discretionary services. Accordingly, and in line with the requirements of the CIPFA Code of Practice and statutory guidance, the financial statements have been prepared on a going concern basis.

Looking beyond the going concern assessment period, the Government has confirmed its intention to pursue Local Government Reorganisation across two-tier areas. Whilst proposals for future local government structures in Cambridgeshire and Peterborough are currently being developed and no final decisions have been made, there remains an expectation that East Cambridgeshire District Council may form part of a new unitary authority in the future. However, the Council will continue to operate as a going concern until any reorganisation is formally implemented and does not consider these proposals to impact upon the preparation of the financial statements on a going concern basis.

Jude Antony
Director, Finance (Section 151 Officer)
East Cambridgeshire District Council

Collection Fund

2024/25				2025/26		
Non Domestic Rates £'000	**Council Tax £'000**	**TOTAL £'000**		**Non Domestic Rates £'000**	**Council Tax £'000**	**TOTAL £'000**
			Income			
	(75,156)	(75,156)	Council Tax Payers		(80,495)	(80,495)
(26,183)		(26,183)	Business Rate Payers	(29,116)		(29,116)
(783)		(783)	Transitional relief	32		32
(26,966)	**(75,156)**	**(102,122)**	**TOTAL INCOME**	**(29,084)**	**(80,493)**	**(109,579)**
			Expenditure			
			Repay Previous Years Surplus / Deficit			
1,199	0	1,199	Central Government	600		600
959	154	1,113	East Cambridgeshire District Council	480	12	492
216	1,004	1,220	Cambridgeshire County	108	84	192
0	177	177	Cambridgeshire Police	0	15	15
24	52	76	Cambridgeshire Fire	12	4	16
	8	8	Cambridge & Peterborough Combined Authority	0	2	2
2,398	**1,395**	**3,793**		**1,200**	**117**	**1,316**
			Precepts and Demands			
12,077		12,077	Central Government	13,026		13,026
9,750	7,958	17,708	East Cambridgeshire District	10,512	8,295	18,808
2,194	53,409	55,603	Cambridgeshire County	2,365	56,260	56,625
	9,413	9,413	Cambridgeshire Police		9,906	9,906
244	2,712	2,956	Cambridgeshire Fire	263	2,888	3,151
	1,187	1,187	Cambridge & Peterborough Combined Authority	**0**	1,191	1,191
24,265	**74,679**	**98,944**		**26,167**	**78,539**	**104,706**
			Charges to Collection Fund			
(282)	(142)	(424)	Less Write off of Uncollectable Amounts	(63)	(355)	(417)
122	623	745	Less Increase/(Decrease) in Bad Debt Provision	183	673	856
403		403	Less Increase/(Decrease) in Provision for Appeals	(2,178)		(2,178)
101		101	Less Costs of Collection	103		103
1,227		1,227	Renewable Energy Retentions	1,263		1,263
597		597	Enterprise Zone Retentions	856		856
2,168	**481**	**2,649**		**164**	**318**	**483**
28,831	**76,555**	**105,386**	**TOTAL EXPENDITURE**	**27,531**	**78,974**	**106,505**
1,865	**1,399**	**3,264**	**(Increase) / Decrease in Collection Fund Balance**	**(1,553)**	**(1,521)**	**(3,074)**
(2,877)	(1,812)	**(4,689)**	Fund Balance - (Surplus) / Deficit at 1 April	(1,012)	(413)	**(1,425)**
(1,012)	**(413)**	**(1,425)**	**Fund Balance - (Surplus) / Deficit at 31 March**	**(2,565)**	**(1,934)**	**(4,499)**

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 accruals basis.
Town and Parish 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 2026					
Tax Band	**Properties**	**Exemptions & Discounts**	**Chargeable Dwellings**	**Band D Multiplier**	**Band D equivalent**
A-	9.3	2.1	7.2	5/9	4.0
A	4,162.2	845.0	3,317.2	6/9	2,211.5
B	10,460.9	1,155.2	9,305.7	7/9	7,237.8
C	8,004.7	346.4	7,658.3	8/9	6,807.3
D	7,126.3	146.7	6,979.6	9/9	6,979.6
E	4,819.9	49.8	4,770.1	11/9	5,830.2
F	2,340.0	16.0	2,324.0	13/9	3,356.9
G	754.0	2.4	751.6	15/9	1,252.7
H	83.5	0.7	82.8	18/9	165.7
Total	**37,760.6**	**2,564.2**	**35,196.5**		**33,845.5**

Council Tax charge per band D property for 2024/25 £2,264.91
Council Tax charge per band D property for 2025/26 £2,374.13

3. Non Domestic Rates (NNDR)

The standard business rate multiplier set by the Government for 2025/26 was 55.5p (2024/25 54.6p). The small business multiplier, for business with a rateable value of under £18,000 was 49.9p (2024/25 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 25 £'000	Council Tax 31 Mar 25 £'000	TOTAL 31 Mar 25 £'000		Non Domestic Rates 31 Mar 26 £'000	Council Tax 31 Mar 26 £'000	TOTAL 31 Mar 26 £'000
3,222	(537)	2,685	Cash held by ECDC	826	304	1,130
2,124	4,659	6,783	Debtors	2,564	5,895	8,459
(740)	(1,328)	(2,068)	Receipts in Advance	712	(1,567)	(855)
(566)	(2,381)	(2,947)	Impairment Provision	(687)	(2,699)	(3,385)
(3,028)	0	(3,028)	Appeals Provision	(850)	0	(850)
(1,012)	(413)	(1,425)	Fund Surplus	(2,565)	(1,934)	(4,499)
0	**0**	**0**	**TOTAL**	**0**	**0**	**0**

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

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

Non Domestic Rates 31 Mar 25 £'000	Council Tax 31 Mar 25 £'000	TOTAL 31 Mar 25 £'000		Non Domestic Rates 31 Mar 26 £'000	Council Tax 31 Mar 26 £'000	TOTAL 31 Mar 26 £'000
850	497	1,346	Debtors	1,026	622	1,648
(296)	(142)	(438)	Receipts in Advance	(285)	(165)	(450)
(227)	(254)	(481)	Impairment Provision	(275)	(285)	(559)
(1,211)	0	(1,211)	Appeals Provision	(340)	0	(340)
(322)	480	158	Creditors - Local Government	(225)	(272)	(497)
(1,611)	0	(1,611)	Creditors - Central Government	(1,125)	0	(1,125)
(405)	(44)	(449)	Fund Surplus to Collection Fund Adjustment Account	(1,026)	(204)	(1,230)
(3,222)	**537**	**(2,685)**	**TOTAL**	**(2,249)**	**(304)**	**(2,553)**

7. Collection Fund Adjustment Reserve

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

2024/25 £'000	Collection Fund Adjustment Account		2025/26 £'000
(1,349)	Opening Balance	(566)	
783	Movement in Year	(765)	
(566)	Closing Balance	**(1,331)**	
		Movement	Closing
(44)	Council Tax	(160)	(204)
(405)	Non Domestic Rates - Core	(621)	(1,026)
(117)	Non Domestic Rates - Renewable Energy	17	(100)
			(1,331)

GROUP Comprehensive Income & Expenditure Statement

2024/25 GROSS EXPENDITURE £'000	2024/25 GROSS INCOME £'000	2024/25 NET EXPENDITURE £'000		2025/26 GROSS EXPENDITURE £'000	2025/26 GROSS INCOME £'000	2025/26 NET EXPENDITURE £'000
24,405	(20,165)	4,240	Finance & Assets	32,361	(23,954)	8,406
13,653	(7,351)	6,302	Operational Services	18,107	(16,075)	2,033
38,057	**(27,516)**	**10,542**	**Cost of Services**	**50,468**	**(40,029)**	**10,439**
3,974	(7)	3,967	Other Operating Costs	4,216	0	4,216
(287)	(2,060)	(2,347)	Financing & Investment Items		(2,387)	(2,387)
0	(17,337)	(17,337)	Taxation & Grant Income	0	(19,075)	(19,075)
41,745	**(46,919)**	**(5,174)**	**Net Surplus/Deficit on provision of services**	**54,553**	**(61,362)**	**(6,808)**
0	9,287	9,287	**Other comprehensive income & expenditure**	0	(5,471)	(5,471)
41,745	**(37,632)**	**4,113**	**TOTAL**	**54,553**	**(66,883)**	**(12,279)**

GROUP Movement in Reserves Statement

2024/25					2025/26		
Opening Balance Group £'000	Adjust between Account basis and fund £'000	Other Income & Expenditure £'000	Closing Balance £'000		Adjust between Account basis and fund £'000	Other Income & Expenditure £'000	Closing Balance £'000
27,158	(3,224)	4,941	28,875	General Fund	(8,740)	6,808	26,943
1,786	(27)	0	1,759	Capital Receipts Reserve	(330)		1,429
389	1,026	0	1,415	Capital Grants Unapplied	1,021		2,436
29,333	**(2,226)**	**4,941**	**32,049**	**Total Useable**	**(8,049)**	**6,808**	**30,809**
20,511	2,907	0	23,418	Capital Adjustments Account	6,163		29,581
13,278	(360)	(134)	12,785	Revaluation Reserve	(227)	2,244	14,802
4,327	(320)	(8,847)	(4,840)	Other Unusable	2,113	3,227	500
38,116	**2,226**	**(8,979)**	**31,363**	**Total Unusable**	**8,049**	**5,471**	**44,938**
67,450	**0**	**(4,038)**	**63,412**	**TOTAL**	**0**	**12,279**	**75,691**

Group Balance Sheet

31 March 2025 £'000		31 March 2026 £'000
40,080	Property, Plant and Equipment	49,974
105	Heritage Assets	105
530	Long Term Debtors	499
0	Net Pension Asset	0
40,716	**TOTAL LONG TERM ASSETS**	**50,578**
22,101	Investments (Short Term)	0
3,908	Short Term Debtors	6,827
3,383	Inventories	2,635
1,183	Trade & other receivables	0
11,923	Cash and Cash Equivalents	31,399
42,498	**TOTAL CURRENT ASSETS**	**40,862**
(8,373)	Short Term Creditors & Receipts in Advance	(10,157)
(1,227)	Provisions	(356)
0	Lease Liabilities	(40)
(9,600)	**TOTAL CURRENT LIABILITIES**	**(10,553)**
(4,720)	Capital Grants Received in Advance	(4,275)
(5,483)	Net Pensions Liability	(920)
(10,203)	**LONG TERM LIABILITIES**	**(5,195)**
63,412	**NET ASSETS**	**75,691**
	FINANCED BY:	
32,052	USABLE RESERVES	30,811
31,360	UNUSABLE RESERVES	44,880
63,412	**TOTAL RESERVES**	**75,691**

Jude Antony - FCCA
Director, Finance (Section 151 Officer)
East Cambridgeshire District Council

Group Cash Flow Statement

Group 31 March 2025 £'000		Group 31 March 2026 £'000
5,097	**Net Surplus / (Deficit) on the Provision of Services – (i)**	**6,753**
(1,939)	Interest receivable	(1,586)
	Adjustments for Non-cash Items:	
3	Depreciation & Amortisation	1,032
(478)	Pension Liability	(1,336)
(20)	Change in Inventories	0
373	Change in Debtors & Creditors	756
(2,061)	**Total Adjustments (ii)**	**(1,134)**
3,035	**A - Net Cash Flows from Operating Activities (i)+(ii)**	**5,619**
(1,568)	Purchase of Property, Plant & Equipment	(8,630)
(841)	Change in Long Term Debtors	(907)
(12,101)	Change in Short term Investments	22,100
2,203	Interest Received	1,839
(12,307)	**B - Investing Activities**	**14,402**
1,077	Net receipt / (application) of Capital Grants	(447)
(2,648)	Change in Collection Fund agencies Debtors & Creditors	169
1,676	Loans Advanced	(3,103)
(1,265)	Loans Repaid	2,875
(48)	Leasing Liabilities Repayment	(37)
(1,209)	**C - Financing Activities**	**(543)**
(10,481)	**Net increase/(decrease) in cash and cash equivalents (A+B+C)**	**19,476**
22,404	**Cash and cash equivalents at the beginning of the reporting period**	**11,923**
11,923	**Cash and cash equivalents at the end of the reporting period**	**31,399**

Notes to Group Accounts

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

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

	31 March 2025 £'000	In Year Movement 2025/26 £'000	31 March 2026 £'000
Surplus Savings Reserve - Profit & Loss Account	(793)	(530)	(1,323)
Total Company Reserves portion of Group Balance Sheet Represented by:	(793)	(530)	(1,323)
East Cambs Trading Company Profit & Loss	(798)	(535)	(1,333)
East Cambs Street Scene Profit & Loss	5	5	10

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	94	67	0	161
Long Term Debtor/Loan	(5,850)	0	5,850	0
Debtors & Cash	2,521	729	316	3,566
Inventories	2,572	20	0	2,592
Borrowings	0	0	0	0
Lease Liability	(40)	0	0	(40)
Creditors	(1,229)	(789)	(107)	(2,125)
Lease Liability Long Term	0	0	0	0
TOTAL ASSETS NET OF COUNCIL SHARE	**(1,932)**	**27**	**6,059**	**4,154**

The Group Balance Sheet has moved from a position at 31st March 2025 of £63,412 million to £75,691 million at 31 March 2026.

Inventory

At March 2025, there were five properties that were completed from a construction point of view but unsold at the end of the year. These were subsequently sold, releasing £2.2m in value from inventory. During 2026, work has continued on phase 2 at Arbour Square, adding £1.3m to inventory values. Phase 2 is expected to complete by the end of in summer 2026.

Debtors

A balance of £1.4m is outstanding to a Community Land Trust (CLT) which is expected to be repaid by the end of the second quarter of 2026/27. The balance on this debt was £444k at the end of March 2025.

Trade creditors

At the end of March 2025, all the properties had been substantially completed and so there were no invoices outstanding to contractors for work done but not paid. At the end of March 2026, the phase 2 at Arbour Square still has 3-4 months until completion so there were amounts due to contractors for work done.

G3. Group Audit Fees

	2024/25	2025/26
ECDC	£203,000	£207,000
ECTC	£46,300	£48,600
ECSS	£27,600	£29,000
Total Audit Fees	**£276,900**	**£284,600**

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
REFCUS	Revenue Expenditure Funded from Capital under Statute (REFCUS)

TITLE: Internal Audit Annual Report and Opinion 2025/26

Committee: Audit Committee

Date: 14th July 2026

Author: Chief Internal Auditor

Report number: AB42

Contact officer:
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Issue

1. The report at Appendix 1 provides the Chief Internal Auditor's annual assurance opinion on the Council's governance, risk and control framework for 2025/26 and the basis for this opinion.

Recommendations

2. That the Committee considers and notes the Annual Internal Audit Report and Opinion for 2025/26.

Background/Options

3. 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.

4. The CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government requires the Chief Audit Executive (Chief Internal Auditor) to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through the delivery of an annual risk-based plan of work, which should provide a reasonable level of assurance. The report should also reflect on the internal audit team's performance against its own objectives.

5. The Chief Internal Auditor's opinion is that 'Good Assurance' can be given over the Council's governance, risk and control framework for 2025/26. This assurance cannot be absolute, but should form a key source of assurance for the Council's Annual Governance Statement.

Arguments/Conclusions

6. The attached report (Appendix 1) provides the Committee with the Annual Internal Audit Report and Opinion for 2025/26.

Additional Implications Assessment

7. 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**

Appendices

Appendix 1: Annual Internal Audit Report 2025/26
Appendix 2: Update on external quality assessment actions

Background documents

None

Appendix 1

EAST CAMBRIDGESHIRE
DISTRICT COUNCIL

Annual Internal Audit Report and Opinion

2025/26

1. Introduction and context

1.1 The CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government supports the Global Internal Audit Standards (GIAS) of the Institute for Internal Auditors and the Application Note: Global Internal Audit Standards in the UK Public Sector. This states that "The audit committee must review the chief audit executive's annual report, including the annual conclusion on governance, risk management and control, and internal audit's performance against its objectives".

1.2 This report represents the annual internal audit opinion and report for East Cambridgeshire District Council for the financial year 2025/26, in compliance with GIAS, the Application Note for GIAS in the UK Public Sector, and the CIPFA Code of Practice.

1.3 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. Internal audit helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, compliance and governance processes.

1.4 Internal audit is a statutory requirement for local authorities, in accordance with the Accounts and Audit Regulations 2015 (England) – which state that "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

1.5 Internal audit independence is achieved by reporting lines which allow for unrestricted access to the Chief Executive, Senior Management Team, and the Chair of the Audit Committee. Internal auditors have no direct operational responsibility or authority over any of the activities audited and the Internal Audit Charter and Mandate sets out how independence and objectivity is maintained and evidenced.

1.6 The Global Internal Audit Standards require the Chief Internal Auditor to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1 to this report and takes into account other sources of assurance, as appropriate. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

1.7 As such, the Annual Report contains:

- the Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
- a summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and

- a statement on the extent of conformance with the Standards.

2. Chief Internal Auditor's Opinion 2025/26

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

I am satisfied that sufficient internal audit work has been undertaken to inform an opinion on the adequacy and effectiveness of governance, risk management and internal control for 2025/26. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

It is my opinion that **Good Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2025/26 – see definition of assurance opinions in section 4.1 of this report. This control environment comprises of the system of internal control, governance arrangements and risk management. Any limitations over this opinion are detailed and explained further below.

Financial control

Controls relating to the Council's key financial systems which were reviewed during the year were all concluded to be operating at a level of Moderate Assurance or above, with 63% of opinions given being of Good or Substantial Assurance.

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

Risk management

The Council's structures and processes for identifying, assessing and managing risk have remained generally consistent during 2025/26. The Risk Register has been presented to the Audit Committee during the financial year.

Internal control

For the audits completed by the Internal Audit service in 2025/26, 100% of the opinions given in relation to the control environment and compliance have been of at least Moderate Assurance. There have been no reports issued with an opinion of 'high' organisational impact. Of the audits completed by the Internal Audit service, 67% of opinions were of 'Substantial' or 'Good'.

Of the agreed management actions due for implementation during 2025/26, 95% had been completed during the year.

Key risks

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

Council during 2025/26 have included the impact of Local Government Reorganisation, the bereavement centre project delivery and regulatory compliance. The audit plan coverage sought to provide assurances in these areas, with audits on staff engagement and support during a period of change, embedded assurance work on the bereavement centre project and audits on key areas for compliance such as procurement and asset management.

The external audit report for 2024/25 noted issues with the effectiveness of internal quality review arrangements in ensuring timely, accurate and quality working papers to support the financial statements. Actions were agreed to strengthen controls and resilience within the finance team during 2025/26 and an update on progress was provided by management to the Audit Committee in March 2026.

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

2.3 In giving this opinion, it should be noted that, during 2025/26, the Council's Internal Audit service:

- Has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.
- Operated in general conformance with Global Internal Audit Standards (GIAS) in the UK Public Sector requirements. In March 2025, an external quality assessment was completed and reported in full to the Audit Committee, which concluded that the team was operating in accordance with the Public Sector Internal Audit Standards included a gap analysis against the new GIAS. During 2025/26, the Internal Audit team delivered actions recommended from the external assessment and undertook a further self-assessment applying the CIPFA template for assessing GIAS conformance.
- Had unrestricted access to all areas, systems and information across the authority required to conduct the audit assignments.
- Operated independently, as per the Internal Audit Charter, with no compromises of Internal Audit's independence.
- Had sufficient resources to enable the service to provide adequate coverage of the authority's control environment for the year.

2.4 Where management have accepted a risk identified in audit coverage this has been reported to the Audit Committee within progress reporting. There have been two such occasions in 2025/26, as follows:

- To not implement independent review of credit notes raised to ensure these had been suitably authorised (Accounts Receivable); and

- To not enforce segregation of duties between the processing and approval of BACs payments (Accounts payable).

2.5 The Standards require specific safeguards to be in place where the Chief Internal Auditor has responsibilities for matters beyond internal auditing. There are no independence issues to bring to the Committee’s attention. Should any independence issues arise in relation to any internal audit work the matter would be referred to the Director Finance and the Audit Committee would be informed.

3. Summary of findings

3

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

Table 1 – Summary of audit opinions 2025/26:

Area	Substantial	Good	Moderate	Limited	No
Financial systems	3	2	3	-	-
Key corporate controls and policies	-	1	3	-	-
Risk based audits	3	10	1	-	-
Revenues and benefits (Anglia Revenues Partnership)	-	1	3	-	-
Total	**6**	**14**	**10**	**-**	**-**
Summary	**20%**	**47%**	**33%**	**-**	**-**
Summary (2024/25) for comparison	**23%**	**50%**	**27%**	**-**	

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

4. Review of audit coverage

Audit opinion on individual audits

4.1 The Committee is reminded that the following assurance opinions were assigned during 2025/26, in accordance with the Internal Audit Charter:

Table 2 – Assurance categories:

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

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

Summary of audit work

4.3 Table 3 details the assurance levels resulting from all audits undertaken in 2025/26 and the date of the Committee meeting at which the outcome of the audit was presented.

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

Table 3 – Summary of finalised audit opinions 2025/26:

Audit Area	Design of Control Environment	Compliance	Org Impact	Committee Date
Financial systems – providing assurance that the Council has made arrangements for the proper administration of its financial affairs				
Bank reconciliation	Substantial (Green)	Good (Green)	Low (Green)	July 2026
Accounts Payable	Moderate (Amber)	Good (Green)	Low (Green)	July 2026
Accounts Receivable	Moderate (Amber)	Moderate (Amber)	Low (Green)	July 2026
Payroll	Substantial (Green)	Substantial (Green)	Low (Green)	March 2026
Key corporate controls and policies				
Information requests	Good (Green)	Moderate (Amber)	Low (Green)	October 2025
Procurement compliance	Moderate (Amber)	Moderate (Amber)	Medium (Amber)	July 2026
Risk based audits				
Asset management	Moderate (Amber)	Good (Green)	Low (Green)	October 2025
Disaster recovery	Good (Green)	Good (Green)	Low (Green)	October 2025
Major project – Bereavement Centre	Good (Green)	Good (Green)	Low (Green)	January 2026
Staff engagement and support	Good (Green)	Good (Green)	Low (Green)	March 2026
Governance of the trading companies	Good (Green)	Good (Green)	Low (Green)	March 2026
Net Zero	Substantial (Green)	Substantial (Green)	Low (Green)	July 2026
Preparedness for changes in waste regulations	Substantial (Green)	Good (Green)	Low (Green)	July 2026

Audit Area	Design of Control Environment	Compliance	Org Impact	Committee Date
Revenues and Benefits – delivered by Anglia Revenues Partnership				
Business rates	Adequate / Reasonable			July 2026
Enforcement	Good / Substantial			July 2026
Recovery of Council Tax and Housing Benefit Overpayments	Adequate / Reasonable			July 2026
Council Tax Billing, Housing Benefit and Local Council Tax Reduction Scheme	Adequate / Reasonable			July 2026

4.5 Audit outcomes have been reported to the Audit Committee during the 2025/26 financial year, as finalised.

Implementation of agreed management actions

4.6 Internal Audit follow up on progress made against all agreed actions arising from completed assignments to ensure that they have been fully and promptly implemented. Internal Audit trace follow up action on a regular basis and report updates at every Audit Committee meeting.

4.7 A total of 20 agreed actions have been implemented by officers during 2025/26, which represents 95% of the actions which were due for implementation.

4.8 Details of the implementation rate for the agreed management actions during 2025/26 are provided in Table 4, as at 31st March 2026.

Table 4 - Implementation of agreed management actions due in 2025/26:

	'High' priority	'Medium' priority	'Low' priority	Total
Agreed and **implemented**	1	7	12	20 (95%)
Agreed and **due within last 3 months**, but not implemented	-	-	-	-
Agreed and **due over 3 months ago**, but not implemented	-	1	-	1 (5%)
Total	**1**	**8**	**12**	**21**
Agreed and not yet due for implementation	-	3	3	6

Other sources of assurance

4.9 In May 2025 and May 2026, the Council achieved certification for the Public Sector Network (PSN) Code of Connection (CoCo) compliance. PSN compliance requires local authorities to document how their information technology meets the requirements, which were adapted from the global ISO27001 standard. Submission for the certification requires evidence of recent penetration testing of the Council's network and satisfactory resolution of vulnerabilities exposed.

5. Performance

5.1 It is important that Internal Audit demonstrates its value to the organisation. The service provides assurance to management and Members via its programme of work and also offers constructive support and advice to assist the Council in new areas of work.

5.2 Since 1st April 2022, the Council's internal audit service has been delegated to North Northamptonshire Council. During this year, a number of successful recruitment campaigns have resulted in the appointment of auditors from a variety of backgrounds which will serve to strengthen the depth and breadth of the team. The team have built effective working relationships with service areas and seek to continue to build upon the positive feedback and reputation built to date.

5.3 The Internal Audit service has issued reports on **100%** of the assignments from the 2025/26 Audit Plan.

5.4 In order to seek feedback on the quality of the internal audit work, customer satisfaction surveys are issued following the conclusion of audit assignments. The feedback received on audits delivered during the 2025/26 year is summarised in table. Of the feedback received 100% rated the elements of the service as either 'good' or 'outstanding'.

Table 5 – Customer satisfaction survey results

Aspects of audit assignments	Excellent	Good	Satisfactory	Poor
QUALITY: Were the audit objectives and scope clearly defined and communicated?	11	-	-	-
COMMUNICATION - How effective was the communication from the audit team throughout the audit process?	11	-	-	-
	Strongly agree	**Agree**	**Disagree**	**Strongly disagree**
COMMUNICATION - Audit findings and recommendations were clearly explained and documented.	9	2	-	-
PROFESSIONALISM - The audit team was professional and courteous in their interactions with you.	11	-	-	-
VALUE - The audit provided valuable insights and recommendations that will help improve your processes.	5	6		

	Yes	No
QUALITY: Were the audit objectives and scope clearly defined and communicated?	11	-
COMMUNICATION - Did the audit team keep you informed of the audit progress and any issues encountered?	11	-

Comments received during the year included:

- 'As has been my consistent experience, the audit is approached in a non confrontational manner which always gives me confidence in the process in the audit objective. Recommendations are clearly explained, discussed and agreed with reasonable timescales required to address the recommendations'.

- 'As usual the audit was seamless and clearly set out. The scoping meeting to define the nature of the audit and the information required was very clear and during the process after initial evidence was provided there was clear communication and realistic timescales for submitting further evidence.

  The closedown meeting is very useful so both parties understand the reason for recommendations and agree actions that would lead to better processing and compliance.

  [The auditor], as ever, was very good and understands the pressures of the organisation and my time!'

- 'Good all round communications, knowledge & understanding including that of other work commitments alongside the audit'.

Internal Audit contribution in wider areas

5.5 Key additional areas of Internal Audit contribution to the Council in 2025/26 are set out in Table 6:

Table 6 – Internal Audit contribution

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

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

Professional Standards and quality assessment and improvement

5.6 In April 2025, the Global Internal Audit Standards (GIAS) came into effect for local government, supported by the Application Note for GIAS in the UK Public Sector, and the CIPFA Code of Practice.

5.7 Under the requirements of the GIAS, the Internal Audit service must be evaluated against the Standards and any areas of non-conformance reported to the Audit Committee. In 2025/26, the service was subject to its first external quality assessment, which must take place at least once every five years. The outcome of the assessment was reported to the Audit Committee in full in July 2025 and concluded that the ‘the North Northamptonshire Council internal audit service is delivering to a standard that generally conforms with the Public Sector Internal Audit Standards’ and all areas were assessed as either ‘excelling’ or ‘established’. All areas raised for further development were subject to an action plan and reflected within the quality assurance and improvement plan – this includes actions required to revise services to comply with the GIAS. The Chief Internal Auditor conducts an annual self-assessment against the standards in the years between external assessments and the new CIPFA template for assessing conformance against the GIAS in the public sector was used for the 2025/26 assessment.

5.8 Actions arising from the external quality assessment and progress to date are provided as Appendix B to this report, demonstrating completion of the actions relating to East Cambridgeshire District Council.

5.9 The Standards require that internal audit ‘must develop and maintain a ‘quality assurance and improvement programme’ that covers all aspects of the internal audit activity’. This quality assurance and improvement programme is designed to check internal audit’s conformance with the Standards and the profession’s code of ethics and also assess its efficiency and effectiveness and identify any areas for improvement.

5.10 The Council’s internal audit quality assurance and improvement programme consists of the following elements:

- An external assessment to independently assess compliance with the Standards every five years, as reflected above. The timing of the next external assessment will be agreed with the Committee within the five-year period.
- An annual self-assessment against the Standards by the Chief Internal Auditor, applying the CIPFA template;
- A quality review process is undertaken for each individual audit. These reviews examine all areas of the work undertaken, from initial planning through to completion and reporting;
- Customer satisfaction questionnaires are issued following the finalisation of audit reports and questions are aligned with the expectations of the Standards and reported to the Audit Committee in progress reporting and the annual report; and
- Quality assurance checks are undertaken by the internal audit team to ensure the Standards are consistently applied, including post audit reviews conducted with management on each assignment.

5.11 Key actions arising from the self-assessment conducted by the Chief Internal Auditor in April 2026 have been included in the Quality Assurance and Improvement Plan (QAIP) and are as follows:

- Ethics and professionalism training to be included in the training matrix for all team members and to be completed by all in 2026/27;
- To invest in training opportunities relating to value for money auditing, to further develop this skillset within the service; and
- To support ongoing Audit Committee training in relation to the Global Internal Audit Standards.

5.12 The Chief Internal Auditor can confirm that there has been no evidence of impairment of the independence of the Internal Audit team during 2025/26 and no auditors have reviewed systems/controls which they have been responsible for delivering. Every member of the Internal Audit team completes an annual declaration of any interests which could present a conflict of interest and confirmation of acceptance of the code of ethics.

Appendix 1: Limitations

Limitations inherent to the Internal Audit's work:

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

Opinion

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

Internal control

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

Future periods

Our assessment of controls relating to the areas audited is for the period 1st April 2025 to 31st March 2026. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

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

Responsibilities of management and internal auditors

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

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

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

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

Appendix 2

External Quality Assessment (EQA) Action plan

Area	Action agreed	Action status as at April 2026
Resources	The Internal Audit Charter is reviewed and updated annually and has been fully reviewed and amended to align with the Global Internal Audit Standards for April 2025. As North Northamptonshire Council was first formed in April 2021, it has taken time to reach a position where the Chief Internal Auditor is able to reflect on successive internal audit plans and assurances. It is considered that, following four financial years, it would now be appropriate to be able to reference this in the Internal Audit Charter.	**Complete** Revised Internal Audit Charter and Mandate produced for approval by Audit Committee for 2025/26 and further approved in March 2026.
Resources	A Quality Assurance and Improvement Plan (QAIP) policy or protocol will be produced and adopted, to support the revised Charter. The 2024/25 annual report and opinion will include confirmation of compliance with the service's protocols and manual; performance data and any development needs highlighted in the QAIP. These areas have been included in previous annual reports and will be expanded upon in the 2024/25 report.	**Complete** QAIP formalised and linked to updated charter. Annual reports for 2024/25 and 2025/26 include compliance with expected Standards and protocols, and confirm no exceptions.
Competency	The Chief Internal Auditor will work with the Council to build upon existing audit plan development processes, to ensure alignment with risk registers and support assurance mapping.	**Complete** Included in development of 2026/27 audit plan.

Area	Action agreed	Action status as at April 2026
Competency	Sources of assurance are already captured within the template Assignment Planning Record (APR) for every audit assignment. The Chief Internal Auditor will look to expand this through ensuring key assurances on the Council's strategic risks are captured within the annual report and opinion.	**Complete** Key risks reflected in opinion for 2025/26 and in the body of the report in 2024/25.
Competency	Every APR template already begins with the 'Objectives of the area' which is expected to capture the objective of the service area management, to then inform the risks for coverage. This can be re-titled 'Management's objectives' and the team will reflect on how this is informed. The Audit Manual will be expanded to ensure discussions taking place around risks in the planning meeting align with the Council's risk management terms and approach. The APR template already lists sources of assurance and controls for every risk.	**Complete** Audit manual updated and objectives of the area reviewed by the Chief Internal Auditor on each assignment to ensure alignment with the objectives of the service.
Competency	In reviewing the Internal Audit Manual, consideration will be given to the definition of the recommendation gradings to align with the risk management framework.	**Complete** Audit Manual updated.
Delivery	Under the existing Audit Manual, every audit report is reviewed and approved by the Chief Internal Auditor before issuing. The Audit Manual will be reviewed in light of the Global Internal Audit Standards and	**Complete**

Area	Action agreed	Action status as at April 2026
	coverage on audit report review will be updated accordingly. A statement can be added around review of reports in the absence of the Chief Internal Auditor, to support resilience of the service delivery. The report template can be amended to include the Chief Internal Auditor's approval.	Audit Manual now includes provision for delegation to review reports in the absence of the Chief Internal Auditor, where appropriate. Report template have been amended to include Chief Internal Auditor's sign off.
Delivery	The annual report already reflects on assurances over risk management, including the rolling risk reviews introduced in 2022/2023. This will be expanded further in future reports.	**Complete** Annual report includes assurances over risk management and to reflect work completed.

TITLE: Internal Audit Progress Report

Committee: Audit Committee

Date: 14th July 2026

Author: Chief Internal Auditor

Report number: AB43

Contact officer:
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Issue

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.

Recommendations

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

Background/Options

3. 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.

4. Since the last progress report, six audit reports have been finalised from the 2025/26 audit plan, which completes the plan delivery. The four audit reports completed for Anglia Revenues Partnership have also been received and are summarised in Appendix 1. Work is underway on audits from the 2026/27 audit plan.

5. Since the last Audit Committee update, eight actions arising from audit reports have been implemented by officers. There are two overdue actions.

Arguments/Conclusions

6. The attached report (Appendix 1) informs the Committee on progress to date against the Audit Plan and the key findings of audits completed.

Additional Implications Assessment

7. 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)	**Carbon Impact Assessment (CIA)**	**Data Protection Impact Assessment (DPIA)**

No	**No**	**No**

Appendices

Appendix 1: Internal Audit Progress report – July 2026

Background documents

Internal Audit Plan 2026/27

Appendix 1

EAST CAMBRIDGESHIRE DISTRICT COUNCIL

Internal Audit Progress and Performance Update

July 2026

1. Introduction

1.1 The Internal Audit service for East Cambridgeshire District Council provides 210 days to deliver the 2026/27 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 2026/27 Audit Plan

2.1 The Internal Audit service has a target to deliver at least 90% to draft report stage by 31st March 2027, which is on track. Progress on individual assignments is shown in Table 1.

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

2.2 All client feedback for 2025/26 assignments has been reported in the annual internal audit report. No feedback has been sought on 2026/27 audits to date.

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 completed delivery of the 2025/26 audit plan with six audit reports have been finalised. A further four audit reports have been received in respect of the Anglia Revenues Partnership. The Internal Audit team has also commenced work on the 2026/27 audit plan. None of the finalised audit opinions given have been less than Moderate Assurance and none have been assessed as posing a High organisational impact – which would impact significantly on the annual opinion. The key findings are summarised below:

Bank reconciliation

2.4 Accurate and timely bank reconciliations are a critical component of the Council's financial control framework. They help to ensure the accuracy of accounts, safeguard public funds, and maintain confidence in financial reporting. Regular bank reconciliations are needed to confirm that transactions in the Council's accounts are correctly recorded in the financial management system. This audit sought assurance that the bank reconciliation processes and associated controls are operating effectively.

2.5 In summary, the audit found that bank reconciliations are completed monthly in compliance with the Council's Financial Procedure Rules. Finance officers prepare two types of bank reconciliation, a monthly reconciliation which compares transactions in the cashbook and the financial management system (Agresso) with bank statements;

and a cumulative reconciliation which ensures that balances are accurate across the financial year.

2.6 A review of all 2025/26 monthly and cumulative bank reconciliations completed at the time of audit (April to December 2025) confirmed that the reconciliations were completed in a timely manner and each reconciliation had been independently reviewed by a senior officer.

2.7 Detailed testing of a sample of monthly and cumulative bank reconciliations found that overall, the figures agreed with supporting documentation, the calculations were accurate, and there were no unexplained balancing items. However, an issue was identified in the November 2025 monthly reconciliation. Figures from an incorrect bank statement had been used in the calculations. Although the reconciliation had been reviewed by a senior officer, the error did not appear to have been identified at the time. A recalculation of the reconciliation using the correct credit and debit totals confirmed that there was zero variance between the cashbook, bank statement, and financial management system with no unexplained balancing items.

2.8 Testing confirmed that there were no uncleared cheques from 2025/26 that were more than six months old at the time of audit. However, seven uncleared cheques from previous financial years were identified, two from 2022/23 and five from 2024/25, totalling £1,359.66. Officers should ensure that these outstanding cheques are promptly investigated and resolved.

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

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

Agreed management actions		
High	**Medium**	**Low**
-	**-**	**1**

Accounts payable

2.10 The Accounts Payable (AP) function is a critical component of the Council's financial management framework. It ensures that suppliers and service providers are paid accurately and on time, supporting the continuity of essential services delivered to residents and communities.

2.11 This audit sought to provide assurance over the adequacy and effectiveness of controls within the AP function to ensure that payments are valid, accurate, authorised, and processed in compliance with Council policies and regulatory requirements.

2.12 Controls over the authorisation of purchase orders are in place and were generally applied correctly in line with approval thresholds defined in the Financial Procedure

Rules (FPRs) and the Delegated Authority List maintained by finance officers. However, some discrepancies were noted on the Delegated Authority List in which certain thresholds were not aligned with the FPRs and these thresholds are not system enforced.

2.13 Sample testing of 25 creditor invoices identified one instance where a purchase order was authorised above the approver's delegated limit. In addition, one invoice value exceeded the approved purchase order value and was not redirected for appropriate approval in line with expected controls. This requires further investigation by officers to resolve any system errors this has exposed. Preventative system controls were confirmed to be operating effectively to prevent payment of duplicate invoices.

2.14 Creditor reconciliations were accurate, independently reviewed, supported by appropriate evidence, and conducted monthly. However, a review of aged creditors balances identified two balances which were 463 and 2755 days old with no evidence of follow up, which require investigation.

2.15 Creditor payments are processed on a weekly basis and were appropriately authorised. However, segregation of duties between the submission and approval of the BACS payment file is not consistently applied due to resource capacity. Internal Audit has recommended in previous reviews that these duties be segregated; however, due to the size of the finance team, officers consider this impractical to implement. The Finance team confirmed that this position remains unchanged and that the risk continues to be accepted.

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

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

Agreed management actions		
High	**Medium**	**Low**
-	**2**	**1**

Accounts receivable

2.17 The sundry debtors system is a key financial system that underpins the Council's ability to collect income and maintain financial sustainability. Effective controls over billing, debt recovery, and write-offs ensure that resources are available to deliver all services, thereby supporting every corporate objective. This audit aims to provide assurance that key processes and controls within the sundry debtors system are designed and operating effectively to ensure accurate billing, timely debt recovery, and compliance with the local authority's financial regulations and statutory requirements. This review forms part of the cyclical assurance programme over core financial systems.

2.18 Overall, the Council has established a procedural framework to support financial controls, which are defined within the Financial Procedure Rules.

2.19 The finance team has developed clear procedural guidance to support the requirements of the Financial Procedure Rules, setting out the requirements for the authorisation of credit notes, invoice cancellations and write-offs. The procedures include internal controls to ensure that adjustment to income are valid, authorised and transparent.

2.20 However, a gap in control design was identified in the testing of credit notes and invoice cancellations, in which authorisations were in some cases not evident. Internal Audit recommended that all credit notes and invoice cancellations should be reviewed independently by an officer who is not involved in the raising of credit notes to ensure appropriate authorisation. Management have decided not to implement an action in this case and to tolerate the risk associated with the audit findings on the basis that: 'credit notes are authorised by the service lead after being completed by an admin which adheres to the two tier policy. They are then checked by finance before input and it is felt, therefore, to involve yet another officer for the very few credit notes that are raised, is not required. In the case of the two unauthorised [identified in audit testing] these were put through by a new staff member who has since been trained on making sure appropriate authorisation is obtained on all requests'.

2.21 Arrears recovery procedures were established. At the time of the review, the Council had £1.35m in outstanding debt. Of this total, 72% was either not yet due or less than 30 days overdue and it was noted that £120k (9%) was more than one year old. A discrepancy was noted between the frequency of reminder runs established within the Financial Procedure Rules, which did not align with the frequency within the supporting procedures. Sample testing identified issues with timeliness, and service areas not always being able to provide evidence of arrears action. Additionally, it was noted that no single officer or team is responsible for the oversight, review and monitoring of arrears recovery action which has led to inconsistencies in arrears recovery activity.

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

Assurance Opinion	
Control Environment	**Moderate (Amber)**
Compliance	**Moderate (Amber)**
Organisational Impact	**Low (Green)**

Agreed management actions		
High	**Medium**	**Low**
-	**2**	**1**

Procurement compliance

2.23 The audit set out to determine whether the Council has appropriate arrangements in place to ensure compliance with its Contract Procedure Rules (CPRs), the

Procurement Act 2023 (PA23), and the wider legislative and transparency obligations that govern public sector procurement. Audit testing was carried out through a detailed review of procurement documentation, discussions with service officers, examination of the published contract register, and reconciliation of expenditure records covering the period April to November 2025.

2.24 In sample testing, where competitive procedures or exemption routes were used, these were generally well justified, appropriately approved, and supported by the necessary documentation.

2.25 The audit also highlighted areas where further development would allow the Council to strengthen its procurement governance framework. The CPRs, whilst updated to reflect the Procurement Act 2023, would benefit from greater clarity including in relation to agency staffing and consultancy procurement, which are areas where more consistency and clarity is required. The absence of a formal procurement support arrangement since April 2025 has contributed to this challenge, reducing the level of specialist advice available to staff and limiting organisational resilience in the more complex aspects of procurement activity.

2.26 The reconciliation of the published contract register against financial records for the same period indicated opportunities for improvement. The exercise highlighted that the register is not being consistently maintained and monitored. A number of active contracts had not been recorded. This presents an opportunity for the Council to reinforce expectations and strengthen controls so that the contract register can operate as a reliable and transparent governance tool.

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

Assurance Opinion	
Control Environment	**Moderate (Amber)**
Compliance	**Moderate (Amber)**
Organisational Impact	**Medium (Amber)**

Agreed management actions		
High	**Medium**	**Low**
-	**3**	**-**

Net Zero

2.28 The Council declared a climate emergency in October 2019 and has committed to reducing direct carbon emissions to net zero by 2036, and indirect carbon emissions to net zero by 2040. This audit sought assurance over the plans for reaching these targets, and the outcomes delivered from climate change related expenditure.

2.29 In summary, the audit found that the Council has a formally approved Climate and Nature Strategy that sets out its approach to addressing climate change, including the targets to achieve net zero. The strategy is supported by an action plan, which is updated annually each June, and contains specific actions to help reduce carbon emissions. A refreshed Environment Policy also outlines the Council's commitments on climate change, including how it's carbon footprint will be monitored and reported on. A new Climate Change and Natural Environment Service was established in January 2025 to coordinate these activities.

2.30 Data on the Council's carbon footprint has been published annually. The most recent report for 2024/25 was presented to the Finance and Assets Committee in November 2025 which showed that there has been a reduction in Scope 1 and Scope 2 emissions. These relate to direct emissions from sources owned or controlled by the Council, such as fuel used in fleet vehicles, and indirect emissions from purchased electricity consumed by the Council. Scope 3 emissions, which are indirect emissions from the use of local authority services and supply chains, have increased, however this reflects improved understanding and reporting of these types of emissions rather than worsening performance. A Pathway to Net Zero report has been published outlining the actions, risks, and forecasts to further reduce emissions to achieve net zero.

2.31 Annual monitoring and performance reports are presented to the Finance and Assets Committee and testing of a sample of performance outcomes confirmed that the reporting was accurate. A risk relating to climate change and net zero is recorded in the corporate risk register. It was noted that some information in the listed controls was out of date, however this has since been corrected. Carbon Literacy training has been delivered to improve awareness of environmental issues across the organisation. No further sessions are currently scheduled, though officers advised that occasional refresher or new starter sessions may be considered. There is a dedicated climate change budget to cover staff costs and delivery of agreed climate and nature actions. Additional external grant funding has also been used to fund specific projects that have contributed towards achieving net zero. There has been regular reporting to Members on the outcomes and benefits of these activities, and a range of climate related information is also publicly available on the Council's website.

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

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

Agreed management actions		
High	**Medium**	**Low**
-	**-**	**-**

Readiness for changes in waste legislation

2.33 The UK Government's Resources and Waste Strategy (2018) introduced major reforms (Extended Producer Responsibility (EPR), the Deposit Return Scheme (DRS), and Simpler Recycling). The Environment Act 2021 provides the legislation for these reforms, with implementation continuing to 2027. Under Simpler Recycling, local authorities must introduce standardised collections, including weekly food waste and separate dry recyclables, by 31st March 2026. The Council's household waste and recycling collections are delivered in-house by their wholly owned company, East Cambs Street Scene Ltd (ECSS). This audit sought to provide assurance over the Council's preparedness for changes in the waste services and national requirements, including procurement exercises.

2.34 Governance arrangements over the project are strong with a dedicated project board meeting regularly to oversee progress, review and manage risks and provide strategic guidance. A maintained project plan captures key milestones and activities, and all decisions, issues and risks are recorded and monitored. Whilst the statutory implementation date for the food waste roll out is 1st April 2026, the Council has chosen to go live on 1st June 2026. DEFRA has been formally notified of the Council's commencement date and has acknowledged the revised timeline.

2.35 The Council has demonstrated active engagement within national and regional stakeholders, Members and residents, supported by a robust communication plan aligned with WRAP (Waste and Resources Action Programme) guidance.

2.36 In support of the roll out the Council is in the process of developing a new waste and recycling contract with ECSS, effective from April 2026 to incorporate the new food waste collection. Procurement activities have been undertaken, and orders have been placed for caddies, bins, liners and vehicles with contracts awarded. However, some gaps were identified in documentation including specific call off or order forms as required by the relevant framework and publications on Contracts Finder where relevant. The service has had limited specialist procurement support available during the project and findings relating to procurement compliance will be addressed corporately as part of the 2025/26 Procurement Compliance Internal Audit, which is being undertaken as a separate review.

2.37 A financial plan exists with proof of funding and expenditure documented in a manual tracker. Whilst this provides visibility the project could benefit from further financial support and from utilising the finance system (Agresso) as a primary source of reporting to strengthen financial monitoring and reporting for the project. There is currently a lack of consistency between the project financial reporting and corporate reporting on the capital programme.

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

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

Agreed management actions		
High	**Medium**	**Low**
-	**1**	**-**

Anglia Revenues Partnership – Enforcement

2.39 The areas of positive audit comments included:

- The Enforcement Team has good working practices in place that effectively achieve successful collection rates across all areas of debt.
- In October 2025, the team achieved its highest debt recovery total since its formation in 2015.
- Control Account reconciliations are completed promptly, are accurate and comprehensive, and are fully supported by relevant reports. All reconciliations were up to date at the time of testing.
- BACS transmissions are correctly authorised and processed with accuracy. A full range of payment options is actively promoted, ensuring customers have every opportunity to engage with the Enforcement Team and make payments, supporting the strongest possible collection outcomes.
- System user accounts are reviewed twice yearly to ensure that only authorised users remain active and that access levels are accurate and appropriate for each officer's role. Evidence of these reviews is retained to demonstrate compliance.
- The system provides comprehensive case history and key documentation, offering a strong audit trail with records of interactions, supporting documents, current status, next actions, and overall case progression.

2.40 No recommendations were made as part of the audit.

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

Assurance Opinion	
Overall	**Good / Substantial (Green)**

Anglia Revenues Partnership – Business rates

2.42 The areas of positive audit comments included:

- Year-end procedures are effective in relation to parameter input and year end (rollover balancing) reconciliations.
- BACS processing of direct debits and refunds were authorised appropriately and processed accurately.
- Collection rates are reported promptly and accurately to partner authorities.
- Reliefs, exemptions and discounts sampled had been awarded in line with relevant eligibility criteria.
- Suspense accounts are being monitored and managed effectively.
- Sampled control account reconciliations and daily cash reconciliations were accurate to supporting evidence, imbalances had been accounted for, and had been completed promptly.
- User reviews are undertaken on a regular basis, and sampled starters and leavers were processed promptly.

- Accounts in arrears are regularly reviewed, and arrears sampled were progressed promptly through the debt recovery process, with no undue delays identified in 2025/26.
- Quality Assurance checks are in place, and sampled cases had sufficient evidence of the check undertaken.

2.43 Actions to further strengthen controls were agreed in relation to:

- Aligning year-end processes for NNDR with Council Tax processes. This will ensure all checks between expected, produced and posted bills, and corrections, have been recorded and will be in place for the 2026/27 annual billing.
- Locking down specific cells to prevent formulae from being deleted from the reconciliations.
- An action which remains outstanding from the 2024/25 audit relating to review of accounts in credit for which a new contract is now being awarded.

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

Assurance Opinion	
Overall	**Adequate / Reasonable (Amber)**

Anglia Revenues Partnership – Council Tax Billing, Housing Benefit and Local Council Tax Reduction Scheme

2.45 The areas of positive audit comments, based on sample testing, included:

- Regular reviews are undertaken to confirm that staff access to systems remains appropriate.
- The processes for awarding new discounts, exemptions and disregards are operating effectively.
- No errors were identified in the processing of information received from the Valuation Office Agency (VOA).
- Reconciliations are completed routinely, balanced accurately, and independently verified.
- New Housing Benefit (HB) claims were awarded only to eligible claimants.
- Overpayments are correctly classified, generally processed in a timely manner, and recovered using the appropriate method.
- Controls are in place to verify changes to HB creditor bank accounts, and to validate amendments for large landlords and housing associations.
- Benefit payments above the set threshold undergo independent checks.

2.46 Actions to further strengthen controls were agreed in relation to:

- An exercise to identify all claims with self-employed earnings and ensure a review date is set, as overdue earnings assessments were observed during the audit.
- A small number of errors were identified in rent awards. These were isolated in nature, and not all occurred in the current financial year. Refresher training is to be provided.

- The process for updating and validating user permissions following role changes or new starters requires improvement, with two errors identified during testing.
- The discount, disregard and exemption process is to be reviewed and strengthened.

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

Assurance Opinion	
Overall	**Adequate / Reasonable (Amber)**

Anglia Revenues Partnership – Recovery of Housing Benefit Overpayments (HBOP) and Council Tax

2.48 The areas of positive audit comments, based on sample testing, included:

- The recovery parameters tested were accurately and appropriately entered into MRI (Housing Benefit and Council Tax system).
- HBOP debts, including aged debt, are actively pursued, monitored, and suppressed appropriately.
- HBOP credits and refunds are being processed correctly, with sufficient supporting evidence and appropriate actions taken to issue refunds where required.
- No concerns were identified regarding anti-money laundering or fraud in respect of the refunds reviewed within the sample.
- Write-offs are being completed only after all reasonable recovery avenues have been exhausted, with evidence of delegated approval in line with policy.

2.49 No high-risk findings were identified. The issues that were raised resulted either from human error or from the need for manual intervention processes due to system capability issues. Actions to further strengthen controls were agreed in relation to:

- An exercise to undertake Quality Assurance checks on a sample of write offs.
- A manual process was needed to uprate some debts which are in a holding table during year end processes, this is a system capability issue.
- Robust contract management arrangements for the new enforcement agent.

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

Assurance Opinion	
Overall	**Adequate / Reasonable (Amber)**

Implementation of audit recommendations by officers

2.51 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.

2.52 Since the last Audit Committee meeting, eight agreed actions have been implemented by officers. An overview of actions is provided in Table 2.

2.53 At the time of reporting, as at 26th June 2026, there are two actions which are overdue for implementation, both less than three months overdue. The medium priority action relates to development of the asset register which is now being reviewed as part of an LGR working group and the low priority action relates to reviewing performance indicators relating to asset management.

Table 1 - Progress against 2025/26 Internal Audit Plan

Assignment		Planned start	Status		Assurance sought	Assurance Opinion: Control Environment	Assurance Opinion: Compliance	Assurance Opinion: Org impact	Comments
Key financial systems									
Bank reconciliations		Q4	Not started						
Treasury management		Q3	Not started						
Accounts payable		Q4	Not started						
Accounts receivable		Q4	Not started						
Key policy compliance									
Enforcement policy compliance		Q2	Not started						
Customer services		Q2	Planning						
Procurement compliance		Q4	Not started						
Risk based audits									
Taxi licensing – fit and proper person checks		Q1	Fieldwork underway						
Corporate health and safety		Q1	Fieldwork complete						
Business continuity management		Q1	Fieldwork underway						

						Assurance Opinion			
Assignment		**Planned start**	**Status**		**Assurance sought**	**Control Environment**	**Compliance**	**Org impact**	**Comments**
Agency staff		Q2	Not started						
Cyber security		Q2	Not started						
S106 monitoring		Q3	Not started						
Major project – Bereavement centre (embedded assurance)		Q3/4	Not started						
Budgetary control		Q4	Not started						
Governance and Counter Fraud									
Counter Fraud support / promotion / policies		TBC	As required		Not applicable – consultancy work.	Daily monitoring of Report Fraud mailbox			
National Fraud Initiative		TBC	As required		Not applicable – consultancy work.				
Risk management support and real time assurances		Q1 – Q4	Ongoing		Ongoing assurances over the controls listed in the Risk Register and supporting embedding of risk management.	Assurances provided on risk entries throughout the year.			

Table 2 - Implementation of agreed management actions

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	**% of total**	**Number**	**% of total**	**Number**	**% of total**	**Number**	**% of total**
Actions due and **implemented** since last Committee meeting	-	-	4	80%	4	80%	8	80%
Actions **overdue by less than three months**	-	-	1	20%	1	20%	2	20%
Actions **overdue by more than three months**	-	-	-	-	-	-	-	-
Totals	**-**	**-**	**5**	**100%**	**5**	100%	**10**	**100%**

Glossary

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that the Committee might expect to receive.

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

Organisational Impact	
Level	**Definition**
High	The weaknesses identified during the review have left the Council open to a high level of risk. If the risk materialises it would have a high impact upon the organisation as a whole.
Medium	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a medium impact upon the organisation as a whole.
Low	The weaknesses identified during the review have left the Council open to low risk. This may have a low impact on the organisation as a whole.

Limitations and responsibilities

Limitations inherent to the internal auditor's work

Internal Audit is undertaking a programme of work agreed by the Council's senior managers and approved by the Audit Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers.

There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention.

Internal control

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

Future periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

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

Responsibilities of management and internal auditors

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

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

TITLE: Audit Committee Annual Report 2025/26

Committee: Audit Committee

Date: 14 July 2026

Author: Director Finance

Report number: AB44

Contact officer:
Jude Antony, Director Finance
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Issue

1. To consider the Audit Committee Annual Report 2025/26.

Recommendations

2. Members are requested to recommend to Full Council the approval of the Audit Committee Annual Report 2025/26 as set out in Appendix 1.

Background/Options

3. It is considered best practice for the Audit Committee to report to Full Council on its activities.

4. The report includes (but is not limited to):

    - Chair's Statement
    - The role of the Audit Committee
    - Committee Membership
    - Training
    - Committee consideration of the following:
        - Annual Governance Statement
        - Internal Audit
        - Risk Management
        - Financial and External Audit
    - Audit Committee Self-Assessment and Action Plan

Additional Implications Assessment

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

Financial Implications	Legal Implications	Human Resources (HR) Implications
The cost of training which has not be quantified but will be met within existing budget framework	None	None
Equality Impact Assessment (EIA)	**Carbon Impact Assessment (CIA)**	**Data Protection Impact Assessment (DPIA)**
Not required	Not required	Not required- no personal data will be shared

Appendices

Appendix 1: Audit Committee Annual Report 2025/26

Background documents

None.

Appendix 1

East Cambridgeshire District Council

Audit Committee Annual Report 2025/26

Chair's Statement

Outgoing Chair

I am pleased to co-present the 2025/26 Annual Report of the Audit Committee. The Committee is accountable to the Full Council and welcomes scrutiny of its effectiveness in fulfilling its terms of reference and the impact of its diligent work, to ensure the Council is properly fulfilling its obligations.

This report covers the work of the Audit Committee during the period May 2025 to May 2026. The Audit Committee plays a key role in providing the Council with assurance in respect of the adequacy and effectiveness of the Council's systems of risk management, financial management and internal controls. The Committee obtained assurances from multiple sources throughout the year, including both internal and external audit.

In addition to the summary of work undertaken, the report includes details of committee membership and officer support to the committee.

As the outgoing Chair, I would like to thank everyone who has participated in ensuring that the Council continues to thrive with proper controls in place. For 2026/27 I will continue to serve the Audit Committee as the Vice-Chair and support the new Chair and the Committee.

Councillor David Brown

Incoming Chair

Having served as Vice-Chair of the Audit Committee in 2025/26, and with the privilege of being elected Chair for 2026/27, I am pleased to co-present our 2025/26 Annual Report. The report has been expanded this year, compared to our first report to Full Council last year.

The Committee continuously reflects upon our effectiveness in the discharge of the Council's Audit function. During the 2026/27 municipal year, this ongoing work will encompass the reflections identified in our self-assessment, detailed in the report below.

These actions will result in an even more detailed understanding of, and assurance around, the governance arrangements of the Council, which underpins our ability to thrive as a local authority.

I look forward to the year ahead, and to ensuring that the Committee continues diligently and effectively to discharge the functions delegated to us by the Full Council. I would like to recognise and thank everyone who enables this to happen.

Councillor Lucius Vellacott

The Audit Committee

The Audit Committee operates in accordance with the CIPFA Position Statement 2022: Audit Committees in Local Government. This position statement sets out the role of an Audit Committee as follows:

"Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

"In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council.

"The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability."

This is important to ensure that the Council understands where things may go wrong and has controls in place to make sure that it mitigates against them.

Our role

The Audit Committee is a key component of the Council's governance framework. The objectives and Terms of Reference of the Audit Committee are detailed in Part 3D of the Council's Constitution.

Objectives

Oversight and approval of Statement of Accounts, Internal and External Audit and Risk Management matters (not otherwise the responsibility of Council or any other committee).

Terms of Reference

To act as the Council's Audit Committee and the discharge of these duties and responsibilities including:

- Consideration of Annual Audit letter to Members, Annual Audit and Inspection Fee Letter and the External Audit, Annual Governance Report, Annual Audit Plan and Code of Audit Practice and Statement of Responsibilities
- Approve the Annual Governance Statement
- Approve the Statement of Accounts
- Approve the Code of Corporate Governance
- To agree the Internal Audit Terms of Reference and Internal Audit Plan, review and consider the Plan, and any Annual Report and/or Opinion

- To oversee and approve the Code of Corporate Governance. To oversee the Council's Corporate Governance arrangements including Anti-Fraud and Corruption Policy
- To oversee and monitor the Council's Corporate Risk Register and recommend revisions to the Council's Rosk Management Strategy
- To appoint 'Member Champions' as required
- To make nominations to any relevant outside bodies for the Audit Committee from the wider membership of the Council for a period of up to 4 years

Membership

In accordance with the constitution the committee comprised 6 Members of the Council and 1 Lay Member (without voting rights). The quorum was 3. Members of the Finance & Assets Committee and the Leader and Deputy Leader of the Council are excluded from membership of the Audit Committee.

Full Member	Group
Councillor David Brown (Chair)	Conservative and Independent
Councillor Lorna Dupre	Liberal Democrat and Independent
Councillor Keith Horgan	Conservative and Independent
Councillor James Lay	Liberal Democrat and Independent
Councillor Ross Trent	Liberal Democrat and Independent
Councillor Lucius Vellacott (Vice-Chair)	Conservative and Independent

Substitute Member	Group
Councillor Christine-Ambrose Smith	Conservative and Independent
Councillor Mark Inskip	Liberal Democrat and Independent
Councillor Gareth Wilson	Liberal Democrat and Independent

In support of constitutional requirements for the Audit Committee, one Lay Member is appointed to the Committee. The Lay Member, Stephen Joyce, attended all 4 of the meetings held in the period.

The Committee reflected the political balance of the Council during almost all of the municipal year, comprising 3 Conservative Group councillors and three Liberal Democrat and Independent Group councillors. Its membership was revised by Full Council in May 2026 to match the new proportionality of the Council beginning from April 2026, appointing three Conservative Group councillors and two Liberal Democrat and Independent Group councillors.

Training

In the 2025/26 Audit Committee self-assessment it was recognised that formal training has not been undertaken recently. As a priority, the following two matters will be addressed:

1. A skills assessment will be undertaken to better understand where training should be focused, and following this assessment:
2. A training programme will be developed and programmed.

Any training will be provided either ‘in house’ or from a formal training provider, likely taking place as pre-meeting sessions on the same day as each Audit Committee meeting.

Meetings and Support

The Audit Committee met on 4 occasions during the 2025/26 Municipal Year:

- 15 July 2025
- 21 October 2025
- 20 January 2026
- 31 March 2026

The Lead Officer for the Committee is the Director Finance (S151 Officer), supported by the Director Legal (Monitoring Officer).

The Audit Committee is regularly supported by the Democratic Services Officer, Chief Internal Auditor and external auditors. Additionally, the Chief Executive attended the committee to present the draft and final Annual Governance Statement.

The Committee received the following reports during the year:

15 July 2025

- Internal Audit Annual Report and Opinion 2024/25
- Draft Annual Governance Statement
- External Audit Plan 2024/25
- Draft Statement of Accounts 2024/25
- Internal Audit Progress Report
- Internal Audit External Quality Assessment 2025
- Corporate Risk Management Update Report

21 October 2025

- Final Annual Governance Statement 2024/25
- External Audit Plan for 2024/25
- Internal Audit Plan for 2026/27
- Internal Audit Progress Report
- Information Governance Annual Report
- Anti-Fraud and Corruption Strategy- Policy Update

20 January 2026

- Statement of Accounts 2024/25
- External Audit Update 2024/25
- Internal Audit Progress Report
- Corporate Risk Management Update

31 March 2026

- External Audit Plan for 2025/26
- Internal Audit Work Plan for 2026/27
- Internal Audit Progress Report
- Internal Audit Charter and Mandate
- External Audit Recommendations Update

Annual Governance Statement

The Committee received the draft Annual Governance Statement at its meeting on 15 July 2025. The item was presented by the Chief Executive and invited comments from the Committee that would inform the final draft.

The Committee approved the Annual Governance Statement 2024/25 at its meeting on 21 October 2025. The Statement mostly incorporated the reflections of the Committee or gave an explanation as to why suggestions were not incorporated.

Internal Audit

The committee reviewed and approved the Internal Audit Charter and Mandate at its meeting on 31 March 2026.

The Committee was actively involved and consulted as part of the development of the Internal Audit plan for 2025/26. The Committee approved the internal audit plan coverage for 2025/26 and 2026/27.

The Committee has given positive feedback on the quality of the internal audit work and the assurances that this provides for Members. Further, the Committee strongly encourages all actions agreed as part of the audit outcomes to be dealt with expediently by Officers.

The Chief Internal Auditor has attended all 4 meetings of the Audit Committee, with an update on audit plan delivery provided at every meeting.

Based upon the work undertaken by Internal Audit during the year, the Chief Internal Auditor's overall opinion of the Council's system of internal control for 2025/26 is set out below:

I am satisfied that sufficient internal audit work has been undertaken to inform an opinion on the adequacy and effectiveness of governance, risk management and internal control for 2025/26. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

It is my opinion that **Good Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2025/26. This control environment comprises of the system of internal control, governance arrangements and risk management. Any limitations over this opinion are detailed and explained further within the report.

Financial control

Controls relating to the Council's key financial systems which were reviewed during the year were all concluded to be operating at a level of Moderate Assurance or above, with 63% of opinions given being of Good or Substantial Assurance.

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

Risk management

The Council's structures and processes for identifying, assessing and managing risk have remained generally consistent during 2025/26. The Risk Register has been presented to the Audit Committee during the financial year.

Internal control

For the audits completed by the Internal Audit service in 2025/26, 100% of the opinions given in relation to the control environment and compliance have been of at least Moderate Assurance. There have been no reports issued with an opinion of 'high' organisational impact. Of the audits completed by the Internal Audit service, 67% of opinions were of 'Substantial' or 'Good'.

Of the agreed management actions due for implementation during 2025/26, 95% had been completed during the year.

Key risks

The audit plan coverage had targeted areas of known risk and was informed through consultation with senior management and the Audit Committee. Key areas of risk for the Council during 2025/26 have included the impact of Local Government Reorganisation, the bereavement centre project delivery and regulatory compliance. The audit plan coverage sought to provide assurances in these areas, with audits on staff engagement and support during a period of change, embedded assurance work on the bereavement centre project and audits on key areas for compliance such as procurement and asset management.

The external audit report for 2024/25 noted issues with the effectiveness of internal quality review arrangements in ensuring timely, accurate and quality working papers to support the financial statements. Actions were agreed to strengthen controls and resilience within the finance team during 2025/26 and an update on progress was provided by management to the Audit Committee in March 2026.

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

Risk Management

During the year, the Committee reviewed and discussed two reports on the Council's risk management arrangements and the Corporate Risk Register. The Committee maintained oversight of the Council's key strategic risks and considered how these evolved throughout the year in response to changes in the external environment and organisational priorities.

Particular attention was given to risks relating to financial sustainability, local government reorganisation and devolution, workforce capacity, information governance and cyber security. The Committee reviewed the adequacy of mitigating actions in place and sought assurance that risk owners were actively managing risks and implementing agreed controls.

The Committee continued to encourage the development of a strong risk management culture across the organisation, promoting the integration of risk management into service planning and decision-making processes. Members provided feedback and suggestions to the Council's Risk Management Officer Group to support the ongoing enhancement of risk reporting, risk ownership and the monitoring of mitigating actions.

Financial Reporting and External Audit

During the period the Audit Committee signed off a disclaimed opinion for the 2024/25 accounts, and the conclusion of the Value for Money review was presented.

The Committee noted that Ernst and Young Ltd. (EY) issued a disclaimed opinion on the Council's 2024/25 Statement of Accounts. EY confirmed that the disclaimer was largely a consequence of the national local government audit recovery arrangements and the requirement to conclude audits by the statutory backstop date. EY reported that, due to the disclaimer opinion issued for the 2023/24 accounts, they were unable to obtain assurance over a number of opening balances and comparative figures and, when combined with the requirement to conclude the audit by the 2024/25 backstop date, were "unable to conclude that the 2024/25 financial statements are free from material and pervasive misstatement". EY therefore issued a disclaimed audit opinion on 20 February 2026.

The Committee recognised that disclaimed opinions have become a common feature across local government as part of the national audit reset programme, and that the opinion did not arise from any concerns regarding the Council's financial sustainability or wider governance arrangements.

The Committee also considered EY's Value for Money assessment. EY concluded that, "Based on the work performed, the Council had proper arrangements in place in 2024/25 to plan and manage its resources to ensure it can continue to deliver its services" and identified "No significant weakness" in relation to Financial Sustainability. EY also concluded that there were "No significant weakness identified" in relation to Improving Economy, Efficiency and Effectiveness. Furthermore, EY stated that "Based on the work performed, we have not identified any significant weaknesses in the Council's 2024/25 arrangements to make informed decisions and properly manage its risks."

Whilst EY identified weaknesses in the Council's arrangements for supporting the external audit process and made a number of recommendations to strengthen financial reporting and audit working papers, no Statutory Recommendations were issued, and EY confirmed that they "had no reason to use our auditor powers". The Committee welcomed the positive conclusions regarding the Council's governance, financial sustainability and arrangements for securing value for money.

The Committee formally recorded its concerns about the delays in the external audit process and questioned the Director Finance (S151 Officer) on the work completed by the Council Officer and sought assurances to overcome this, both in year and the future.

It should be noted that, during the year, the Director Finance (S151 Officer) retired. The new Director Finance (S151 Officer) was appointed by Full Council in September 2025.

Following the completion of the external audit of the Council’s 2024/25 Statement of Accounts, EY issued eight recommendations relating to improvements in financial reporting processes, working paper documentation, financial controls, and technical accounting processes.

No Statutory Recommendations were issued by EY.

At its meeting on 31 March 2026 the Director Finance (S151 Officer) provided a progress update on recommendations made.

Recommendation 1 – Financial Statement Preparation and Audit Support

The Finance Director has taken steps to strengthen the preparation of financial statements and the support provided during the audit process.

- An interim Technical Accountant is already in post to support financial statement preparation and strengthen technical accounting expertise.
- A Principal Accountant with extensive local government experience will commence employment on 23 March 2026, further enhancing leadership and technical capability within the finance team.
- Sample working papers have been requested from EY and are considered acceptable to them. Once received, they will be updated to support the 2025/26 Statement of Accounts.

Recommendation 2 – Fixed Asset Register Controls

- The Principal Accountant, who will commence employment on 23 March 2026, is familiar with the asset management system used by the Council to record fixed assets. As part of their responsibilities, the Principal Accountant will review the Fixed Asset Register to ensure that asset classifications, system settings and depreciation calculations are correctly configured.

  Any issues identified within the system will be reviewed and rectified to ensure that the Fixed Asset Register operates in accordance with relevant accounting standards and supports the accurate preparation of the 2025/26 Statement of Accounts.

Recommendation 3 – Group Accounts

- Additional review procedures have been introduced to ensure intercompany balances and transactions are eliminated correctly.
- Supporting working papers and calculations will be subject to enhanced internal review.

Recommendation 4 – Capital Grants Register

- The Council currently uses established systems to maintain and monitor developer contributions, including Community Infrastructure Levy (CIL) and Section 106 (S106) funding. For the 2025/26 audit, the Finance Team will continue to work with the external auditors to ensure that all relevant information relating to capital grants, including balances brought forward, income received during the year, and utilisation of funds, is clearly documented and available to support the audit process.

Recommendation 5 – Analytical Review of Financial Statements

- Analytical review procedures have been incorporated into the year-end closedown process.

- Finance officers will prepare explanations for material movements in the Comprehensive Income and Expenditure Statement and Balance Sheet.

Recommendation 6 – Cash Reconciliation Adjustments

- The year-end reconciliation process has been strengthened.
- The finance team have been briefed to ensure that all reconciliation differences identified during the closedown process are reviewed and corrected before the preparation of the Statement of Accounts.

Recommendation 7 – Classification of Cash Equivalents

- The classification of cash and investments has been reviewed to ensure compliance with accounting standards.
- Additional review procedures will be implemented during the closedown process.

Recommendation 8 – Control Account Mapping

- Control account mapping has been reviewed and corrected.
- Additional checks have been introduced to ensure accurate financial reporting.

The Committee's effectiveness

In May 2026, all Committee Members were invited to a self-assessment meeting. Three Members of the Committee and the Lay Member attended the meeting, which considered the assessment against the 2022 CIPFA guidance on the role of the Audit Committee. The template self-assessment tool (provided as Appendix E to the CIPFA guidance) was utilised.

The outcomes of this assessment were shared with the wider Committee who were also invited to make representations.

The latest progress update on the resulting actions is provided below.

The Committee reflected on a number of areas where performance against the standards was particularly strong, including:

- Good level of engagement by committee Members at all meetings;
- Chairing is very effective and ensures a clear focus on key issues;
- Apolitical nature of the meetings;
- Management appear to acknowledge and respect the committee's role and take on board the feedback from the committee.
- Relationships with Chief Finance Officer and Internal Audit are strong

The assessment has also resulted in an action plan and will be subject to monitoring.

The Self-Assessment Action Plan

Action ref	Description	Notes/Update
1	**Timing of Annual Report** If possible, to arrange for the Annual Report to be circulated and agreed ahead of the July committee meeting and in readiness for the Council papers for July 2026.	The Annual Report will be considered by Council in October 2026. In future years this will be addressed to be available more quickly. In July 2026, there was insufficient time between the Committee and Council for the report to be properly received by Full Council.
2	**Content of Annual Report** To expand the narrative in the report for 2026 to reflect the activity of the committee, against its core functions, and the value added.	Actioned
3	**Private meeting** To schedule the 2026 private meeting with the Internal and External Auditors.	To be programmed. Discussions underway for a possible July 2026 pre-Committee meeting. The new Chair will also meet with EY privately in June 2026.

Action ref	Description	Notes/Update
4	**Committee training / skills assessment** To conduct a committee skills/training assessment, using a matrix based on the CIPFA guidance.	To be programmed. Discussions underway
5	**Training plan** Based on the outcome of action 4, above, to develop a training plan which can be delivered as pre-meeting sessions and cover key areas, ideally relating to the topics on the agenda that day.	To be programmed. Discussions underway for pre-meeting training sessions delivered by the Chief Internal Auditor.
6	**Annual report – wording of recommendation to Council** To ask Council to ‘approve’ the Committee’s Annual Report, rather than ‘note’, to encourage feedback on the committee’s performance.	This has been actioned.
7	**Wording of recommendations on reports** To consult officers on whether report authors could provide reports for the Audit Committee ‘to approve’ or ‘to endorse’ wherever possible, where 'to note’ is not suitable and this is considered appropriate. This is intended to encourage full consideration and discussion.	It is considered that this is broadly already happening. Where appropriate, officers will consider this request. However, items for information will continue to be presented to committee for noting and discussion as usual.

Action ref	Description	Notes/Update
8	**Committee attendance** Chair of Audit Committee to send open invitation to the Chief Executive to attend Audit Committee meetings.	The Chief Executive has been invited to meetings, and will attend where they feel it is necessary to do so. The Chief Executive currently attends to present the Annual Governance Statement and will continue to do so.

TITLE: Service Level Agreement for Procurement Services

Committee: Audit Committee

Date: 14 July 2026

Author: Director Finance

Report number: AB45

Contact officer:
Jude Antony, Director Finance
Jude.antony@eastcambs.gov.uk 01353 66555, The Grange, Ely

Issue

1. To receive an update on the Service Level Agreement for Procurement Services.

Recommendations

2. Members are requested to note this report.

Background/Options

3. Historically the Council secured procurement services by way of a Service Level Agreement (SLA) with Cambridgeshire County Council (CCC). This arrangement ceased in April 2025. Since then the Council has relied on ad hoc, non-contractual support from CCC until such time alternative arrangement could be made.

4. The reason the SLA was not renewed with CCC was largely due to the availability of Officers at CCC and, understandably their need to concentrate on their own organisational needs. This did however, leave a void for this Council and had some operational impact.

5. To address this Officers have actively sought to redress the matter and considered the best way to deliver procurement services. Two options were considered; deliver the service in house by directly recruiting a Procurement Officer or enter into a Service Level Agreement with another Authority.

Arguments/Conclusions

6. In House

   This was actively considered by the Corporate Management Team. After due consideration it was decided that this was not a suitable option for the following reasons:

   - Not cost effective due to the periodic nature of procurement requirements,

   - Lack of expertise in house for strategic procurement requirements, i.e. the requirements under the Procurement Act

7. SLA with another Authority

   This was chosen as the preferred method for delivering procurement services for the following reasons:

   - Access to bespoke advice,
   - Availability at the time of need,
   - Training and toolkit for procuring officers,
   - Ability to request additional service with an organisation that has the capability to deliver this, and
   - Cost effective

8. Members will be aware that our Internal Audit service is provided by North Northamptonshire Council (NNC) and through that service we have benefitted from both an excellent professional service and a degree of independence.

9. The Chief Executive, Director Finance and Monitoring Officer explored an opportunity for NNC to deliver procurement services and once it was proven that the service could be delivered by NNC an SLA was agreed. Note- assurances were sought by the quality of ad hoc advice provided by NNC.

10. The SLA runs until May 2027 and there are opportunities to review and break the contract if necessary. The costs for an embedded end to end procurement service and pipeline management service are in the region of £30,000 per annum with actual cost dependent on the extent that the service is required. This is within the budget framework.

11. The SLA will deliver the requirement of the Council. As with any new arrangement Officers will monitor the effectiveness and make any changes necessary to deal with the requirements of the Council.

Additional Implications Assessment

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

Financial Implications Yes- within budget	**Legal Implications** Yes- SLA in place to address contractual obligations of both parties and enables Council to be fully compliant with Procurement Act 2003	**Human Resources (HR) Implications** ECDC employee nominated as key contact
Equality Impact Assessment (EIA) Not required	**Carbon Impact Assessment (CIA)** Not required	**Data Protection Impact Assessment (DPIA)** Not required- no personal data will be shared

Appendices

None.

Background documents

None.

TITLE: Corporate risk management update

Committee: Audit Committee

Date: 14th July 2026

Author: Director Finance

Report number: AB46

Contact officer:
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Issue

1. To provide the Committee with a copy of the latest Corporate Risk Register.

Recommendations

2. That the Committee notes the Corporate Risk Register, as set out in Appendix 2.

Background/Options

3. The Audit Committee is responsible for overseeing the Council's Corporate Risk Register and recommending revisions to the Council's Risk Management policy.

4. Updates on the Corporate Risk Register are provided on a six-monthly basis. The Audit Committee last received an update in January 2026.

5. 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.

Arguments/Conclusions

6. The attached appendices inform Committee of the changes since the last report (appendix 1), with appendix 2 being the Risk Register itself.

Additional Implications Assessment

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

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

Appendices

Appendix 1 – Risk Register Update Report

Appendix 2 - Corporate Risk Register – June 2026
Appendix 3 – Risk Register Heat Map

Background documents

N/A

Appendix 1 – Corporate Risk Management Report – July 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
A4 Homelessness in the District	Risk levels have reduced during the period, with the RAG status moving from Red to Amber. The inherent risk score decreased from 20 to 12, primarily due to the Council's proactive work through its Long-Term Empty Homes Strategy, which seeks to increase housing availability by bringing vacant properties back into use and reducing homelessness pressures within the district.
B2 Failure to achieve expected levels of development and planning gain	The risk has reduced during the period, with the score decreasing from 12 to 8. This reflects the continued delivery of development within the district and the Council's strong track record in securing planning gain through CIL and Section 106 agreements. The level of developer contributions received and held by the Council provides increased assurance that infrastructure and community benefits associated with growth will be delivered.

Risk	Description
B3 Inability to balance the Council's Medium Term Financial Strategy	Inherent risk reduced from 20 to 8 and residual risk reduced from 16 to 8, with both RAG ratings changing from Red to Amber. This reflects the Council's strong financial position, including a £3.049m underspend in 2025/26, the establishment of a Surplus Savings Reserve, and the approval of a balanced Medium Term Financial Strategy for 2026/27 and beyond.

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.

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)	2026/27 Business Plan approved by Board and presented to Finance & Assets Committee in March 2026. 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 2025/26 - Good Assurance.				

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. Long Term Empty Homes Strategy 2026	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. 2024/25 AMR was published December 2025	Discuss pipeline with Homes England for grant funding. "Plan for a Plan" programme of work – updating existing needs assessments in readiness for new Local Plan in June 2028	D-C D-O	On-going On-going	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
A4	Homelessness in the District	Increase in homelessness driven by external factors such as the cost of living crisis (fuel and energy), Universal Credit and the Homelessness Reduction Act. Breakdown of relationships following Ukrainian's being taken into homes via the Homes for Ukrainian Scheme. Increased placements as part of Government's Asylum dispersal programme.	Impact on the Council's finance and resources. Reputational risks Failure to comply with the Homelessness Prevention Act Community Impacts (ASB, cohesion)	D-C	3	4	12 (A)	Frontline resources focussed on preventing homelessness. Council retained hostels. Housing now has community advice within the department meaning that residents now have a one stop shop for early intervention and homelessness prevention. Community bus visits various locations throughout the month to give advice on housing and community advice. Team continues to prevent homelessness. Bed and breakfast accommodation is only utilised in exceptional circumstances relating to specific individual needs. Resettlement Officer and additional admin. support recruited to assist with the Ukrainian schemes Community Hub set-up. Working with multiple organisations, including SERCO who will be responsible for sourcing housing for Asylum dispersal programme. Maintenance of Foundry system. Housing register brought in-house at the Council from 1st November 2024. Relationships with social housing providers. Changing Futures 3 year programme agreed. Second year investment in the 'Housing First' scheme to support vulnerable people and keep them in their own homes. Long Term Empty Homes Strategy 2026	3	2	6 (A)	Annual homelessness count Homelessness and Housing Applications audit delivered in 2024/25 – Moderate Assurance / Good Assurance, Low organisational impact Homelessness and rough sleeping strategy adopted in March 2025	Continue to monitor turnaround of voids by Sanctuary Housing. Working with Sanctuary to secure self contained temporary accommodation. Potential for this be available Autumn 2026	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
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-C	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. County Council Poverty Commission /strategy adopted 2026 and projects underway	3	3	9 (A)	CAWS grant funding approved at Committee in January 2024 for 3 years VCAEC grant funding approved at Committee in March 2026 for 2 years 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 6 monthly performance reports presented to Operational Services Committee	Continue to collaborate with key delivery partners Keep up to date with available funding streams Crisis Resiliance Fund and LIFT programmes being implemented	D-C D-C D-C	On-going On-going September 2026	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
A7	Failing to deliver a cost effective, sustainable and high quality domestic Waste Collection and Street Cleansing Service	East Cambridgeshire Street Scene (ECSS) Ltd fails to deliver upon its Business Plan Due to: Increased financial pressures relating to variable costs Inability for Provider/ECSS to recruit and retain staff. Failure to achieve performance targets.	Failing to achieve corporate priorities Failure to achieve national recycling rates Disruption or failure to service Significant reputational risk Significant cost pressures	D-O	4	4	16 (R)	RECAP Partnership and joint working with other Cambridgeshire collection and disposal authorities New MRF and Waste bulking and Haulage contract in place from 1 September 2024 (3+2 yrs) New contract which includes KPIs and review mechanism for overspends, change request procedures. Delineation of roles/ responsibilities for contract/ client-side management.) ECSS Business Plan for Service Delivery including risk register Business Plans, Articles of Association and Shareholder Agreements. Established shareholder arrangements. Regular financial reporting to Operational Services Committee (in remit as Shareholder Committee). 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. All end of life vehicles replaced and vehicle maintenance and fuel contract procured by ECSS. EPR funding in place annually.	2	4	8 (A)	ECSS Business Plan approved by Board and presented to Operational Services Committee in March 2025. ECSS Quarterly performance reports presented to Operational Services Committee. ECSS Management Accounts reported to Operational Services Committee and minutes circulated to all Members. DEFRA confirmation received for capital funding for new Waste vehicles and food waste implementation. Internal Audit report of trading company governance issued in 2023/24, with all actions completed. New contract in place from 1 April 2026 Audit 'Readiness for changes in waste legislation' substantial assurance April 2026				

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
A8	Inability to deliver the Construction of the Bereavement Centre at Mepal in the existing Budget envelope	Unknown costs associated with works Failure to deliver a Bereavement Centre on time,	Unaffordable build costs Financial impact on revenue budget 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	D-O	4	4	16 (A)	A risk allowance fund (5%) being included in the build-up of the capital costs for the project. 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.	3	4	12 (A)	Design team and project management procured. Embedded assurance audits in 2024/25 and 2025/26 – provided good assurance ratings. 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 Finance & Assets Committee . Council approved a further £300k allowance for emerging risks February 2026	Assurance Audit planned Q4 2026/27	DO		G
	FINANCE AND RESOURCES															

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
B1	Inability to balance the Council's annual budget	Continued pressure on local government funding and financial uncertainty. Inflationary pressures increasing the cost of delivering services. 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. Uncertainty surrounding Local Government Finance Reform and Local Government Reorganisation.	Failure to spend in line with the budget in 2025/26. Failure to set a legal budget for 2026/27 in February 2026.	D-F	3	5	15 (A)	A balanced Budget for 2026/27 was approved by Full Council in February 2026. Robust budget monitoring reports presented quarterly to Corporate Management Team and Members. 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.	1	3	3 (G)	2023/24 Internal Audit of Budgetary Control – Substantial / Good Assurance. A further review of Budgetary Control is included within the 2026/27 Internal Audit Plan to assess the continued effectiveness of financial monitoring and budget management arrangements. The 2025/26 outturn position reported a net underspend of £3.049 million against the approved budget, improving the Council's financial resilience. However, future funding uncertainty, inflationary pressures, and local government reform continue to pose risks to the Council's longer-term financial position..	A review of Budgetary Control has been incorporated into the 2026/27 Internal Audit Plan to provide assurance over the effectiveness of financial monitoring and budget management arrangements. Maintain prudent levels of reserves to manage financial risk.	D-F		

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	2	4	8 (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%	New major projects board – including early negotiations on s106 agreements.	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	Reductions in public sector funding. Changes in Government funding such as the Fair Funding Review. Lack of opportunity to make savings or identify additional sources of income. Failure to maximise the opportunity from partnership working. Cost of living crisis resulting in lost Council Tax receipts and increased direct costs to the Council as inflation increases. Any delay to local government reorganisation beyond April 2028.	Failure to have a balanced budget beyond year 2 of the MTFS. The Fair Funding Review has now concluded, confirming the allocation framework for 2026/27 onwards. While ECDC's funding position is largely protected in the short term, potential changes in the longer term could still create budget pressures beyond 2026/27, particularly if demand pressures increase or further adjustments are made to the funding formula. Financial pressures, operational disruption, and strategic uncertainty could affect service delivery and the ability to meet MTFS targets.	D-F	2	4	8 (A)	Agree Medium Term Financial Strategy (MTFS) each February as part of budget setting process. The 2026/27 Budget (and MTFS) was approved by Full Council in February 2026 with 2026/27 and 2027/28 balanced. Partnership working and on-going consideration of potential opportunities linked to key ambitions. Strong leadership from Members and officers to identify savings / income generating opportunities in advance of need. Use of one-off funding from the Surplus Savings Reserve to balance future years is available until into 2028/29. Regularly update MTFS and financial forecasts, maintain contingency budgets, and actively monitor LGR developments to ensure financial resilience and informed decision-making.	2	4	8 (R)	An underspend of £3.049 million was reported in 2025/26 and transferred to the Surplus Savings Reserve, improving the Council's financial resilience and mitigating future budget risks. The implementation of the Fair Funding Review and the introduction of multi-year funding settlements from 2026/27 may lead to reduced baseline funding and increased financial pressure on the Council's Medium Term Financial Strategy. Internal Audit review of the medium term financial strategy process in 2024/25 gained an assurance opinion of good and substantial	Explore options for savings and / or additional sources of income to balance MTFS in year 3 (2028/29) and future years	D-F	On-going	A
	PROCESSES AND SYSTEMS															

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
C1	Failure to maintain service delivery and support the community in the event of an unforeseen emergency or loss of resources	Major civil emergency potentially due to: • 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 • Civil unrest	Inability to access key staff or resources resulting in reduced ability to deliver services. Increased requests for Council resources and services Health and safety impact on staff and vulnerable residents Damage to Council property and impact on residents Reputation damage Damage to infrastructure and community impacts	CEX	3	4	12 (A)	Council Emergency and Business Continuity plans in place with ongoing review programme. Staff training and exercises, both internally and externally facilitated. Member of the Cambridgeshire and Peterborough Local Resilience Forum (CPLRF). CPLRF multi-agency emergency plans. ICT functionality allowing staff to work remotely where required. Joint Emergency Services Interoperability Programme (JESIP) training for directors during 2025. Safety Advisory Group membership and attendance.	2	2	4 (G)	CPLRF monitoring of potential power outage scenarios over the winter. Mighty Oak exercise (work on power outages) completed in March 2023. W Coates Multi agency exercise took place in May 2026. Laws regulators - Security Industry Authority (SIA)	Legislation received Royal assent April 2025 – Terrorism (Protection of Premises) Act 2025 –implementation period of at least 24 months Subject to SIA guidelines, implement duties in respect of ECDC buildings & activities Raise with CPLRF to explore 'best practice' exercise around battery storage at renewable energy sites	HSA D-LS	April 2026 July 2026	

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
C2	Loss of data or access to IT systems due to a breach of information security and / or weaknesses in the IT infrastructure	IT 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. Inefficient working. Loss of data. Business disruption. Reputational damage Any breach can result in material financial impacts.	ITM	4	5	20 (R)	IT Disaster Recovery Plan in place with annual testing undertaken. System and penetration testing regime. IT Information Security Policy. Government Connect and Public Sector Network (PSN) compliance. Implementation of Office 365 Regular backups and restoration tests undertaken New IT 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 February 2026 IT Monitoring Strategy now in place PSN Compliance certificate awarded May 2026 Incident Management log prepared and regularly monitored 2023/24 Internal Audit assurances around cyber security and PCI DSS compliance. Internal Audit of disaster recovery in 2025/26 – Good Assurance and Low organisational impact.	Ransomware desktop exercise Disaster Recovery exercise being planned	ITM ITM ITM	May 2026 Sept 2026	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: • health and safety, • equalities, • safeguarding, • environmental legislation, • employment law. Introduction of new legislation	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 2026) 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.	HR	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 October 2025 Audit Committee.	2026 Data Protection Training round concluded.	D-LS	April 2026	G

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
C5	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. 98.3% of staff completed the Fraud Awareness training.				

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	Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036	Failure to implement the necessary measures to reduce the Council's carbon emissions and put in place revised working practices that allow the Council to continue to operate effectively in a changing environment	Direct impact on the assets and finances of the Council, including as examples, maintaining the temperature of buildings during hotter summers, longer grass cutting season impacting on Parks and more green waste impacting on the Waste Service. Impact on the residents of East Cambs and the potential additional support the Council needs to provide Reputational damage	D-C	4	3	12 (A)	Corporate Plan includes a priority to 'Enhance the natural environment and build on our sustainable goals' and an action to 'work with stakeholders and external organisations to further our sustainability goals and implement our Environment Plan', and a corporate action for 2025/26 related to climate change. Annual Climate Change budget allocated to demonstrate Council's commitment to acting on climate change and to enable the council to deliver climate related projects Environmental Action Plan published each June with results reported the following year Roll out of HVO use in refuse collection vehicles (80% of the Council's entire CO2e emissions) Solar Panels being fitted to the roofs of various Council buildings See risk C1 for key controls relating to severe weather events. Carbon Literacy training delivered . Climate related actions in the Environment Plan top 20 Actions Climate related Corporate Plan Action for 2025/26 to deliver the Climate and Nature Top 20 actions for 2026including a focus on water resilience, reducing carbon emissions and nature improvements	4	3	12 (A)	Council has Investors in the Environment Silver Accreditation 47th out of 164 district councils in Climate Emergency UK's rankings for 2025 We calculate and report the Council's Carbon Footprint on an annual basis 134 members of staff have attended the Carbon Literacy Training and 90 completed the accreditation process. ECDC's Pathway to Net Zero by 2036 report approved by Finance & Assets Committee in November 2025. Internal Audit on Net Zero 2025/26 - Substantial Assurance				

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
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 • 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. Staff lack of engagement /demotivated Disruption of Service / Difficulty with delivering services to residents Budget challenges Reduced workforce	CMT	5	5	25 (R)	Cambridgeshire wide groups set up at political and Chief Executive level LGR programme workstreams convened LGR Implementation programme Director in post	5	3	15 (A)	Special regular Connect sent to all staff and members specifically about LGR Creation of an internal project team to ensure staff and members remain fully updated as the process moves forward Staff support and engagement Audit 2025/26 – Complete – Good assurance	Meetings with Leaders and Chief Executive's in place throughout transition period. Programme plan andDay 1 requirements in development	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 to achieve expected levels of planning gain	The Council not being able to demonstrate a five-year land supply for housing or an up-to-date Local Plan. HLack of up to date Local Plan. Lack of delivery of permitted schemes by developers. Lack of viability to achieve S106 and CIL obligations	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. Not generating S106 and CIL income	D-O	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 6.17 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. CIL and Section 106 collection and monitoring, with s106 Officer role introduced. CLT support programme	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 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. The latest Housing Delivery Test measurements are dated 2023 and were published by government in December 2024. East Cambridgeshire scored 113% Infrastructure Funding Statement 2024/25 was published December 2025.	Monitor Government proposals for planning. Major projects board – work includes early negotiations on S106 Agreements. "Plan for a Plan" programme of work – updating existing needs assessments in readiness for new Local Plan in June 2028	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 2026. 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. CMT agreed key roles required to support LGR readiness	3	4	12 (A)	Six-month and annual reviews of Service Delivery Plans.	Staff comms regarding Local Government Reorganisation	D-O	On-going	A 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			1	2	3	4	5
	Very High	5		A2			
	High	4		D2, A7, B2, B3	A8, D8		
	Medium	3	B1	A3, C5	A5, C2, C3, C4	C6	C8
	Low	2		C1	A4		
	Negligible	1					
			Very rare	Unlikely	Possible	Likely	Very Likely
			Likelihood				

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

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

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

Code	Title
A2	East Cambridgeshire Trading Company fails to deliver upon its business plan and expected levels of performance
A3	Failure to deliver the housing strategy, and provide affordable housing to residents within the district
A4	Homelessness in the district
A5	Cost of Living crisis
A7	Failing to deliver a cost effective, sustainable and high quality domestic Waste Collection and Street Cleansing Service
A8	In ability to deliver the Construction of the Bereavement Centre at Mepal in the existing Budget envelope
B1	Inability to balance the Council's annual budget.
B2	Failure to achieve expected levels of development and planning income
B3	Inability to balance the Council's Medium Term Financial Strategy
C1	Failure to maintain service delivery and support the community in the event of an unforeseen emergency or loss of resources
C2	Loss of data or access to ICT systems due to a breach of information security or weaknesses in the IT infrastructure
C3	Non-compliance with legislative and regulatory requirements
C4	Failure to achieve compliance with the General Data Protection Regulations & Data Protection Act
C5	Failure of corporate governance and counter fraud and corruption controls
C6	Failure to achieve the Council's goal to be Carbon net zero by 2036
C8	Local Government Reorganisation
D2	Failure to deliver upon strategic development plans and requirements
D8	Difficulties with staff recruitment, absence and retention – leading to lack of resources

Audit Committee
Annual Agenda Plan

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

Tue 20 October 2026	**4:30pm**
Chair's Announcements	Chair
Annual Governance Statement 2025/26 – Final Draft	Chief Executive
External Audit Update 2025/26	External Audit
Internal Audit Progress Report	Internal Audit
Annual Information Governance Report	Director Legal
Anti-Fraud and Corruption Strategy – Policy Update (Constitution)	Director Finance and S151 Officer
Actions taken by the Director Finance on the grounds of urgency (if any)	Democratic Services Officer
Forward Agenda Plan	Democratic Services Officer
Mon 1 February 2027	**4:30pm**
Chair's Announcements	Chair
External Audit – Audit of 2025/26 Accounts	External Audit
Internal Audit Progress Report	Internal Audit
Internal Audit Plan Development 2026/27	Internal Audit
Statement of Accounts 2025/26	Director Finance and S151 Officer
Corporate Risk Management Monitoring Report	Director Finance and S151 Officer
Actions taken by the Director Finance on the grounds of urgency (if any)	Democratic Services Officer
Forward Agenda Plan	Democratic Services Officer
Tue 16 March 2027	**4:30pm**
Chair's Announcements	Chair
External Audit Plan for 2026/27	External Audit
Internal Audit Work Plan for 2026/27	Internal Audit
Internal Audit Progress Report	Internal Audit
Internal Audit Charter and Mandate	Internal Audit
Audit Committee Annual Report 2026/27	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.