



# East Cambridgeshire District Council

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## Meeting: Audit Committee

Time: 6pm

Date: Tuesday 19 November 2024

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

Enquiries regarding this agenda: Patrick Adams

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## Committee membership

Quorum: 3 members

### Conservative Members

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

### Liberal Democrat Members

Vacant  
Vacant

### Substitutes:

Cllr Lavinia Edwards  
Cllr Lucius Vellacott  
Vacant

### Substitutes:

Vacant  
Vacant

### Lay Member

Stephen Joyce

### Lead Officer

Ian Smith, Director Finance

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# 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

|  |                 |
|--|-----------------|
| <b>4. Minutes</b>  | <b>Page 5</b>   |
| To confirm as a correct record the Minutes of the meetings of the Audit Committee held on 16 July 2024 |                 |
| <b>5. Chair's Announcements</b>  | <b>[oral]</b>   |
| <b>6. Annual Governance Statement 2023/24 – Final Draft</b>  | <b>Page 13</b>  |
| <b>7. External Audit – Audit Results Report 2023/24</b>  | <b>Page 53</b>  |
| <b>8. Statement of Accounts 2022/23</b>  | <b>Page 101</b> |
| <b>9. Internal Audit Progress Report</b>   | <b>Page 193</b> |
| <b>10. Internal Audit Plan Development 2025/26</b>   | <b>Page 211</b> |
| <b>11. Forward Agenda Plan</b>   | <b>Page 215</b> |

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## NOTES:

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

The meeting will be webcast and a live stream of the meeting will be available. Further details can be found at [www.eastcambs.gov.uk/meetings/audit-committee-160724](http://www.eastcambs.gov.uk/meetings/audit-committee-160724) Please be aware that all attendees, including those in the public gallery, will be visible on the livestream.

- Public Questions/Statements are welcomed on any topic related to the Committee's functions as long as there is no suspicion that it is improper (e.g. offensive, slanderous or might lead to disclosures of Exempt or Confidential information). Up to 15 minutes is allocated for this at the start of the meeting. Further details about the Public Question Time scheme are available at: <https://www.eastcambs.gov.uk/committees/public-question-time-scheme>
- The Council has adopted a 'Purge on Plastics' strategy and is working towards the removal of all consumer single-use plastics in our workplace. Therefore, we do not provide disposable cups in our building or at our meetings and would ask members of the public to bring their own drink to the meeting if required.
- 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](mailto: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)."

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# East Cambridgeshire District Council

Minutes of a meeting of the Audit Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely on Tuesday, 16 July 2024, at 4.30pm.

## **PRESENT**

Cllr David Brown (Chair)  
Cllr Keith Horgan  
Cllr Kelli Pettit  
Stephen Joyce – Independent Lay Member

## **OFFICERS**

Ian Smith – Director Finance & S151 Officer  
Maggie Camp – Director Legal & Monitoring Officer  
Jane Webb – Democratic Services and Elections Manager &  
Deputy Monitoring Officer

## **IN ATTENDANCE**

Rachel Ashley-Caunt – Head of Internal Audit (IA)  
Mark Hodgson – External Audit (EY)  
John Hill – Chief Executive Officer  
Anne Wareham – Senior Accountant

### 1. **PUBLIC QUESTION TIME**

No public questions were received.

### 2. **APOLOGIES AND SUBSTITUTIONS**

No apologies were received.

### 3. **DECLARATIONS OF INTEREST**

No declarations of interests were made.

### 4. **MINUTES**

The Committee received the Minutes of the meeting held on 19 March 2024.

It was resolved:

That the Minutes of the meeting of the Committee held on 19 March 2024 be confirmed as a correct record and signed by the Chair.

### 5. **CHAIR'S ANNOUNCEMENTS**

The Chair made the following announcements:

#### **1. Audit Committee Lay Member**

The Chair welcomed Stephen Joyce, the newly appointed lay member to the Audit Committee.

**2. Date of next meeting**

The Chair explained it had been necessary to change the date of October's meeting to 5 November 2024.

**6. EXTERNAL AUDIT – INTERIM VALUE FOR MONEY REPORT 2022/23**

The Committee considered the Interim Value for Money Report 2022/23 (reference Z31, previously circulated).

The Chair asked Mark Hodgson, Associate Partner, Ernst & Young LLP (the Council's External Auditors) for an update on clearing the backlog of audits nationwide. The External Auditor stated that three consultations had been concluded since the last audit committee meeting, carried out by the National Audit Office, DLUCH (Department for Levelling Up, Housing and Communities), and CIPFA. The consultations focused on changes to the Code, the backstop timetable, and the Financial Reporting Framework. As a consequence of these consultations, it was initially expected that legislation would be enacted to put into law a backstop date of September 2024 for the 2022/23 Accounts. However, due to the earlier than expected General Election this had not happened and with no further guidance since the election, the timeline was now far from clear. In these circumstances, the approach to audits for 2023/24 would at this point remain unchanged, as there had been no indication that the proposed backstop date would be eliminated. The completion of the Value for Money work only for 2022/23 was still therefore the plan.

The Lay Member commented that it would be beneficial for Members of the Council to understand that the Audit Committee believed this situation was unsatisfactory, albeit out of Members' control, and that all councils are having the same issue.

The External Auditor introduced the report and Members asked the following questions.

The Lay Member commented that it was reassuring to observe that there were no significant risks or weaknesses in the financial sustainability. He expressed concerns about using reserves to maintain the budget, as this was not a sustainable practice. He sought the opinion of the External Auditor on how far the Council should strive towards achieving an in-year balanced budget without relying on reserves. The External Auditor clarified that maintaining excessive reserves could attract scrutiny from the central government. However, it was acceptable to use reserves, when necessary, as long as a Medium-Term Financial Plan outlined future cost savings.

The Lay Member asked if the External Auditor believed that maintaining a minimum level of reserves equal to 10% of the net operating budget was reasonable and in line with other organisations. The External Auditor stated that 10% was not unreasonable, as it was a significant portion of the in-year expenditure, which offered the Council adequate protection in an emergency.

Government guidance advised against holding excessive reserves, and the external auditors were satisfied that the 10% level of reserves provided sufficient coverage. Financial sustainability was judged over the life of a medium-term financial plan therefore a 3-to-5-year period.

It was resolved:

That the External Audit – Interim Value for Money report 2022/23, be NOTED.

## 7. **EXTERNAL AUDIT PLAN 2023/24**

The Committee considered a report (reference Z32, previously circulated).

The External Auditor introduced the report and Members asked the following questions.

- Could the External Auditor expand on the statement within “other areas of focus”, which read “We identified a number of audit differences in this area as part of our 2021/22 audit”? The External Auditor explained that the results would be in the audit report for 2021/22. There were some differences in the consolidation of subsidiary companies that needed to be included in the group accounts. These differences were audited separately and were beyond the Council's control, so it was important to ensure there were no timing or consolidation differences in the current year.
- Regarding the audit process overview section, what was the rationale behind not testing key controls, despite the approach being primarily substantive? The External Auditor clarified that there were two main audit approaches: control-based testing with additional substantive testing, or 100% substantive testing without controls. In cases where there were numerous IT systems involved, the most effective audit approach was to test back to invoices using a purely substantive approach. This was because gaining significant assurance over the operational effectiveness of controls within the system, as well as the surrounding environment included access controls and IT security controls, which would require specialised resources and make the audit process inefficient. The Director, Finance added that Internal Audit also tested key controls.
- Further information was requested regarding the size and risk associated with ECTC and ECSS in the scoping section for the current year. The External Auditor clarified that any subsidiary deemed material in size would be included in the scope and required specific or full-scope procedures. ECTC, being potentially impactful if incorrectly consolidated, fell under this category and posed risks. On the other hand, ECSS, although not significant in size, contained balances that were important factors to consider.
- The External Auditor clarified that they were confident in achieving the new November 2024 deadline date for the Audit Results Report.

Following a question from the Lay Member, the External Auditor explained that the reason for distinguishing between planning materiality and performance materiality lies within their practical differences. He clarified that this differentiation was mainly based on terminology. Planning materiality represented a high-level threshold above which a true and fair opinion could be provided even in the presence of errors. On the other hand, performance materiality was a subset of planning materiality. By testing to either 50% or 75% level of materiality, it was statistically ensured that there were no significant uncorrected discrepancies within the accounts, thus achieving sufficient assurance.

The Lay Member expressed concern about confirming the opening balances to 2023/24 since the accounts for 2022/23 accounts had not been finalised and enquired about ways to reduce this risk. The External Auditor clarified that this was a common practice within the sector, and he explained that if the law required a deadline before the previous year's audit could be completed, the audit would include a disclaimer opinion related to the deadline. This meant there would be no assurance on closing balances, which would impact the opening balances for the following year. The External Auditor mentioned that it typically took three audit cycles to resolve a modified audit opinion, with a disclaimer opinion being one of them. The Government's "Reset and Recovery" proposals aimed to ensure opening balances. The Lay Member acknowledged that Members could not change this, but it would be helpful for them to be aware of the situation.

The Lay Member sought assurance that the audit was conducted efficiently to ensure minimum cost and disruption to the Council. The External Auditor explained that the use of data analytics was a crucial method that helped minimise the amount of substantive testing needed to provide sufficient assurance. This method captured all transactions in a year and utilised IT tools to categorise transactions based on risk and size which helped reduce the sample size required.

It was resolved:

That the External Audit Plan 2023/24, be NOTED.

## 8. **DRAFT STATEMENT OF ACCOUNTS 2023/24**

The Committee considered a report (Z33, previously circulated).

The Director, Finance introduced the report and Members asked the following questions.

The Lay Member commended the Director of Finance and his team for providing a well-organised and transparent set of accounts. He had already shared his thoughts with the Director, about the potential impact of the pension fund deficit becoming a surplus, suggesting that this could be explained more clearly. Additionally, he noted that the Council had a considerable underspend



in year on revenue and capital. The Lay Member expressed his support for the accounts and was pleased to endorse them.

It was resolved:

That the Draft Statement of Accounts 2023/24 be NOTED

9. **DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24**

The Committee considered a report (reference Z34, previously circulated).

The Chief Executive introduced the report and highlighted that Members had until 13 September to submit comments they wished to be included.

It was resolved:

That the Chief Executive formally consults with Members and substitutes of the Audit Committee to enable a final draft of the Annual Governance Statement 2023/24 to be presented at the next Audit Meeting in November 2024.

10. **ANNUAL INFORMATION GOVERNANCE REPORT**

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

The Director, Legal and Monitoring Officer introduced the report. Members made comments and asked questions as follows:

The Lay Member stated that the report was effective, easy to understand, and functioned as anticipated. However, he mentioned that cyber security arrangements were missing from the report. The Director, Legal agreed this could be added in the future.

It was resolved:

- That Cyber security be included in future reports.
- That the Annual Information Governance Report be NOTED.

11. **INTERNAL AUDIT ANNUAL REPORT AND OPINION 2023/24**

The Committee considered a report (reference Z36, previously circulated) providing the Chief Internal Auditor's annual assurance opinion on the Council's governance, risk, and control framework for 2023/24 and the basis for this opinion.

Rachel Ashley-Caunt, Head of Internal Audit presented the report and Members provided comments and asked questions.

Regarding the issues identified with ARP, the Chair noted that the Council had a representative on the Board of ARP and it should be ensured he was fully briefed on any concerns regarding controls at ARP.

The Lay Member added that the report was well-written and easy to understand.

Had there been any progress made regarding the Payment Card Industry Data Security Standard (PCI DSS) section marked red? The Head of Internal Audit replied that the audit was finalised in October and had not been repeated. She verified that all the tasks outlined in the Action Plan following the audit had been completed.

The Head of Internal Audit explained that the term “generally consistent” referred to the initial part of the report, where no concerns had been raised and this remained the position; there had been some progress and ongoing enhancements in the risk management process. She expressed satisfaction that there were no exceptions or concerns regarding the risk management procedures.

The Lay Member asked about any new reports in the fraud reporting mailbox and how was it promoted. The Head of Internal Audit mentioned a Fraud Awareness Week held every November to coincide with the International Fraud Awareness Week, with promotion on social media and the website. The mailbox is monitored daily and there have been fewer than five cases reported since its establishment.

It was resolved:

That the Annual Internal Audit Report and Opinion for 2023/24 be NOTED.

## 12. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report (reference Z37, previously circulated) advising the committee of the work of Internal Audit completed during the financial year to date and the progress against the Internal Audit Plan.

The Head of Internal Audit presented the report and Members provided comments and asked questions.

The Lay Member pointed out that the Housing Risk item failed to address the lack of a strategy, which he found concerning; he had anticipated this issue would be addressed in some way. The Director, Finance, who also serves as Chair of the Risk Management Group, expressed willingness to talk about this matter during a future meeting.

It was resolved:

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

13. **INTERNAL AUDIT STANDARDS**

The Committee considered a report (Z38, previously circulated) noting the changes and implementations arising from the Global Internal Audit Standards.

The Head of Internal Audit presented the report and Members provided comments and asked questions.

The Lay Member requested clarification on the idea of professional scepticism. The Head of Internal Audit explained that audits did not accept anything at face value or make assumptions; everything must be supported by evidence and every audit report is reviewed.

The Lay Member asked if there were any gaps or weaknesses in what the Audit Committee should be doing. The Head of Internal Audit stated it was positive to note that some of the requirements included in the report were good practice but not mandatory and the Committee had picked these up as part of the recent self-assessment and was happy that the key points were being covered. The forthcoming Guidance for Local Government Audit Committees would be helpful when published.

It was resolved:

That the main changes and implications arising from the Global Internal Audit Standards be NOTED.

14. **CORPORATE RISK MANAGEMENT MONITORING REPORT**

The Committee considered the latest Corporate Risk Register.

The Director, Finance presented the report and pointed out that the Council's website now includes a section on risk management. This section provides information on risk management processes, framework, and the most up-to-date risk register. Members shared their thoughts and raised questions during the discussion.

Members enquired about the meaning of acronym TA. The Director, Finance assured Members that he would provide this information later. Members also enquired about the target date for A8, to which the Director, Finance also promised to provide an answer at a later time.

The Director, Finance clarified that officers would attend a training course on 17 September conducted by procurement officers. CCC will update contract procedure rules to address any new issues arising from the new Act. The Risk Management Group will review and incorporate these updates into the Register.

The Lay Member praised the risk management report for its clear format and asked if lead indicators were being monitored for key controls in risk A5. He also enquired about whether social housing and council tax benefits service through ARP was considered a key control. The Director, Finance responded that he

would raise these comments at a future meeting of the Risk Management Group and where agreed build into the Risk Register.

The Lay Member enquired about the persistently high-risk level of A7 was the potential for failure, prompting the committee to take action. The Director, Finance clarified that this issue was flagged as red because the MRF contract was up for renewal, and the tender prices were considerably higher than the current rates. As a result, efforts were being made to address this issue and resolve the high-risk level.

The Lay Member enquired about the impact of the Cambridgeshire Fraud hub in its initial year. The Director, Finance responded that the Hub has made a substantial impact, resulting in several prosecutions and securing further funding from the County Council.

The Lay Member believed that the Council's reputation was at risk due to the inability to achieve the net zero goal. Additionally, there was a financial risk involved in meeting the Net Zero target. Therefore, he suggested that the Council develop a cost-of-action plan to ensure the successful delivery of this pledge.

The Chair announced that the new Government's plans around the planning process necessitated careful monitoring and could lead to additional risks.

15. **FORWARD AGENDA PLAN**

The Committee received the Forward Agenda Plan.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 6 pm.

Chair:.....

Date:

**Title: Annual Governance Statement 2023/24 – Final Draft**

Committee: Audit Committee

Date: 19 November 2024

Author: Chief Executive

Report number: Z97

Contact officer: John Hill, Chief Executive

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Room 103, The Grange, Ely

## **1.0 Issue**

- 1.1 Consideration of the final draft of the Annual Governance Statement (AGS) for 2023/24.

## **2.0 Recommendations**

- 2.1 Members are requested to approve the final draft of the Annual Governance Statement for 2023/24 for final sign off by the Leader of Council and Chief Executive.

## **3.0 Background/Options**

- 3.1 The Audit Committee (ref 16 July 2024 Agenda Item No. 9) received the first draft of the AGS and resolved to instruct the Chief Executive to bring forward the final draft for members consideration following an opportunity for all members of the Committee to provide comments and input.
- 3.2 The Chief Executive, in consultation with the Chairman, invited members and substitutes of the Committee to feedback comments by 3 October 2024.

## **4.0 Arguments/Conclusions**

- 4.1. The Chief Executive received comments/input from two members and presents a final draft to the Committee for approval for sign off by the Leader of Council and Chief Executive.
- 4.2. The final draft (Appendix 1) and Appendix 2 has been revised to take account of these comments (where appropriate) questions and answers from members at the last Committee meeting (amendments shown as italics). A summary of the comments of individual members are attached in Appendix 3 with the appropriate action taken by the Chief Executive in relation to the AGS. In addition to detailed comments and queries, the independent lay member concluded that the AGS draft demonstrated strong commitment to good governance.

## 5.0 Additional Implications Assessment

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

|  |  |  |
|--|--|--|
| <b>Financial Implications</b><br><br><b>No</b>           | <b>Legal Implications</b><br><br><b>No</b>             | <b>Human Resources(HR) Implications</b><br><br><b>No</b>         |
| <b>Equality Impact Assessment (EIA)</b><br><br><b>No</b> | <b>Carbon Impact Assessment (CIA)</b><br><br><b>No</b> | <b>Data Protection Impact Assessment (DPIA)</b><br><br><b>No</b> |

## 6.0 Appendices

- Appendix 1 Annual Governance Statement (Final Draft) 2023/24
- Appendix 2 Progress against 2022/23 Actions
- Appendix 3 Summary of member comments and Chief Executive response

## 7.0 Background Documents

- Audit Committee 16 July 2024
- Agenda Item 9



# Annual Governance Statement 2023/24

## 1. Scope of responsibility

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

## 2. The purpose of the governance framework

- 2.1. The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled, and its activities through which it accounts to, engages with, and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of East Cambridgeshire District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3. The governance framework has been in place at East Cambridgeshire District Council for the year ended 31 March 2024 and up to the date of the approval of this statement.

### **3. The governance framework**

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

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

### **4. Key elements of the Governance Framework**

The following is a brief description of the key elements of the systems and processes that comprise the Council's governance arrangements, including any developments in 2023/24 and areas of focus for 2024/25:





| <b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>   |  |   |
|--|--|---|
| <b>Key element</b>   | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b>   |
| Maintaining codes of conduct which define standards of behaviour for elected Members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively. | <ul style="list-style-type: none"> <li>The Constitution contains a Members Code of Conduct, which is underpinned by the Principles of Public Life. Members are required to complete a declaration of interests which is published on the website for transparency.</li> <li>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 and are published on the intranet.</li> <li>The Council has a Whistleblowing Policy, which is available to employees and is published on the website for wider public.</li> </ul>  | <ul style="list-style-type: none"> <li>During 2023/24, there were no Code of Conduct complaints against Councillors which were subject to investigation and conclusion.</li> <li>An updated Whistleblowing Policy was approved by Finance &amp; Assets Committee in March 2024.</li> </ul>  |
| Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.  | <ul style="list-style-type: none"> <li>Corporate policies and strategies, which are regularly reviewed, are available on the Council website.</li> <li>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.</li> <li>The Council ensures compliance with established policies, procedures, laws and regulations through a number of channels. The Chief Executive is responsible and accountable to the Council for all aspects of operational management. The Director Finance &amp; Section 151 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.</li> </ul> | <ul style="list-style-type: none"> <li>Preparation and delivery of new Member Induction, Training and Development Programme following elections in May 2023.</li> <li>During 2023/24, the HR team introduced two new and five updated HR policies, including: a new Business Travel and Expenses policy; a new Eyecare and Eyesight Testing policy; and updated policies on Remote Working, Redundancy, Flexible Retirement, Local Government Pension Scheme (LGPS) Pensions Discretions</li> </ul> |



| <b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b> |   |  |
|--|---|--|
| <b>Key element</b>   | <b>How the Council achieves this</b>  | <b>Development in 2023/24</b>  |
|  | <ul style="list-style-type: none"> <li>• The Monitoring Officer issues a letter of assurance to External Audit confirming how all relevant laws and regulations are complied with.</li> <li>• 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 2023/24 Pay Policy was approved by Council in February 2024.</li> <li>• Managers within the Council are responsible for putting in place systems of control to ensure compliance with policies, procedures, laws and regulations. This is a key control and as such Service Leads are asked to provide annual assurance that they have promoted relevant policies and made sure that all staff are aware of relevant requirements and exercise due controls. Statements have been received from Service Leads in relation to 2023/24 and assurances have been provided that policies and procedures have been suitably promoted across the service and staff are aware of key policies, procedures and expected standards (including the receipt of gifts and hospitality, contract procedure rules and the Code of Conduct).</li> <li>• Service Leads have provided assurance that they have maintained an up to date awareness of the latest legal requirements affecting their service and have noted where potential changes in legislation may require action in 2024/25.</li> <li>• The Monitoring Officer issues reminders on the recording of gifts and hospitality via email to all staff, twice yearly.</li> <li>• The Information Officer organises GDPR/Data Protection/Freedom of Information training for all staff on a yearly basis, including providing training at induction and when new changes take place, to ensure staff are kept up to date and are aware of their responsibilities. In 2023/24, 100% of staff completed this training.</li> <li>• Training on Contract Procurement Rules is mandatory for all service leads at least once every three years.</li> </ul> | <ul style="list-style-type: none"> <li>• statement, and Agency and Other Off payroll Working.</li> <li>• Accessibility Guidelines were introduced in June 2023. Training to over sixty officers was delivered on these between June 2023 and February 2024.</li> <li>• The Elections Act required Councils to ensure they were compliant with specific accessibility standards and introduction of Voter ID, which was enacted by the Council ahead of the May 2023 elections.</li> <li>• During 2023, the service undertook a polling districts, polling places and polling stations review which was approved by Council in February 2024. The purpose of such a review is to ensure that residents have best access to a suitable polling station.</li> <li>• Major changes in building control came into force between October 2023 and April 2024. Targets and key</li> </ul> |



| <b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>  |  |  |
|---|--|--|
| <b>Key element</b>  | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b>  |
|   | <ul style="list-style-type: none"> <li>Children and Adults at Risk Safeguarding Policy adopted and available to stakeholders.</li> </ul> | <p>performance indicators have been aligned with the latest requirements. The Council now operates within a Building Safety Regulator (BSR) Code of Conduct and an Internal Building Control Charter sets out the requirements of staff.</p> <ul style="list-style-type: none"> <li>Training on RIPA and Covert Human Intelligence Sources (CHIS) was undertaken in September / October 2023.</li> </ul> |
| <p><b>Focus and further development for 2024/25</b></p> <ul style="list-style-type: none"> <li>The Whistleblowing policy to be published and promoted after an external review of the Council's governance arrangements around the policy and further consideration by Finance and Assets Committee.</li> <li>A social media policy has been drafted for staff – a draft is with CMT for consideration.</li> <li>The Planning service will be seeking to reduce reliance on contract planners through recruitment of permanent staff and to increase use of Planning Performance Agreements (PPAs) to ensure cost recovery.</li> <li>To ensure corporate compliance with Web Content Accessibility Guidelines (WCAG) 2.2 statutory accessibility regulations for all councils published communications.</li> <li>Expected changes arising from the Renters Reform Bill and Housing Health and Safety Rating System which will impact on enforcement activity. Without a clear understanding of if or when such changes will be introduced, the only action available to local authorities is to maintain an overview of forthcoming proposals for change and to ensure training and skills development for existing staff remains in place, with the ability to secure additional resource as required.</li> <li>Further legislative changes expected include: Environment Act, Martyn's Law, Potential changes to Planning legislation/National Planning Policy Framework, Levelling Up and Regeneration Act 2023, changes to Community Safety Partnership related powers and responsibilities. The Council will need to respond to changes arising in 2024/25. Building Safety Levy also to be applied from Autumn 2024.</li> </ul> |  |  |



| <b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b> |  |                               |
|--|--|-------------------------------|
| <b>Key element</b>   | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b> |
|  | <ul style="list-style-type: none"><li>• Nationally, there has been growing concern regarding the level of abuse and harassment directed towards Councillors. In May 2024, the Council resolved to implement measures to support the Local Government Association's "Debate not Hate" campaign which will be developed during 2024/25.</li><li>• Ensuring the 2024 general election is compliant with accessibility standards and new requirements for overseas voters are implemented.</li><li>• Following on from the seminar in 2024, a social media policy and guidance for elected members will be developed in consultation with Councillors.</li></ul> |                               |



| <b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b> |  |  |
|--|--|--|
| <b>Key element</b>   | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b>  |
| Documenting a commitment to openness and acting in the public interest         | <ul style="list-style-type: none"> <li>• There is public access to all Committee meetings except where items for discussion are of a confidential nature. The Council continues to be committed to ensuring that members of the public are involved in the decision making process.</li> <li>• 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.</li> <li>• In order to demonstrate its openness, the Council also publishes on the website the Constitution, Council and Committee agendas, reports, minutes and decision lists.</li> <li>• 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.</li> <li>• The Equality, Diversity and Inclusion Policy sets out the Council's commitment to an inclusive and supportive environment for staff, Members, contractors and visitors that is free from discrimination.</li> <li>• To demonstrate its compliance with the Public Sector Equality Duty, the Council produced and published an Equality, Diversity and Inclusion Monitoring Report which presents an analysis of the following areas:               <ul style="list-style-type: none"> <li>▪ Equality objectives;</li> <li>▪ Service delivery;</li> <li>▪ Equality impact assessments;</li> <li>▪ Complaints and satisfaction;</li> <li>▪ Access to information;</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• The Council's gender pay gap was reported to Finance and Assets Committee in September 2023.</li> <li>• Implementation of Voter ID for May 2023 Elections including comprehensive public awareness campaign.</li> <li>• Ensuring accessibility of documents relating to Council and Committees on Council's website through redesign of agenda and report templates.</li> </ul> |



| <b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>  |  |  |
|---|--|--|
| <b>Key element</b>  | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b>  |
|   | <ul style="list-style-type: none"> <li>▪ Equality in employment;</li> <li>▪ Gender Pay Gap;</li> <li>▪ Progress against the 2021-24 Equality Action Plan;</li> <li>▪ The Council's commitments for 2021-24.</li> </ul> <p>This has been published on the Council's website.</p> <ul style="list-style-type: none"> <li>• Equality Impact Assessments (EIAs) and Comprehensive Impact Assessments (CIAs) inform policy development and decision making. These are published on the Council's website.</li> <li>• e-learning training course for all staff and Members entitled 'Equality and Diversity Essentials.'</li> </ul>  |  |
| <p>Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability, and encouraging open consultation</p> | <ul style="list-style-type: none"> <li>• Residents are regularly informed about the Council's activities through the Council website, work with the local media, social media and other channels.</li> <li>• The Council has adopted a Constitution which sets out how the Council operates, how decisions are taken and the procedures which should be followed. All meetings are open to the public except where there are confidential matters to discuss.</li> <li>• The Council participates in a number of key strategic partnerships, most notably as a constituent member of the Cambridgeshire and Peterborough Combined Authority (CPCA).</li> <li>• Community Engagement Strategy and Vulnerable Community Strategy adopted and subject to action plans.</li> <li>• The Council undertakes regular consultation exercises, ranging from small focus groups of customers to large scale questionnaires and face-to-face surveys. A Register of Consultees is held which gives individuals, community groups and</li> </ul> | <ul style="list-style-type: none"> <li>• The Communities and Partnerships service is responsible for the development and implementation of the Council's community engagement strategy, which along with the Vulnerable Community Strategy was updated in 2023/24. All services contributed to this and will assist with implementing the action plans.</li> <li>• Recent elections have required the</li> </ul> |



| <b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b> |   |  |
|--|---|--|
| <b>Key element</b>   | <b>How the Council achieves this</b>  | <b>Development in 2023/24</b>  |
|  | <p>associations the opportunity to consider new or revised policies, strategies or functions and to express their opinions, concerns and make suggestions. To encourage as wide a participation as possible, an invitation for further individuals to join the register is included in the Consultation section of the Council's website.</p> <ul style="list-style-type: none"> <li>• The Statement of Community Involvement (SCI) sets out how the Council involves and consults with the public and wider stakeholders when planning for future local development across the District. This is published on the Council's website and covers consultation arrangements in respect of planning applications and planning policy matters, including the preparation of the Local Plan.</li> <li>• 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.</li> <li>• Equity of participation and wider social outcomes (e.g. in health) are fundamental principles of the Council's leisure service provision and is reflected in service specifications and the physical activity generation programme. The Healthy You Programme is based on community engagement and specific user feedback forms part of the evaluation process.</li> <li>• Further examples of community engagement and networking include Landlord Forums, Agents Forums, Taxi Driver Forums, Growth Hub, Chamber of Commerce, Growth Works with Skills and the East Cambs Business Boost.</li> <li>• Live web-streaming of Council and Committee meetings.</li> <li>• Youth engagement takes place through planned events.</li> <li>• The Healthy You programme is based on community engagement, and specific user feedback is part of the evaluation process.</li> </ul> | <p>Communications Team to ensure it communicates and engages with all population sectors, including the recognised 6% of the population considered to be made up of hard to reach groups.</p> <ul style="list-style-type: none"> <li>• Three Youth Fusion events were held over the summer of 2023.</li> <li>• Engagement events held informing stakeholders about the introduction of Biodiversity Net Gain requirements.</li> <li>• The Communications team introduced a monthly monitoring and evaluation report to ensure the performance of the team is recorded against objectives and targets.</li> <li>• Negotiation protocol introduced to reduce the need for extensions of</li> </ul> |



**Principle B: Ensuring openness and comprehensive stakeholder engagement**

| Key element | How the Council achieves this   | Development in 2023/24   |
|-------------|---|--|
|             | <ul style="list-style-type: none"> <li>• User and non-user market research is incorporated into the service specification for the ECDC owned leisure centre ('The Hive') operated by GLL.</li> <li>• Ongoing and regular liaison with Communications and Economic Development teams to identify opportunities to promote businesses, such as grant funding, in part utilising social media channels.</li> <li>• Communications teams promotes grants to voluntary and charity organisations including Parish and Community Forum, residents newsletters and representatives at MHCLG meetings.</li> </ul> | <p>time for planning applications, and to give clear accountability in decision making.</p> <ul style="list-style-type: none"> <li>• Consultations on Economic Development are held as required for example business engagement with appropriate businesses and other stakeholders on a range of commercial and business advice issues such as business growth, grant funding opportunities and the Levelling Up programme opportunities where appropriate e.g. Get Set and Grow programme.</li> </ul> |

**Focus and further development for 2024/25**

- The Communications Team is drafting a new policy to support the waste team with changes to bin services.
- The Communications Team will be seeking to ensure proactive customer and stakeholder engagement takes places throughout the Council. As well as working closely with the Communities Team which has overall ownership of this, the Communications Team is proactively looking at ways engagement can be incorporated into its day to day work, for example through the Love Your Street project, hedgehog support work and website re-development.
- Agents panel recommenced in May 2024 and will be held at least twice a year. Feedback from attendees to date has been positive.





**Principle B: Ensuring openness and comprehensive stakeholder engagement**

| <b>Key element</b> | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b> |
|--------------------|--|-------------------------------|
|                    | <ul style="list-style-type: none"><li>• Parish Council event to be held in 2024 to guide them on how best to interact with the planning service and contribute to planning decisions and to update on the changes in legislation within planning.</li><li>• Updated the Community Engagement toolkit.</li><li>• Introduction of a customer charter for Planning which will be published in 2024 to introduce service specific standards.</li><li>• Introduction of a negotiation protocol so that all stakeholders understand how the Planning service will engage with its customers post application submission was launched in May 2024. This will be continually reviewed.</li><li>• Target to update the Equality, Diversity and Inclusion Policy for 2025-2028. Draft policy to be presented to committee in September 2024 to commence public consultation and proposed implementation date of 1st January 2025.</li><li>• Development of a feedback form for Building Control to be added to the website in 2024/25.</li></ul> |                               |



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

| Key element   | How the Council achieves this  | Development in 2023/24   |
|---|--|--|
| <p>Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning</p> | <ul style="list-style-type: none"> <li>• The Council has approved two Corporate Objectives;-<br/>To be financially self-sufficient and provide services driven by and built around the needs of our customers; and,<br/>To enable and deliver commercial and economic growth to ensure that East Cambridgeshire continues to be a place where people want to live, work, invest and visit.</li> <li>• The Corporate Plan for the period 2023-2027 was approved by Council in July 2023. It contains three themes which set out the main areas where the Council will concentrate work over the period:               <ul style="list-style-type: none"> <li>○ Sound financial management</li> <li>○ Cleaner, greener East Cambridgeshire</li> <li>○ Sustainable communities</li> </ul> <p>Within each of these themes the Council set out the priorities for the year. Details of all the above, together with any committee reports referred to in this statement, can be found on the Council's website.</p> </li> <li>• The Environment &amp; Climate Change Strategy and Action Plan, supported by budget resource, sets out the Council's vision, which is that by 2036 the Council's operations will reach net zero carbon emissions, and steps that will be taken to support our communities and East Cambridgeshire's biodiversity and environmental assets so they can adapt and flourish as the climate changes.</li> <li>• Silver level Investors in the Environment accreditation.</li> <li>• Local Enforcement Plan adopted in March 2023 which sets out level of service to expect for all stakeholders in enforcement service.</li> </ul> | <ul style="list-style-type: none"> <li>• Throughout 2023/24 the Communications Team worked closely with the Environment Team to promote and raise awareness of its list of top twenty actions. In summary, this involved promoting its hedgehog recovery strategy, achieving ongoing media coverage for its Pride of Place awards, helping the team achieve its bronze accreditation for Investors in the Environment and work towards its silver accreditation, raising awareness of Green Team actions through the Connect internal newsletter and carrying out an ongoing review of its web-text as part of the new website project.</li> <li>• The Communications Team also works closely with the Economic Development team helping to raise awareness of the team's projects on request. In 2023/24 this included helping to raise awareness of its digital signs initiative, supporting the team with its review of Explore East Cambs, help raise awareness of business</li> </ul> |



| <b>Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>   |  |  |
|--|--|--|
| <b>Key element</b>   | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b>  |
|  |  | grants and support for the Ely Business Awards. During this time the Council also relaunched LinkedIn with a focus on the work being carried out by the Economic Development team.   |
| Translating the vision into courses of action for the authority, its partnerships and collaborations   | <ul style="list-style-type: none"> <li>• During 2023/24 performance reporting against Service Delivery Plans was reported to respective committees during the year.</li> <li>• 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.</li> <li>• Staff appraisals and performance reviews are linked to corporate and service level plans.</li> <li>• 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.</li> <li>• 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.</li> <li>• The Communications Team undergoes an annual call round of Parish Councils to assess their feedback on the service it provides.</li> </ul> | <ul style="list-style-type: none"> <li>• Service Delivery Plans reviewed and approved by committees in March 2023, with six monthly progress updates.</li> <li>• New Health and Wellbeing strategy was adopted in March 2024 which identified an action plan and targets. These have been aligned with service plans where they relate to internal actions.</li> <li>• Working closely with the Integrated Neighbourhood Board, who will help deliver the recently adopted Health and Wellbeing Strategy.</li> </ul> |
| <b>Focus and further development for 2024/25</b>   |  |  |
| <ul style="list-style-type: none"> <li>• The Communication team will be working with all service leads to ensure the timely development of the new website project.</li> </ul> |  |  |



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

| <b>Key element</b> | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b> |
|--------------------|--|-------------------------------|
|                    | <ul style="list-style-type: none"><li>• The Communication team will also continue to work closely with the Environment Team and the Economic Development team to raise awareness of economic and environmental projects taking place across the District.</li><li>• Updated pre-application planning charges schedule for approval in June 2024.</li><li>• An area of challenge has been the performance standards relating to the use of paper and the target for 25% of councillors to receive their agendas electronically. The Council has legislative limitations, particularly in terms of producing election material, and Councillors must consent to stop receiving paper agendas. Whilst 26% of Councillors receive some papers electronically, only 11% are fully electronic. The democratic services team will continue to explore ways in which paper document production can be reduced.</li></ul> |                               |



| <b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>   |  |   |
|--|--|---|
| <b>Key element</b>   | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b>   |
| <p>Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality</p>                               | <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Business Continuity Management arrangements are in place to support delivery of services and outcomes in the case of unforeseen events.</li> </ul>   | <ul style="list-style-type: none"> <li>Cross party Constitutional Review Working Party reported on recommendations.</li> </ul>  |
| <p>Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money</p> | <ul style="list-style-type: none"> <li>Performance management in the Council is based on the Corporate Plan priorities supported by Service Delivery Plans. The Council's two Policy Committees (Operational Services and Finance and Assets) approve and monitor performance against Service Delivery Plans.</li> <li>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.</li> <li>The Council has established a robust financial planning process which includes a Medium-Term Financial Strategy, frequent budget monitoring reports to officers and quarterly budget monitoring reports to Policy Committees (these, explaining if variations on spend have impacted on performance).</li> <li>Customer satisfaction surveys are issued by services such as the Care and Repair team. These seek to ensure that outcomes meet requirements i.e. improved accessibility and efficient and effective processes.</li> </ul> | <ul style="list-style-type: none"> <li>Major Projects Steering Group attended each month by team leaders, key officers, service lead and director. Backlog has been significantly reduced and review of major projects to ensure S106 agreements are completed before reporting item to committee.</li> </ul> |



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

| Key element | How the Council achieves this  | Development in 2023/24 |
|-------------|--|------------------------|
|             | <ul style="list-style-type: none"><li>• Service Lead participation in professional networks enables sharing of latest best practice and benchmarking.</li><li>• Measurement of sickness absence performance.</li></ul> |                        |

**Focus and further development for 2024/25**

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



| <b>Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b>   |   |   |
|--|---|---|
| <b>Key element</b>   | <b>How the Council achieves this</b>  | <b>Development in 2023/24</b>   |
| Defining and documenting the roles and responsibilities of Members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements | <ul style="list-style-type: none"> <li>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.</li> <li>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 Section 151 Officer report directly to the Chief Executive and are both members of the Corporate Management Team.</li> <li>Regular meetings are held between the Leader of the Council and Chief Executive and the Leader of the Council and Corporate Management Team in order to maintain a shared understanding of roles and objectives.</li> </ul> | <ul style="list-style-type: none"> <li>Democratic Services team attending and participating in national and regional events/consultations on review of national Members Code of Conduct.</li> </ul> |
| Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)        | <ul style="list-style-type: none"> <li>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, Section 151 Officer, during 2023/24.</li> </ul>   |   |
| Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function  | <ul style="list-style-type: none"> <li>The Monitoring Officer is a statutory appointment under Section 5 of the Local Government and Housing Act 1989. These responsibilities were delivered by the Legal Services Manager in 2023/24. The Monitoring Officer undertakes to discharge their statutory responsibilities with a positive determination and in a manner that enhances the overall reputation of the Council. In doing so they will also safeguard, so far as is</li> </ul>   |   |



| <b>Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b> |   |  |
|--|---|--|
| <b>Key element</b>   | <b>How the Council achieves this</b>  | <b>Development in 2023/24</b>  |
|  | <p>possible, members and officers whilst acting in their official capacities, from legal difficulties and/or criminal sanctions.</p> <ul style="list-style-type: none"> <li>• It is important that Members and officers work together to promote good governance within the Council. The Monitoring Officer plays a key role in this and it is vital therefore, that Members and officers work with the Monitoring Officer to enable them to discharge their statutory responsibilities and other duties.</li> <li>• There are working arrangements and understandings in place between the Monitoring Officer, members and the Corporate Management Team which are designed to ensure the effective discharge of the Council's business and functions. These arrangements are detailed in the Monitoring Officer Protocol, which is a key document in the Council’s Constitution.</li> </ul> |  |
| Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function                            | <ul style="list-style-type: none"> <li>• 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.</li> <li>• The Council is also required to provide the Head of Paid Service with staff, accommodation and other resources sufficient to enable the performance of the function. The annual budget proposed to Council, prepared by officers, seeks to align the provision of Council resources with the delivery of the Corporate Plan. In this manner, the Head of Paid Service is ensuring that the Council is fulfilling its duty.</li> </ul>  |  |
| Providing induction and identifying the development needs of members and officers in relation to their strategic               | <ul style="list-style-type: none"> <li>• 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.</li> </ul>   | <ul style="list-style-type: none"> <li>• Member induction delivered in 2023, with nineteen different sessions included.</li> </ul> |





| <b>Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b> |  |  |
|--|--|--|
| <b>Key element</b>   | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b>  |
| roles, supported by appropriate training   | <ul style="list-style-type: none"> <li>• There is a new induction programme for all new employees.</li> <li>• Staff training and development needs are reviewed at performance appraisals and supervision meetings.</li> <li>• 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.</li> <li>• Staff training includes modules relating to data protection, accessibility, fire safety, mental health at work, bomb threats, safeguarding, risk management and procurement compliance.</li> <li>• Continuous professional development completed by professional officers.</li> <li>• Succession planning within key service area roles.</li> </ul> | <ul style="list-style-type: none"> <li>• Member seminars in 2023/24 included:<br/>June 2023: Environment Plan briefing<br/>July 2023: Greater Cambs Partnership: Making Connections update<br/>September 2023: Home Energy Improvement Measures<br/>September 2023: Shareholder Seminar<br/>October 2023: North Ely Member Briefing<br/>October 2023: Obligations under the Environment Act 2021<br/>November 2023: Health and Wellbeing – the new health landscape<br/>January 2024: Council budget<br/>February 2024: Local Plan and Hedgehog SPD<br/>March 2024: Drainage infrastructure in the Fens</li> <li>• Officer induction process and coverage refreshed in 2023/24.</li> </ul> |



| <b>Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b>  |  |  |
|---|--|--|
| <b>Key element</b>  | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b>  |
| Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing | <ul style="list-style-type: none"> <li>• Healthy You programme is promoted with Council staff.</li> <li>• Promotion of health and wellbeing resources available via the Council’s intranet pages.</li> <li>• Remote Working Policy adopted and health and safety advice available to support staff working on and off site.</li> <li>• Grant funding is utilised to support health initiatives and to offer value for money services to residents to combat health inequalities.</li> <li>• Details of health and safety working group and codes of practice made available to all staff.</li> <li>• Staff access to independent counselling service.</li> </ul>   | <ul style="list-style-type: none"> <li>• Flexible retirement policy reviewed and published.</li> </ul>   |
| Proactive and effective use of technology to support service delivery   | <ul style="list-style-type: none"> <li>• Adoption of employee self-service systems for payroll and human resources activity. The HR service actively supports staff to access and use the HR and Payroll system. Using the Employee Self-Service (ESS) functionality, staff are able to submit mileage and expenses claims, childcare claims, book annual leave (and other forms of leave). The HR service also supports managers using the People Manager platform to manage their team’s time and expenses claim forms, leave requests, sickness absence etc.</li> <li>• Refreshing and reviewing systems to ensure these remain effective and up to date.</li> <li>• Modern online payment methods are available to our service users through card payments (online or automated telephone line), direct debit and bank transfer.</li> <li>• Digital assistance to service users to utilise effectively these online payment methods is provided by the Housing and Community Advice</li> </ul> | <ul style="list-style-type: none"> <li>• CivicaPay was updated in 2022 and Agresso in 2023 to ensure that any efficiency benefits built into these up-graded systems can be taken advantage of. As an example of this, all invoices are now held electronically within the system, thus removing the need for paper records.</li> <li>• Local land charges system upgraded, to enable delivery of a more digitised service.</li> <li>• Procurement of a new Learning Management System with access to a suite of e-learning courses</li> </ul> |



**Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

| Key element | How the Council achieves this   | Development in 2023/24   |
|-------------|---|--|
|             | <p>team and Customer Services through face to face support, Community Hubs, home visits on an exceptional basis and by system design, security and accessibility.</p> | <p>and a content authoring tool to create and edit course content.</p> <ul style="list-style-type: none"> <li>• Investment into further online graphic design and photography training to keep the Council’s digital and print communications to the highest standard.</li> <li>• Outgoing mail franking equipment and Papercut print management software have been updated to support the business continuity of these functions and to minimise the software security risk.</li> <li>• Increased use of electronic working in Building Control enabled savings of £2k to be achieved in 2023/24 from reduced postage costs.</li> </ul> |

**Focus and further development for 2024/25**

- Planning service and Economic Development service both looking at improving use of Customer Relationship Management (CRM) system and improving customer experience across all areas including the display of information across the website.
- Introduce a Menopause at Work policy to develop understanding and support of menopause at work issues.
- Update the Family Friendly Guidance to include the new right to Carer’s Leave and the changes to flexible working from April 2024.
- Training regarding the Council’s PREVENT and domestic violence Duties is scheduled for June 2024.
- Formalise Opposition spokes briefings in accordance with Chief Executive briefing note to Members.



| <b>Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it</b> |                                      |                               |
|--|--------------------------------------|-------------------------------|
| <b>Key element</b>   | <b>How the Council achieves this</b> | <b>Development in 2023/24</b> |
|  |                                      |                               |



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

| Key element   | How the Council achieves this  | Development in 2023/24  |
|---|--|---|
| <p>Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability</p> | <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• The Strategic Business Continuity Plan ensures that the Council is able to plan for, and respond to, a disruptive incident in order to continue service delivery and business operations at an acceptable predefined level.</li> <li>• Risks are considered when drafting project and event plans and reviewed at the end of each stage, as part of the project planning process.</li> <li>• The Communications Team regularly enters into new partnerships and collaborations. It carefully monitors all formal and informal agreements and carries out risk assessments as required, for example when contracting work on behalf of other service leads, or hosting publicity events.</li> </ul> | <ul style="list-style-type: none"> <li>• Risk management training took place in July 2023 for all elected Members.</li> <li>• Agreed to appoint independent lay person to the Audit Committee.</li> <li>• Audit Committee submitted its first Annual Audit Report to Council (ref. 25 July 2024) for approval.</li> <li>• Bi-annual review due for completion in 2024.</li> </ul> |



| <b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b> |  |  |
|---|--|--|
| <b>Key element</b>  | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b>  |
| Ensuring strong financial management including compliance with the principles of the CIPFA Financial Management Code      | <ul style="list-style-type: none"> <li>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.</li> <li>The Council's Section 151 Officer's self-assessment in 2021/22 against key elements of the Code identified no areas requiring action for compliance. (Review due in 2025/26).</li> </ul>  |  |
| Ensuring an effective scrutiny function is in place.  | <ul style="list-style-type: none"> <li>The Council has a Call-In and Referral Up Procedure which is part of the Constitution. This enables councillors to call in decisions made through the Policy Committees. Council can then consider the matter afresh and make a final decision which could be to uphold, amend or reject the previous decision of the Policy Committee.</li> <li>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 &amp; Crime Panel, Health &amp; Wellbeing Board, the Cambridgeshire and Peterborough Combined Authority and the Community Safety Partnership.</li> </ul> | <ul style="list-style-type: none"> <li>An Independent Remuneration Panel (IRP) was appointed to make recommendations on allowances paid to councillors. The recommendations were reported to Council in February 2024 where it was resolved unanimously that the recommendations of the IRP be approved, to take effect from 1<sup>st</sup> April 2024.</li> </ul> |
| Ensuring effective counter fraud and anti-corruption arrangements are in place  | <ul style="list-style-type: none"> <li>An Anti-fraud and Corruption Strategy is in place which includes procedures relating to Money Laundering and Bribery Act.</li> <li>The Council participates in the National Fraud Initiative (NFI) exercises to identify potential indicators of fraud or error and is also participating in the</li> </ul>   |  |



| <b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>                                  |  |   |
|--|--|---|
| <b>Key element</b>   | <b>How the Council achieves this</b>   | <b>Development in 2023/24</b>   |
|  | <p>Cambridgeshire Fraud Hub (specifically in relation to relation to Council Tax fraud).</p> <ul style="list-style-type: none"> <li>• Fraud reporting email address made available for reporting concerns. The Whistleblowing policy also provides a route for raising concerns in confidence.</li> </ul>  |   |
| Gaining assurance on risks associated with delivering services through third parties   | <ul style="list-style-type: none"> <li>• 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.</li> </ul>  |   |
| Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2022) | <ul style="list-style-type: none"> <li>• The Audit Committee for the financial year 2023/24 operated in line with a terms of reference and supporting procedure rules covering internal and external audit, risk management, annual statement of accounts, corporate governance and internal control arrangements, and anti-fraud and corruption arrangements.</li> <li>• In accordance with guidance, the Audit Committee does not engage in decision making which would impact upon its independence.</li> </ul> | <ul style="list-style-type: none"> <li>• Audit Committee training delivered as part of Member induction.</li> <li>• Audit Committee members participated in a self-assessment against the CIPFA 2022 guidance and devised an action plan for ongoing improvement.</li> <li>• An Annual report to Council, reflecting on the work of the Committee was produced for 2023/24 and approved by Full Council in March 2024</li> <li>• Terms of Reference of Audit Committee reviewed by</li> </ul> |



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

| Key element   | How the Council achieves this  | Development in 2023/24                             |
|---|--|--|
|   |  | Constitutional Working Group, including protocols. |
| Arrangements for managing data to ensure security, quality and accuracy | <ul style="list-style-type: none"> <li>• The Council has a Data Protection Officer (DPO) and Senior Information Responsible Officer (SIRO).</li> <li>• Training is provided to staff on data protection, including as part of induction processes.</li> <li>• Service Leads ensure data is managed in line with Council policy and procedure.</li> <li>• 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.</li> </ul> |  |

**Focus and further development for 2024/25**

- Implementation of the new waste collection service - will commence from October 2024 and go live in April 2026.
- Development of the Bereavement Centre and new service design.
- Stephen Joyce appointed as independent lay member of the Audit Committee.
- A self-assessment of compliance with the CIPFA FM code will take place in Summer 2025 to ensure that we remain compliant.





| <b>Principle G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability</b>   |   |   |
|--|---|---|
| <b>Key element</b>   | <b>How the Council achieves this</b>  | <b>Development in 2023/24</b>   |
| Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.                             | <ul style="list-style-type: none"> <li>The Council provides support and information to the externally appointed auditors (Ernst &amp; Young LLP). Audit findings and recommendations are reported through the Audit Committee.</li> </ul>   |   |
| Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.   | <ul style="list-style-type: none"> <li>The Council demonstrates a strong commitment to working in partnership with other agencies to deliver priority outcomes and ensure that this partnership activity provides value for money and added value.</li> <li>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.</li> </ul>                 | <ul style="list-style-type: none"> <li>'The Hive' will be undergoing Quest Leisure benchmarking in 2024.</li> <li>Reviews of Service Level Agreements (SLAs) with voluntary organisations were conducted during 2023/4 which contained recommendations that were approved by committee.</li> </ul>  |
| Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon | <ul style="list-style-type: none"> <li>During 2023/24 Internal Audit was delegated to North Northamptonshire Council which was led by a professionally qualified Chief Internal Auditor in accordance with the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations, Public Sector Internal Audit Standards and the Local Government Application Note.</li> <li>The Internal Audit Charter is in line with the Public Sector Internal Audit Standards and provides for the necessary access required to exercise this key role.</li> </ul> | <ul style="list-style-type: none"> <li>Self-assessment against the Role of the Head of Internal Audit statement from CIPFA (2018) completed and actions taken to further support the effective working with internal audit, including engagement with CMT and on major project planning.</li> </ul> |



|   |   |   |
|---|---|---|
|   | <ul style="list-style-type: none"><li>• The Chief Internal Auditor has been a regular attendee at Audit Committee meetings and progress reports on delivery of the audit plan have been provided throughout the financial year.</li><li>• 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.</li></ul> | <ul style="list-style-type: none"><li>• Implementation of 83% of agreed actions from Internal Audit reports due during 2023/24.</li><li>• As a result of the internal audit of Enforcement, for example, the Food Safety, Health and Safety, Environmental Crime and Private Sector Housing and Licensing enforcement policies have all been reviewed and approved by the appropriate committees.</li></ul> |
| <p><b>Focus and further development for 2024/25</b></p> <ul style="list-style-type: none"><li>• To receive and consider briefings from Internal Audit in 2024/25 regarding the new Global Internal Audit Standards.</li></ul> |   |   |



## 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 Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 5.2. The following is a brief description of the roles and processes that have been applied in evaluating the effectiveness of the governance framework:

### 1. The Council

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- In July 2023 the Council approved the Corporate Plan for 2023-2027 which forms the basis of the performance management framework. Council reviews progress against the plan, ensuring it remains committed to the priorities whilst delivering a balanced budget.
- Council approved financial documents including the Medium-Term Financial Strategy, Capital Strategy, General Fund Revenue Budget, Treasury Management Strategy, and the Council Tax Reduction Scheme. The Medium-Term Financial Strategy provides the financial structure for the policy and budget framework, corporate planning, annual service planning and budget setting.
- Section 151 of the Local Government Act 1972 requires that every local authority shall make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for administration of those affairs. This role was discharged by the Council's Director, Finance and Section 151 Officer during 2023/24.
- The CIPFA Financial Management Code published in October 2019 sets out the financial standards of financial management for local authorities. Full adoption of the Code commenced on 1<sup>st</sup> April 2021. A self-assessment by the Section 151 Officer in 2021/22 did not highlight any areas of non-conformance with key principles of the Code. An independent review by Internal Audit of the self-assessment was also conducted and areas for further consideration were reported and responded to.
- The Council has appointed Independent Persons in accordance with the standards framework to be compliant with the Localism Act 2011. The appointments were approved by Finance and Assets Committee in May 2023.
- Council approved key strategies and policies such as the Corporate Plan and the revised Corporate Risk Management Policy are in place and communicated.

### 2. The Finance and Assets Committee

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



- The Committee recommend that Council approve financial reports, such as the Treasury Management Strategy, Treasury Management Annual Performance Review, the Annual Investment Strategy, Revenue Budgets, Capital Strategy, Council Tax, overall Council Budget reports, and reviewed the minutes of the ARP Joint Committee, as the partnership which delivers revenues and benefits for the Council.
- In undertaking its role as the Shareholder Committee for East Cambridgeshire Trading Company (ECTC), the Committee approved the Business Plan for 2023/24 (March 2023) and 2023/24 (March 2024). The Committee also noted the ECTC accounts for 2022/23 in September 2023.
- The Committee approved the Health and Safety policy 2023.
- The Committee received the annual Health and Safety report for 2023 in July 2023. This provided a summary of East Cambridgeshire District Council (Council), East Cambs Trading Company (ECTC) and East Cambs Street Scene (ECSS) health and safety performance to the end of the financial year 2022/23 and set out the commitments relating to health and safety for the year 2023/24.
- The Committee received the annual Gender Pay report including actions aimed at reducing the gender pay gap.
- The Committee received an Asset Management Plan in March 2024.

### **3. The Audit Committee**

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- The Committee performed the role of the Audit Committee as defined by the Public Sector Internal Audit Standards, which covered internal and external audit matters, risk management arrangements, corporate governance including internal control arrangements and the annual governance statement, anti-fraud and corruption arrangements, and the statement of accounts.
- The Committee received reports on corporate risks, the work and findings of internal audit, including the annual report, and external audit reports, letters and briefings. It also reviewed and approved the Annual Governance Statement for 2022/23.
- The committee received regular updates on the outcome of internal audit assignments and the implementation of actions agreed based on those findings.
- Members of the Committee engaged in a self-assessment against the latest CIPFA guidance on Audit Committees to identify areas for further development.
- The Council has appointed a non-voting lay member to the Audit Committee.

### **4. The Operational Services Committee**

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- The Committee received and noted budget monitoring reports.
- The Committee approved the Council's fourth Environment and Climate Change Strategy and Action Plan, dated June 2023.



- The Committee received a progress report against the East Cambridgeshire Youth Action Plan 2021-24 and an update on developments from the Outdoor Sports and Playing Pitch Strategy. An update on the Community Safety Partnership was also received for the Committee's noting.
- The Committee received the enforcement policies for food safety and health and safety or approval ahead of consultation.
- In March 2023, the Committee approved the updated Local Enforcement Plan (LEP) relating to Planning Enforcement, in accordance with an Internal Audit recommendation highlighting that this was overdue for review. This is now due to be subject to three yearly review by the Committee going forward.
- In undertaking its role as the Shareholder Committee for East Cambridgeshire Street Scene (ECSS), the Committee received performance reports for the delivery of the waste and street cleansing services by ECSS. The Committee also approved the ECSS Business Plan for 2023/24 and half yearly performance report. The Committee also noted the ECSS statutory accounts for 2022/23.

## **5. Relationship between the Council and its Trading Companies**

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The shareholder arrangements for the Finance and Assets and Operational Services Committee are detailed above. In addition, there are a number of matters reserved for Council (as the sole shareholder) as detailed in the Shareholder Agreement. The Council continues to implement the revised arrangements for the membership of the ECTC and ECSS board and wider member scrutiny (ref: Council – 17 October 2019 Agenda Item 14 and 15) specifically the appointment of the Leader of Council or Deputy Leader of Council and the respective Chairman of Committee to the Boards as Observers, the membership of the Boards to include the respective Director, delegations of functions of Council to the respective Committee to meet its shareholder responsibilities and an annual all member shareholder seminar. The shareholder agreement will be reviewed for approval by Council in July 2024 to reflect recommendations from Internal Audit and existing informal practices.

## **6. Internal audit**

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- The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit, which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Chief Internal Auditor to give an opinion on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.
- The Chief Internal Auditor's annual report was presented to the Audit Committee in July 2024. This report outlined the key findings of the audit work undertaken during 2023/24 including any areas of significant weakness in the internal control environment.
- The Chief Internal Auditor's annual opinion for 2023/24 is that:



I am satisfied that sufficient internal audit work has been undertaken to inform an opinion on the adequacy and effectiveness of governance, risk management and internal control for 2023/24. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

It is my opinion that **Moderate Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2023/24 – see definition in report. This control environment comprises of the system of internal control, governance arrangements and risk management. Any limitations over this opinion are detailed and explained further below.

### **Financial control**

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

Assurance over the outsourced revenues and benefits service has been provided in the form of internal audit reports issued for the Anglia Revenues Partnership shared service. These have all resulted in assurance opinions of 'Adequate / Reasonable', which is comparable to the Council's internal audit service's assurance opinion of 'Moderate'. This indicates a reduced assurance opinion from previous years, where areas of 'enforcement' and 'Council Tax Billing, Housing Benefit and Local Council Tax Reduction Scheme' had received 'Good' assurance opinions in 2022/23. Action plans are in place for areas of improvement.

### **Risk management**

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

### **Internal control**

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

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

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

There have been no incidences during 2023/24 where the internal audit team have highlighted a fundamental risk or weakness and management have sought to accept the risk, rather than agree an appropriate action.

Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems of controls can

provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

## **7. External audit**

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- Under the Government's local public audit regime, the Audit Commission initially, and more recently Public Sector Audit Appointments Limited, have awarded contracts for work previously carried out by the Audit Commission's audit practice. As a result Ernst & Young (now EY) became the appointed external auditor for East Cambridgeshire District Council from 1<sup>st</sup> September 2012.
- EY's draft audit results report for the financial year 2021/22 was presented to Audit Committee in March 2023, with a final version being issued on the 24<sup>th</sup> July 2023 shortly after the Accounts were signed off by the Section 151 Officer.
- The 2022/23 Statement of Accounts remain unaudited at this time (see note of Governance Issues below).

## **8. Other inspection agencies**

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

## **6. Significant governance issues and actions**

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

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

## **7. Conclusion**

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

## **8. Statement by Leader of the Council and Chief Executive**

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



EAST CAMBRIDGESHIRE  
DISTRICT COUNCIL

## APPENDIX 1

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

Signed:

.....

Anna Bailey  
Leader of the Council  
Date:

.....

John Hill  
Chief Executive  
Date:



## Appendix 2 – Progress Against 2023/24 Actions

The 2022/23 Governance Statement detailed issues and actions for further development and focus in 2023/24. This Appendix outlines progress against these actions and makes appropriate recommendations for inclusion in the current draft Governance Statement.

| Principle  | Actions  | Progress and Further Recommendations  |
|--|--|---|
| A. Integrity, ethical values and respect for the rule of law | <p>Policies on Whistleblowing and Redundancy subject to review</p> <p>Communications team to produce social media policy for staff.</p> <p>Implementation of Election 2022 including introduction of Voter ID for 2023 elections.</p> <p>Preparation/delivery of Member Induction and training programme</p> <p>Training – RIPA and Covert Human Intelligence Sources.</p> | <p>Completed - Redundancy policy updated and available on Intranet<br/>Updated Whistleblowing policy agreed by Finance &amp; Assets Committee in March 2024. Further report to go to Finance &amp; Assets Committee in September.</p> <p>Social media policy to be agreed by CMT by end of November 2024.</p> <p>Successful completion of Elections in 2022/23, including the introduction of Voter ID and handling of postal votes.</p> <p>Member Induction and training were carried out after the May 2023 elections.</p> <p>RIPA and CHIS training provided to staff during September/October 2023.</p> |

|  |   |   |
|--|---|---|
| B. Openness and Stakeholder engagement                             | Review of Council's Equality, Diversity and Inclusion Policy in 2024.   | Draft Equality, Diversity and Inclusion Policy 2025-2028 to be presented to F&A Committee in September 2024 to commence public consultation and proposed implementation date of 1 January 2025.   |
|  | Review Community Engagement Strategy  | The review was completed, and a new Community Engagement Strategy 2024-28 was approved by Operational Services Committee at its meeting in March 2024   |
| C. Defining outcomes – economic, social and environmental benefits | Democratic Services to reduce paper usage by 25%.   | Paper reduction of 12.99% achieved in 2023/24. A gradual reduction is in place with a completed 10% target for 2023/24.   |
| D. Intervention to optimise the achievement of intended outcomes   | Review of Communications during 2023 elections<br><br>Cross party Constitutional Review Working Party<br><br>Council approval of Corporate Plan and refresh the Action Plan for 2024/25 | Completed.<br><br>Constitutional Review Working Party was established in July 2023 with its first meeting in October 2023 to agree scope. The Working Party met four times and presented its findings and recommendations to Full Council in February 2024.<br><br>Approved at Full Council in July 2023. |
| E. Developing Capacity   | Review of flexible retirement policy  | Completed – Flexible Retirement policy updated and available on Intranet  |

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

**APPENDIX 3 – SUMMARY OF MEMBER COMMENTS AND  
CHIEF EXECUTIVE RESPONSE**

Please note that these comments reflect discussions and questions/response to Audit Committee (ref. 18 July 2024) and individual Committee member contributions rather than a resolution of the Committee.

| <b>ISSUE</b>  | <b>RESPONSE</b>  |
|---|--|
| <p><b>Response from Cllr. Horgan</b></p> <p>Include reference to the decision to appoint an independent lay person onto the Audit Committee.</p> <p>Include reference to the publication of the first Annual Report from the Audit Committee to Council.,</p> | <p>Agreed (ref. Appendix 1 p TBC)</p> <p>Agreed (ref Appendix 1 p TBC)</p> |
| <p><b>Response from Stephen Joyce, Independent Lay Member</b></p>   |  |

# East Cambridgeshire District Council

Completion Report for Those Charged with Governance

Year ended 31 March 2023

Report issued - 4 November 2024





Audit Committee  
East Cambridgeshire District Council  
Pathfinder House  
St Mary's Street  
Huntingdon  
PE29 3TN

4 November 2024

Dear Audit Committee

**East Cambridgeshire District Council - Completion Report for Those Charged With Governance - 2022/23 financial year**

Attached is our Completion Report for Those Charged With Governance. The purpose of this report is to provide the Audit Committee of East Cambridgeshire District Council (the Council) with a detailed complete report covering our approach and outcomes of the 2022/23 audit. "

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the year ended 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

In completing our work for this audit year we have taken into account Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice (including recent 2024 updates), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements, against this backdrop we have also considered the Committee's service expectations.

This report considers the impact of Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing. The joint statement on the update to proposals to clear the backlog and embed timely audit recognises that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Audit Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit.

We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the Audit Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

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

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

Yours faithfully

*MARK HODGSON*

Mark Hodgson

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

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

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





# 01 Executive Summary

# Executive Summary – System wide context

## Context for the audit – Department for Housing, Communities and Local Government (MHCLG) and Financial Reporting Council (FRC) measures to address local audit delays

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

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

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

- ▶ MHCLG has enacted through Parliament Statutory Instrument (2024) No. 907 - “The Accounts and Audit (Amendment) Regulations 2024”, to insert statutory backstop dates for historic financial statements and for the financial years 2023/24 to 2027/28.
- ▶ The National Audit Office (NAO) has amended the Code of Audit Practice to:
  - ▶ Require auditors to issue audit opinions according to statutory backstop dates for historic audits, and place specific duties on auditors to co-operate during the handover period for the new PSAA contract for the appointment of local authority auditors covering the years 2023/24 to 2027/28.
  - ▶ Allow auditors to produce a single Value for Money commentary for the period to 2022/23 and use statutory reporting powers to draw significant matters to the attention of Councils and residents.

As a result of the system wide implementation of backstop dates we expect to *disclaim the opinion on the Authority's 2022/23 financial statements*. The proposed disclaimer of the Council's 2022/23 accounts will impact both the audit procedures to be undertaken to gain assurance on the 2023/24 financial statements and the form of the Audit Report in 2023/24 and subsequent years during the ‘Recovery phase’ of the Government's proposals.

# Executive Summary – Council responsibilities

## Responsibilities of Authority management and those charged with governance

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

The Council's Section 151 Officer is responsible for preparing the statement of accounts in accordance with proper practices and confirming they give a true and fair view of the financial position at the reporting date and of its expenditure and income for the year ended 31 March 2024. To allow the audit to be completed on a timely and efficient basis it is essential that the financial statements are supported by high quality working papers and audit evidence and that Council resources are readily available to support the audit process, within agreed deadlines. The Audit Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this is not done, we will:

- ▶ Consider and report on the adequacy of the Council's external financial reporting arrangements as part of our assessment of Value for Money arrangements.
- ▶ Consider the use of other statutory reporting powers to draw attention to weaknesses in Council financial reporting arrangements where we consider it necessary to do so.
- ▶ Seek a fee variation for the cost of additional resources needed to discharge our responsibilities. We have set out this and other factors that will lead to a fee variation at Appendix B of this report together with, at Appendix E, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.
- ▶ Impact the availability of audit resource available to complete the audit work in advance of any applicable backstop dates.



# Executive Summary – Local context

## Local Background and Context

The position at this Council has developed over the past few years resulting in unaudited financial statements for 31 March 2023.

The main reasons for the Council's financial statements not being prepared, audited and signed to date include:

- ▶ The post pandemic timelines resulted in audit teams trying to move delayed audits on to completion, whilst finance teams were trying to catch up, deal with current priorities and plan for the future. This used a significant amount of our finite audit resource, leading to a lack of capacity to move onto the 2022/23 audit year.
- ▶ In addition, there were a number of new technical issues and challenges to address during this period, including, accounting for infrastructure assets, taking into account the updated pension fund valuations, which led to delays to the prior year 2021/22 audit being completed, with the audit opinion being signed on the 19 July 2023.
- ▶ Taken together, this has ultimately led to a lack of capacity to be able to commence the 2022/23 audit year with sufficient time to be able to complete the audit.

# Executive Summary - Report structure and work completed

## Report structure and work completed

This report covers the work we have completed to meet the requirements of the International Standards on Auditing (UK&I), (ISAs) and the Local Audit Reset and Recovery Implementation Guidance (LARRIGs) along with the National Audit Office Value for Money Code (NAO VFM Code). It has been split into the following sections.

Section 1 - Executive Summary - this section, setting out the national and local context and the structure of our report.

Section 2 - Work Plan - we have completed the following planning tasks

- ▶ Completed required independence procedures.
- ▶ Set a level of materiality.
- ▶ Issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer.
- ▶ Updated our understanding of the business, including review of responses to inquiry letters, internal team meeting, minute review, etc.
- ▶ Identified significant, inherent and other areas of higher risk or focus.
- ▶ Considered any other matters that may require reporting to regulators, or which may result in a modification to the audit report e.g. Non-compliance with laws and regulations (NOCLAR), Objections, Significant weaknesses in arrangements for Value for Money, or any other matters that may result in the use of the auditor's powers etc.

Section 3 - Results and findings - Work completed to issue the disclaimer, findings and results:

- ▶ Review of the financial statements.
- ▶ Consideration of any matters that came to light during our planning and review procedures in relation to laws and regulations, fraud, related parties, litigation and claims, significant changes to contracts and systems, service organisations, and report as appropriate.
- ▶ Reporting on any other matters that may require the use of the auditor's powers, formal reporting or a modification to the auditor's report e.g. Non-compliance with laws and regulations, (NOCLAR), Objections, Significant weaknesses in arrangements for Value for Money, any matters that may result in the use of the etc.

Section 4 - Audit Report

The draft audit opinion.

Section 5 - Value for Money reporting

The Value for Money report covering the year to 31 March 2023.

Section 6 - Appendices



# 02 Work Plan

# Work Plan – Audit Scope

## Audit scope

This Completion report covers the work that we performed in relation to:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2023 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on Value for Money in Section 5.

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

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

Given that Statutory Instrument (2024) No. 907 - The Accounts and Audit (Amendment) Regulations 2024 imposes a backstop date of the 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

# Work Plan - Materiality

## Materiality

### Planning materiality

£0.85m

Materiality for y/e 31 March 2023 has been set at £0.85 million, which represents 2% of 2023 gross expenditure on provision of services.

### Performance materiality

£0.64m

Performance materiality for y/e 31 March 2023 has been set at £0.64 million, which represents 75% of planning materiality.

### Audit differences

£0.04m

We will report all uncorrected misstatements relating to the primary statements greater than £40,000 for y/e 31 March 2023. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the 2022/23 audit year.

These materiality levels have been set based on the main Council financial statements - we have not considered group materiality. These levels are being used to assess our response to any issues identified in the Council's financial statements.



# Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year.

## Audit risks and areas of focus

| Risk/area of focus   | Applicable year | Risk identified  | Change from PY             | Details  |
|--|-----------------|------------------|----------------------------|--|
| Misstatement due to fraud or error   | 31 March 2023   | Fraud risk       | No change in risk or focus | As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively (Management Override).  |
| Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS) | 31 March 2023   | Fraud risk       | No change in risk or focus | Linking to our fraud risk identified above, we have determined that a way in which management could override controls is through the inappropriate capitalisation of revenue expenditure to understate revenue expenditure reported in the financial statements, given the extent of the Council's capital programme and Revenue Expenditure Funded from Capital Under Statute.  |
| Change in Fixed Asset Register   | 31 March 2023   | Significant Risk | No change in risk or focus | The Council implemented a new Fixed Asset Register (CIPFA Asset Manager) in March 2022, replacing the previously held manual asset register. As with any system implementation there is a risk that the relevant financial information has not been appropriately and completely transferred to the new system leading to a material misstatement in the 2021/22 financial statements. Given that the Council's asset base is material, and the CIPFA Asset Manager system will produce journals for revaluations, additions, disposals and depreciation, we consider this to be a significant audit risk. |
| Bad debt Provision and recoverability of debtors   | 31 March 2023   | Inherent Risk    | No change in risk or focus | As a result of the long term impact of Covid-19 and other market uncertainties there may be increased uncertainty around the recoverability of Receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of ongoing uncertainty and assess the appropriateness of this estimation technique.  |

# Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year.

## Audit risks and areas of focus

| Risk/area of focus                            | Applicable year | Risk identified | Change from PY             | Details  |
|---|-----------------|-----------------|----------------------------|--|
| Pension Valuation and other disclosures       | 31 March 2023   | Inherent Risk   | No change in risk or focus | <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Authority’s current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Authority’s Balance Sheet.</p> <p>The information disclosed is based on the IAS 19 report issued to the Authority by the Pension Fund Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.</p> |
| Valuation of Other Land & Buildings           | 31 March 2023   | Inherent Risk   | No change in risk or focus | <p>The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Council’s accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end Land &amp; Buildings balances recorded in the Balance Sheet.</p> <p>As a result of our work last year we did not identify any material issues with the work of the external valuer. We are also not aware of any other trigger events that would give rise to a significant risk, and therefore this remains an inherent risk.</p>  |
| National Non-Domestic Rates Appeals Provision | 31 March 2023   | Inherent Risk   | No change in risk or focus | <p>Due to the impact of Covid-19, there is a possibility that businesses are likely to seek reductions based on a decrease in rental prices on which rateable values are based. The Council’s NNDR Appeals Provision is a material estimate, totalling £4.9 million for the Collection Fund as a whole. In light of this, we consider there to be a higher inherent risk of misstatement of the Council’s NNDR appeals provision.</p>  |
| Group Accounting                              | 31 March 2023   | Inherent Risk   | No change in risk or focus | <p>The Council has been preparing group accounts for several years. The Council will need to undertake its annual assessment of the group boundary to determine the procedures required to consolidate the relevant component entities. We will engage with the auditors of the significant components to understand and evaluate any risks they have recognised on the 2021/22 audits and what impact this has on our risk procedures in relation to the group accounts.</p>  |

# Work Plan - Independence

The FRC Ethical Standard 2019 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

## Required communications

### Planning stage

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

### Final stage

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

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.

# Work Plan - Independence

## Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your Audit Engagement Partner and the audit engagement team have not been compromised.

## Self interest threats

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

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 2019 (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, the current ratio of non-audit fees to audit fees is approximately nil:nil. No additional safeguards are required.

## Self review threats

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4. There are no other self-interest threats at the date of this report.

## Management threats

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

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

## Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

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

## EY Transparency Report 2023

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2023 and can be found here: [EY UK 2023 Transparency Report](#).



## 03 Results and findings



# Results and findings

## Status of the audit

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

### Final Closing procedures:

- ▶ Completion of subsequent events procedures;
- ▶ Receipt of a signed management representation letter

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion, a current draft of which is included later in this section.

## Value for Money

Our value for money (VFM) work is complete and reported in Section 5 of this report. We identified one risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did not identify a significant weakness. See Section 4 of the report for further details.

## Audit differences

We have not identified any audit differences from our work, either adjusted or unadjusted by Management. The Council should ensure that in approving the Statement of Accounts, all prior year comparatives agree to the final set of prior year Statement of Accounts, or explanations for prior year adjustments have been set out by the Section 151 Officer.

## Other Reporting Issues

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

We have completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts. We have no matters to report as a result of this work.

We did not receive any questions or objections to the Council's financial statements from any member of the public following the inspection period.

## Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We did not identify any issues which required us to issue a report in the public interest.



# Results and findings

## Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of East Cambridgeshire District Council. We concluded we would disclaim the audit and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

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

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

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

## Control observations

During the audit, we did not identify any significant deficiencies in internal control.

## Independence

Further to our review of independence in Section 2 of this report we have not identified any issues to bring to your attention..



# Results and findings

## Other matters

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

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

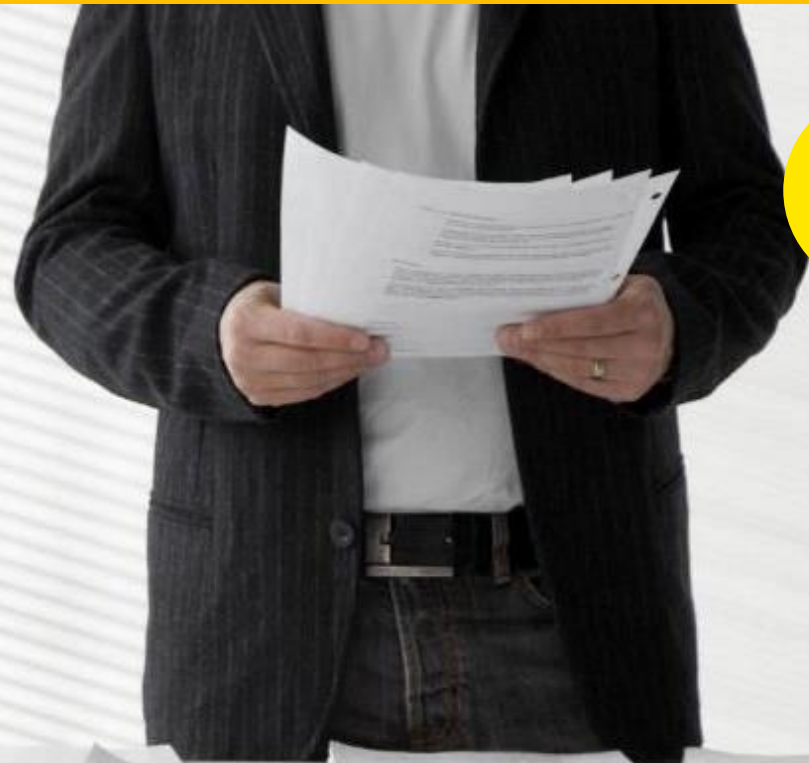


# Results and findings

## Summary of audit differences

We have not identified any audit differences, either adjusted or unadjusted, as part of our audit.

The Council should ensure that in approving the Statement of Accounts, all prior year comparatives agree to the final set of prior year Statement of Accounts, or explanations for prior year adjustments have been set out by the Section 151 Officer.



# 04 Audit Report

**DRAFT**

## Our opinion on the financial statements

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

#### Disclaimer of opinion

We were engaged to audit the financial statements of East Cambridgeshire District Council ('the Authority') and its subsidiaries (the 'Group') for the year ended 31 March 2023. The financial statements comprise the:

- ▶ Authority and Group Movement in Reserves Statement,
- ▶ Authority and Group Comprehensive Income and Expenditure Statement,
- ▶ Authority and Group Balance Sheet,
- ▶ Authority and Group Cash Flow Statement,
- ▶ the related notes 1 to 31 to the Authority financial statements and the related notes G1 to G4 to the Group financial statements including a summary of significant accounting policies,
- ▶ and the Collection Fund and the related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

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

#### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024. We completed the audit of the 2021/22 financial statements and issued our audit opinion on 19 July 2023.

The backstop date and the wider requirements of the local audit system reset meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

## Our opinion on the financial statements

### Matters on which we report by exception

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

We report to you if:

- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we are not satisfied that the Group and the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

### Responsibility of the Section 151 Officer

As explained more fully in the Statement of Responsibilities set out on page 19, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Our opinion on the financial statements

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in January 2023, as to whether East Cambridgeshire District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether East Cambridgeshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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

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

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

### Certificate

We certify that we have completed the audit of the accounts of East Cambridgeshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.



# 05 Value for Money



# VFM - Executive Summary

## Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements, which we have done within our Interim VFM Arrangements Report - 9 April 2024.

In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

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

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

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

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and

The detailed arrangements and processes underpinning the reporting criteria were reported within our Interim VFM Arrangements Report - 9 April 2024.

# VFM - Executive Summary (continued)

## Risks of Significant Weakness

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

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

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

### Description of risk identified

The Council did not publish its Draft Statement of Accounts by the target date outlined in the Accounts and Audit Regulations 2015 (31 May 2023). The unaudited statements were published 29 September 2023.

The issue above is evidence of a potential weaknesses in proper arrangements for supporting its statutory reporting requirements and effective processes and systems for accurate and timely management and financial information - Governance - How the Council ensures that it makes informed decisions and properly manages its risks.

### Work planned to address the risk of significant weakness

Reviewing the Council's Statement of Accounts publishing arrangements.

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



# VFM - Executive Summary (continued)

## Reporting

Our commentary for 2022/23 is set out over pages 32 to 34. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2022/23.

The detailed arrangements and processes underpinning the reporting criteria were reported within our Interim VFM Arrangements Report - 9 April 2024 . These were reported in our 2021/22 Auditor's Annual Report and have been updated for 2022/23.

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

| Reporting Criteria   | Risks of significant weaknesses in arrangements identified? | Actual significant weaknesses in arrangements identified? |
|--|---|---|
| <b>Financial sustainability:</b> 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                        |
| <b>Governance:</b> How the Council ensures that it makes informed decisions and properly manages its risks   | Significant risk identified (as per page 31)                | No significant weakness identified                        |
| <b>Improving economy, efficiency and effectiveness:</b> 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                        |

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

# Value for Money Commentary

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

**No significant weakness identified**

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

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

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

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

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

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

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

# Value for Money Commentary (continued)

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

**No significant weakness identified**

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

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

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

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

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

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

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

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

# Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

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

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

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

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

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



# 06 Appendices

# Appendix A – Management representation letter

## Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

## Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

### Ernst & Young

This letter of representations is provided in connection with your audit of the [consolidated and parent] Authority financial statements of [name of entity] (“the [Group and] authority”) for the year ended [balance sheet date]. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent Authority financial statements give a true and fair view of (or ‘present fairly, in all material respects,’) the [Group and] authority financial position of [name of entity] as of [balance sheet date] and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the [Group and] the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our [consolidated and parent] Authority financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist. Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the [Group and the parent] Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the [Group and] authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the [consolidated and parent] Authority financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the [Group and parent] Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the [Group and] authority financial statements are appropriately described in the [Group and] authority financial statements.
4. As members of management of the [Group and] authority, we believe that the [Group and] authority have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with [applicable financial reporting framework] for the Group and [applicable financial reporting framework] for the Authority that are free from material misstatement, whether due to fraud or error.

# Appendix A – Management representation letter

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## Management Rep Letter

5. *[When there are unadjusted audit differences in the current year]* We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and parent Authority financial statements taken as a whole. We have not corrected these differences because *[specify reasons for not correcting misstatement]*.
6. *[When the comparative figures have been restated]* The comparative amounts have been restated to reflect the below matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's consolidated and parent Authority financial statements. *[Add a paragraph providing a brief description of each matter giving rise to a restatement and the amount(s) concerned.]* There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and parent Authority financial statements for the year ended *[date]* are solely the result of reclassifications for comparative purposes.
7. We confirm the *[Group and]* authority does not have securities (debt or equity) listed on a recognized exchange.
8. We have confirmed to you any changes in service organizations within the *[Group and]* authority since the last audited financial year.

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

1. We acknowledge that we are responsible to determine that the *[Group and]* authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the *[consolidated and parent]* Authority financial statements may be materially misstated as a result of fraud.
4. *[When management is aware of the occurrence of non-compliance with laws or regulations, or has received allegations of non-compliance with laws and regulations.]* We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with laws and regulations, including fraud, known to us that may have affected the *[Group or]* Authority (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), including non-compliance matters:
  - Involving financial improprieties
  - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the *[consolidated and parent]* Authority financial statements
  - Related to laws or regulations that have an indirect effect on amounts and disclosures in the *[consolidated and parent]* Authority financial statements, but compliance with which may be fundamental to the operations of the *[Group and]* authority's business, its ability to continue in business, or to avoid material penalties

# Appendix A – Management representation letter

## Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

## Management Rep Letter

- Involving management, or employees who have significant roles in internal control, or others
- In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the [consolidated and parent] Authority financial statements.
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the [period] to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the [Group and] authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the [consolidated and parent] Authority financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with [applicable financial reporting framework].
6. We have disclosed to you, and the [Group and] authority has complied with, all aspects of contractual agreements that could have a material effect on the [consolidated and parent] Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the [consolidated and parent] Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.



# Appendix A – Management representation letter

## Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

## Management Rep Letter

8. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the [consolidated and parent] Authority financial statements, including disclosures.

### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the [consolidated and parent] Authority financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.

### E. Going Concern

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

### F. Subsequent Events

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

### G. Other information

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

### I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and the [Group and] authority have reflected these in the consolidated and parent financial statements.

*Yours faithfully,*

\_\_\_\_\_  
(Chief Financial Officer/Finance Director)

\_\_\_\_\_  
(Chairman of the Audit Committee)

# Appendix B – Fees

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

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

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

The original fees for these years were based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.
- ▶ Note 1 - Due to the reset enacted through Statutory Instrument (2024) No. 907 - The Accounts and Audit (Amendment) Regulations 2024, the above approach is not relevant

|  | Current Year -<br>2022/23 | Prior Year -<br>2021/22 |
|--|---------------------------|-------------------------|
|  | £'s                       | £'s                     |
| Scale Fee - Code Work  | 50,847                    | 31,955                  |
| Determined Scale Fee Variation   | TBC - Note 1              | 97,552                  |
| <b>Total audit</b>   |                           | <b>129,507</b>          |
| Other non-audit services not covered above (Housing Benefits) - Note 2 | 32,500                    | 32,500                  |
| <b>Total fees</b>  | <b>TBC</b>                | <b>162,007</b>          |

All fees exclude VAT

Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2022/23.

In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Note 2 - Planned fee to date, prior to completing all certification requirements.

# Appendix C – Required communications with the Audit Committee

We have detailed the communications that we must provide to the Audit Committee.

## Our Reporting to you

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

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

## Our Reporting to you

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

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

## Our Reporting to you

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

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

## Our Reporting to you

| Required communications               | What is reported?   | When and where   |
|---------------------------------------|---|--|
|                                       | <ul style="list-style-type: none"> <li>▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit</li> <li>▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard</li> <li>▶ The Audit Committee should also be provided an opportunity to discuss matters affecting auditor independence</li> </ul>  | This Completion report for Those Charged with Governance |
| External confirmations                | <ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>  | This Completion report for Those Charged with Governance |
| Consideration of laws and regulations | <ul style="list-style-type: none"> <li>▶ 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</li> <li>▶ 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</li> </ul> | This Completion report for Those Charged with Governance |
| Internal controls                     | <ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit</li> </ul>   | This Completion report for Those Charged with Governance |

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

## Our Reporting to you

| Required communications                    | What is reported?  | When and where   |
|--|--|--|
| Representations                            | Written representations we are requesting from management and/or those charged with governance                           | This Completion report for Those Charged with Governance |
| System of quality management               | How the system of quality management (SQM) supports the consistent performance of a quality audit                        | This Completion report for Those Charged with Governance |
| Material inconsistencies and misstatements | Material inconsistencies or misstatements of fact identified in other information which management has refused to revise | This Completion report for Those Charged with Governance |
| Auditors report                            | Any circumstances identified that affect the form and content of our auditor's report                                    | This Completion report for Those Charged with Governance |

# Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

## Non-Compliance with Laws and Regulations includes:

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

### Management Responsibilities:

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

ISA 250A, para 3

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

ISA 250A, para 3

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

Audit Engagement Letter

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

### Auditor Responsibilities

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

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

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

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

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

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

ISA 250A, paras 19 and 22

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

#### Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

#### Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations



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

**What are the implications of NOCLAR matters arising?**  
 Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.  
 This can have an impact on overall achievability of audit timeline and fees.

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



## Management response:

- Timely communication of the matter to auditors (within a couple of days)
- Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both
- Scope the investigation, in discussion with the auditors
- Evaluate findings and agree next steps
- Determine effect on financial statements including disclosures
- Prepare a paper, summarising the outcome of the investigation and management's conclusions
- Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

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

## Audit response:

- Initial assessment of the NOCLAR matter and its potential impact
- Initial consultation with risk team to determine responsive procedures and the involvement of specialists
- Understand and agree scope of management's investigation with support from specialists as needed
- Evaluate findings and undertake appropriate audit procedures
- Determine audit related impact including accounting and disclosure and audit opinion implications
- Document and consult on the outcome of our procedures
- Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

# Appendix E – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. 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.*

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**Title: 2022/23 Statement of Accounts**

Committee: Audit Committee

Date: 19<sup>th</sup> November 2024

Author: Director, Finance

Report No: Z99

Contact Officer:

Ian Smith, Director Finance

[ian.smith@eastcambes.gov.uk](mailto:ian.smith@eastcambes.gov.uk) 01353 616470

**1.0 Issue**

1.1. To approve the 2022/23 Statement of Accounts.

**2.0 Recommendations**

2.1. To approve the 2022/23 Statement of Accounts as set out in appendix 1.

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

**3.0 Background / Options**

3.1 The format of the Statement of Accounts is prescribed by a range of regulations and reporting requirements together with a code of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Since 2010/11, as part of the wider public sector move towards international accounting standards, all local authorities in the UK are required to produce their annual financial statements using International Financial Reporting Standards (IFRS).

3.2 The Audit and Accounts Regulations 2015 (as amended) which apply to the preparation, approval and audit of the Statement of Accounts for the year ending 31<sup>st</sup> March 2023 required the following:

- The draft Accounts must be certified by the Council's Responsible Financial Officer (Section 151 Officer) by 31<sup>st</sup> May following the end of the financial year. It is confirmed that the accounts were signed off and loaded onto the Council's website on the 29<sup>th</sup> September 2023. The deadline was therefore missed, the main reason for this being the requirement for the 2021/22 Statements to be audited to clarify opening balances before publication of the accounts of the subsequent year.
- The draft accounts and any associated financial documentation are made available for public inspection for a period of 30 working days. The accounts

were available for public inspection from the 2<sup>nd</sup> October 2023 to the 10th November 2023. During this period neither the Council nor EY received any communications from the public.

- By the 30<sup>th</sup> September:
  - The Accounts must be re-certified by the Responsible Financial Officer
  - The Accounts must be approved by Members
  - The Accounts must be published together with any certificate, opinion or report issued by the appointed auditor.

3.3 For the reasons detailed in the Completion Report for those charged with Governance (the previous item on the agenda), it has not been possible for EY to complete the audit of the Council’s financial statements within the legislative timeframe (the backstop date). With the backstop date of the 13<sup>th</sup> December rapidly approaching it has been necessary for EY to issue a “disclaimed audit report”.

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

#### **4.0 Arguments / Conclusions**

4.1 Two adjustments have been made to the Statement of Accounts between the draft version published on the website and the version now in front of you for approval. Both adjustments relate to the Balance Sheet, two grants, Disabilities Facilities Grant and Homelessness Prevention Grant were not spent in full in 2022/23 and had been carried forward as receipts in advance. Having discussed the accounting treatment with EY, it is now agreed that the correct treatment is to put these into a reserve and carry forward in this way. This has been done in the Statements now in front of you.

4.2 With no further audit work to be undertaken on the 2022/23 Statement of Accounts, no amendments are expected to the version attached as appendix 1, but if any changes are needed prior to Audit sign-off, the recommendation to this report asks for authority of the Chair and Director, Finance to make such changes.

#### **5.0 Additional Implications Assessment**

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

|  |  |  |
|--|--|--|
| <b>Financial Implications</b><br><br><b>No</b>           | <b>Legal Implications</b><br><br><b>No</b>             | <b>Human Resources (HR) Implications</b><br><br><b>No</b>        |
| <b>Equality Impact Assessment (EIA)</b><br><br><b>No</b> | <b>Carbon Impact Assessment (CIA)</b><br><br><b>No</b> | <b>Data Protection Impact Assessment (DPIA)</b><br><br><b>No</b> |

#### **6.0 Appendices**

Appendix 1 – Draft Statement of Accounts 2022/23

**7.0 Background Documents:**

The Code of Practice on Local Authority Accounting in the United Kingdom  
2022/23 (the Code)

Final Accounts working papers





# East Cambridgeshire District Council



## Draft Statement of Accounts 2022/23

## Contents

|  |    |
|--|----|
| Narrative Report.....  | 4  |
| Commentary and Review of 2022/23 .....   | 4  |
| Technical Information.....   | 17 |
| Independent auditor's report to the members of East Cambridgeshire District Council....              | 18 |
| Statement of Responsibilities .....  | 19 |
| Council Comprehensive Income and Expenditure Statement.....  | 20 |
| Council Movement in Reserves Statement 2021/22 ..  | 21 |
| Council Movement in Reserves Statement 2022/23 ..  | 22 |
| Balance Sheet (Council).....   | 23 |
| Cash Flow Statement (Council).....   | 24 |
| Note 1. Expenditure and Funding Analysis .....   | 25 |
| Note 2. Explanation of Order of Notes to the Financial Statements .....                              | 26 |
| Note 3. Accounting Standards that have been issued but have not yet been adopted ..                  | 26 |
| Note 4. Critical Judgements in Applying Accounting Policies .....                                    | 27 |
| Note 5. Assumptions Made About the Future and Other Major Sources of Estimation<br>Uncertainty ..... | 27 |
| Note 6. Material Items of Income and Expenditure .....   | 29 |
| Note 7. Events after the Balance Sheet Date .....  | 29 |
| Note 8. Expenditure and Income by Nature .....   | 30 |
| Note 8a. Grant Income .....  | 31 |
| Note 9 Statutory Outturn (General Fund).....   | 32 |
| Note 10a. Useable Reserves other than General Fund .....   | 33 |
| Note 10b. Un-useable Reserves .....  | 33 |
| Note 11. Analysis of Capital Reserve Movement .....  | 34 |
| Note 12a. Property, Plant and Equipment – Prior Year.....  | 38 |
| Note 12b. Property, Plant and Equipment –Year .....  | 39 |
| Note 13. Capital Enhancement and Capital Financing .....   | 41 |
| Note 14. Heritage Assets.....  | 41 |
| Note 15. Intangible Assets .....   | 42 |
| Note 16. Long Term Debtors .....   | 42 |
| Note 17. Debtors .....   | 43 |
| Note 18. Cash and Cash Equivalents .....   | 43 |
| Note 19. Creditors .....   | 44 |
| Note 20. Provisions, Contingent Assets and Liabilities .....   | 44 |
| Note 21. Pension Fund Net Long Term Liability and Reserve .....                                      | 46 |
| Note 22. Defined Benefit Pension Scheme .....  | 47 |

|   |           |
|---|-----------|
| <b>Note 23. Financial Instruments</b> .....   | <b>50</b> |
| <b>Note 24. Trading Operations</b> .....  | <b>52</b> |
| <b>Note 25. Members' Allowances</b> .....   | <b>53</b> |
| <b>Note 26. Senior Officer Remuneration and staff over £50k</b> .....   | <b>53</b> |
| <b>Note 27. External Audit Related Costs</b> .....  | <b>55</b> |
| <b>Note 28. Related Parties</b> .....   | <b>55</b> |
| <b>Note 29. Leases</b> .....  | <b>57</b> |
| <b>Note 30. Accounting Policies</b> .....   | <b>59</b> |
| <b>Note 31. Going Concern</b> .....   | <b>69</b> |
| <br>  |           |
| <b>Collection Fund</b> .....  | <b>71</b> |
| 1. <b>Purpose of Fund</b> .....   | <b>72</b> |
| 2. <b>Council Tax</b> .....   | <b>72</b> |
| 3. <b>Non Domestic Rates (NDR)</b> .....  | <b>73</b> |
| 4. <b>Non Domestic Rates Appeals Provision</b> .....  | <b>73</b> |
| 5. <b>Balance Sheet</b> .....   | <b>73</b> |
| 6. <b>Representation of Balances in East Cambridgeshire Accounts</b> .....  | <b>74</b> |
| 7. <b>Collection Fund Adjustment Reserve</b> .....  | <b>74</b> |
| <b>Group Comprehensive Income and Expenditure and Movement in Reserves Statements 2021/22 &amp; 2022/23</b> ..... | <b>75</b> |
| <b>Group Balance Sheet</b> .....  | <b>76</b> |
| <b>Group Cash Flow Statement</b> .....  | <b>77</b> |
| <b>Group Notes to the Accounts</b> .....  | <b>78</b> |
| <b>Glossary</b> .....   | <b>80</b> |

## **Narrative Report By the Finance Manager**

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2022/23 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2023.

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 2022/23.
- The Financial Statements
- Technical information

## **Commentary and Review of 2022/23 Review of the Year**

Within the Corporate Plan 2022-23, there are 5 priority areas.

- (1) Sound Financial Management
- (2) Improving Transport
- (3) Housing
- (4) Cleaner, Greener East Cambridgeshire
- (5) Social & Community Infrastructure

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

### **Sound Financial Management**

**Keep Council Tax and fees low; keep delivering great services.**

Council Tax was frozen for 2022/23 and 2023/24.

**Be more commercial, but within reason: 'commercial for community'.**

This is an on-going commitment and is at the heart of commercial decisions that are taken.

**Ensure developer contributions are used effectively to maximise community benefit.**

The Council continues to maximise CIL and Section 106 contributions to deliver local infrastructure.

**Minimise bureaucracy, duplication and ensure efficiency and transparency across Council services.**

The Council continues to keep services under review to ensure that it is providing the best possible service to meet the needs of the community.

### **Improving Transport**

**Support better bus services: more frequent, more rural routes.**

The Council continues to promote the 'New Bus Service Proposals for East Cambridgeshire' Prospectus so that East Cambridgeshire can be considered for any future initiatives.

The District Council provided funding to support the continuation of the Ely Zipper bus service when it faced a break in service last summer.

### **Champion and improve the East Cambs Strategic Cycle / Footpath Network**

The Council has secured funding to commission Sustrans, the cycling and walking charity, to produce another five route feasibility studies to support funding bids for new cycling routes in East Cambridgeshire.

### **Support the A14 / A142 junction upgrade at Exning.**

The Council continues to work with West Suffolk Council, Suffolk County Council and Cambridgeshire County Council to establish how improvements can be made at this junction.

### **Support the A10 dualling project, including an off road cycle path from Ely to Cambridge, a segregated pedestrian / cycle crossing near the BP roundabout, and junction improvements.**

The Council continues to make representations to the Combined Authority and is represented on the BP Roundabout A10 Non-Motorised User Crossing Project Board.

### **Continue to work with stakeholders and neighbouring authorities to improve rail connectivity and services across the district and wider areas.**

The Council continues to support the Ely Area Capacity Enhancement project, including the road improvement scheme and to promote other local rail enhancements.

### **Keep free car parking in our city and town centre car parks.**

The Council is committed to keeping free parking in our city and town centre car parks. This is an on-going commitment which has been enshrined in the constitution.

## **Housing**

### **Continue to support existing Community Land Trusts across the district.**

The Council continues to provide advice and grant support to Community Land Trusts. A Pre-Development Support Grant was awarded to Kennett CLT.

### **Encourage communities to set up new Community Land Trusts**

The Council has continued to support local communities to develop new CLTs and offer guidance in areas such as project planning, fundraising and housing management.

### **Continue to secure well designed high quality places that enable people to live and work locally.**

The Council continues to champion well designed, high quality places that enable people to live and work locally. This is done through the planning process.

**Deliver First Homes for people who live and work locally.**

The Council has supported the delivery of First Homes in Littleport.

**Deliver £100k Homes in Ely and Kennett**

The Council has worked with Palace Green Homes to progress the delivery of four £100k Homes at Eden Square, Ely.

**Cleaner, Greener East Cambridgeshire****Continue to clamp down on fly-tipping, graffiti and litter and prosecute where there is evidence to do so.**

The Service issued 19 fixed penalty notices (FPNs) and 5 warnings relating to litter, fly-tipping and householder duty of care. And began work with the Parish Councils to identify hotspots for fly-tipping and the potential to use CCTV.

**Deliver the very best Waste / Recycling and Street Cleaning Service capable of meeting the challenges ahead.**

East Cambs Street Scene experience acute pressures within the service following waste collection round reconfiguration, in addition the cost of living crisis and macro-economic environment created financial pressures within the service. An action plan was successfully completed to address staffing issues and stabilise the service. A further review of the service and a new Programme was agreed (Project Street Smart) to deliver a resilient and high quality service through 2023/24.

The Council agreed the purchase of ten new waste vehicles and in cab system to improve reporting and the customer journey.

**Continue our Purge on Plastics campaign - to reduce single use plastics and encourage others across the district to do the same.**

The Campaign remains in place and has focussed on communications through different social media channels. Due to staffing pressures officers were not able to attend as many community events. The Purge on Plastics will form part of a broader communications and behaviour change campaign focussed on reducing food waste, reducing the amount of waste produced and ensuring people recycle as much as possible.

**Support the Doubling Nature campaign.**

The Council continues to work with stakeholders as part of the Doubling Nature campaign.

**Implement the Council's Environment and Climate Change Strategy and Action Plan (EnvPlan)**

The majority of the actions were completed in full, and progress towards finalising any outstanding actions underway. Particular highlights include:

- Installation of solar panels on the two south orientated roofs at E-Space North, Littleport,
- 28 community-based orchards now planted across the district.

- The Council agreed to purchase ten new waste and recycling vehicles with the intention to run them running off Hydrotreated Vegetable Oil (HVO), which has around 90% lower carbon emissions than traditional diesel.

**Retain a kerbside Green Waste Collection service.**

The Council retains a kerbside Green Waste Collection service.

**Social & Community Infrastructure****Continue to provide a great homelessness, housing & advice service and provide a Housing & Community Advice Service with multiple agencies, to our harder to reach rural areas across the district.**

The Service has been expanded to include support for asylum seekers and refugee advice. The Community Bus has toured the District comprehensively, the service was reviewed to ensure that it responded to areas of the District with most need. We have also increased our officer availability for walk in appointments at the Grange and provide home visits to those harder to reach residents.

**Support of the delivery of improved Health facilities across the district**

The Council continues to work with stakeholders to deliver improved Health facilities in Soham and other areas in the District.

**Support the delivery of new and/or improved community facilities.**

The Council continues to work with organisations to facilitate the delivery of improved community facilities.

A Growth and Infrastructure Fund was established. £2,307,216 was awarded to nine local projects across the district.

CIL funding was also allocated towards the Stretham Community Hub project and New Recreation Ground – Haddenham.

**Support Leisure Providers across the district**

Officers are working with leisure providers and partner agencies to help develop facilities and programmes following the emergence from the pandemic. Community Sports Facilities Grants were awarded to Ely Outdoor Sports Association, Littleport Leisure and Ross Peers Sports Centre, Soham.

**Explore opportunities to deliver improved outdoor sporting facilities.**

Officers are working with sports agencies and local stakeholders to support a range of improvements in outdoor facilities.

**Continue to support and enable our local businesses and communities.**

The Council continues to support local businesses and communities in various ways.

**Submit Market Town bids to the Combined Authority**

Following approval from the Combined Authority for Ely and Soham Market Town Funds, project delivery continued throughout 2022/23.

**Deliver a crematorium in East Cambridgeshire**

The Council secured planning permission for the Crematorium at the Mepal site, based on the outline Business Case. Further work was undertaken to review the business case and develop a final proposal for members to consider in 2023/24.

**Work with delivery partners to secure superfast broadband for our district.**

The Council continues to work with Connecting Cambridgeshire to secure superfast broadband throughout the District.

**Work with the Internal Drainage boards to increase system capacity for Water Management and Flood Prevention**

The Council has included Water Management and Flood Prevention on the CIL Infrastructure List and continue to be an active participant in the Drainage Boards.

**Work with partners and the community to reduce anti-social on-street parking in our towns and villages.**

The Council continued to work with the Police to develop an innovative scheme to use volunteers to reduce anti-social parking. We currently await details from the Police on their final proposals.



## Revenue Spending and Sources of Income

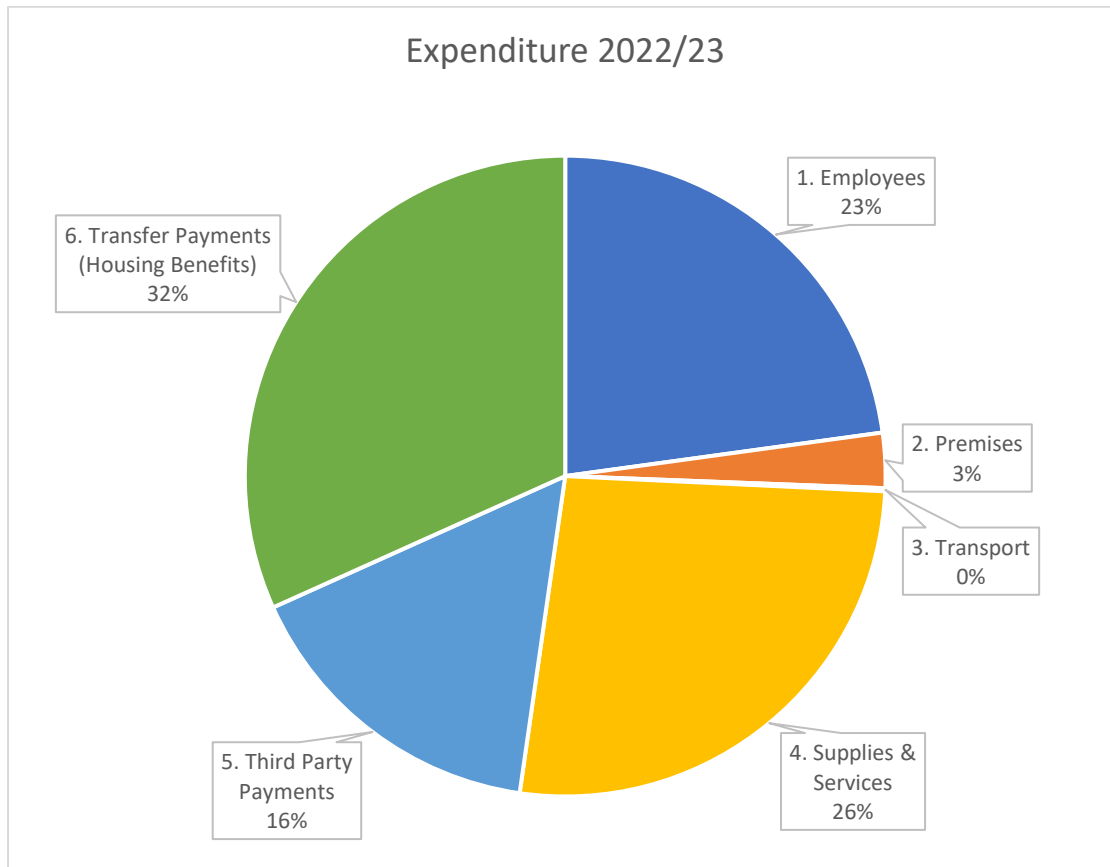
The Table below sets out the Council's budget for 2022/23 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

|   | Budget          | Outturn         | Variance       |
|---|-----------------|-----------------|----------------|
|   | £000            | £000            | £000           |
| Service   |                 |                 |                |
| Finance & Assets  | 5,824           | 4,432           | (1,392)        |
| Operational Services  | 5,802           | 6,560           | 758            |
| <b>Service Net Revenue Expenditure</b>                                      | <b>11,626</b>   | <b>10,992</b>   | <b>(634)</b>   |
| Land Drainage   | 572             | 555             | (17)           |
| Parish Precepts   | 2,740           | 2,740           | 0              |
| Movement in Corporate Reserves  |                 | 165             |                |
| <b>Total Net Revenue Expenditure</b>  | <b>14,938</b>   | <b>14,452</b>   | <b>(486)</b>   |
| Financing   |                 |                 |                |
| Council Tax   | (7,407)         | (7,407)         | 0              |
| Non Domestic Rates  | (4,731)         | (5,777)         | (1,046)        |
| Revenue Support Grant   | (13)            | (13)            | (0)            |
| Other Government Grants   | (1,565)         | (1,678)         | (113)          |
| Budget - draw from Surplus Savings Reserve                                  | (1,222)         | (1,222)         | (0)            |
| <b>Total Financing</b>  | <b>(14,938)</b> | <b>(16,097)</b> | <b>(1,159)</b> |
| <b>Transfer to Surplus Savings Reserve</b>                                  |                 |                 | <b>(1,645)</b> |
| <b>Net (Increase)/Decrease in Earmarked Reserves</b>                        |                 |                 | <b>237</b>     |
| <b>Total Reported General Fund Movements</b>                                |                 |                 | <b>(1,408)</b> |
| Adjustment between funding & accounting basis                               |                 |                 | (425)          |
| <b>Reported (Surplus) upon Services in Income &amp; Expenditure Account</b> |                 |                 | <b>(1,832)</b> |

The net cost of individual committees in the above table are different to those in the formal Statement of Accounts due to the statutory charges that are applied to the formal Accounts and the treatment of movements to and from reserves. The above table however reflects the structure of the accounts as presented to Council throughout the year and in the Outturn, report reported to Finance and Assets Committee on 3rd July 2023. Reasons for yearend variances can be found in this report, for both revenue and capital.

## Analysis of Revenue Expenditure

The Council spent £38.559 million in 2022/23 and the chart below shows the type of expenditure this was spent on.



**Reserves**

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

| <b>Usable<br/>Reserves 2022/23</b> | Brought<br>Forward<br>£'000 | Contributions |                | Carried<br>Forward<br>£'000 |
|------------------------------------|-----------------------------|---------------|----------------|-----------------------------|
|                                    |                             | To<br>£'000   | From<br>£'000  |                             |
| General Fund                       | 1,051                       | 12            | 0              | 1,063                       |
| Surplus Savings & Earmarked        | 23,415                      | 5,670         | (4,274)        | 24,810                      |
| <b>TOTAL GENERAL FUND</b>          | <b>24,466</b>               | <b>5,682</b>  | <b>(4,274)</b> | <b>25,873</b>               |
| Capital Receipts Reserve           | 1,536                       | 234           | (289)          | 1,480                       |
| Capital Grants Unapplied           | 380                         | 24            | 0              | 404                         |
| <b>Total Usable Reserves</b>       | <b>26,382</b>               | <b>5,941</b>  | <b>(4,563)</b> | <b>27,758</b>               |

## Capital Spending

The final capital budget for 2022/23 was £10.835 million and the table below shows the movement from the original capital programme approved in February 2023.

| Capital Programme                           | £'000        | £'000  |
|---|--------------|--------|
| Original Approved Capital Programme 2022/23 | 4,407        |        |
| Approved slippage from 2021/22              | 828          |        |
| Approved Additions                          | <u>5,600</u> |        |
| Updated Capital Programme for 2021/22       |              | 10,835 |
| Capital outturn                             |              | 8,851  |
| Underspend against revised budget           |              | 1,984  |

Spend in 2022/23 was as shown below:

| 2021/22<br>£'000 | Capital Spending                   | 2022/23<br>£'000 |
|------------------|------------------------------------|------------------|
| 377.9            | Housing Grants                     | 675.6            |
| 42.8             | Vehicle Replacement Programme      | 249.1            |
|                  | ECDC A14 Contribution              | 1,250.9          |
| 0.0              | Loan to subsidiary company         | 6,000.0          |
|                  | Loan to EC CLT                     | 234.6            |
| 0.0              | Lisle Lane Land                    | 160.3            |
| 0.0              | Depot Improvements                 | 209.3            |
| 60.0             | Wheelie Bins                       | 70.8             |
| <u>480.7</u>     | Gross Expenditure                  | <u>8,850.6</u>   |
|                  | Funded From                        |                  |
| 100.0            | Capital Receipts Reserve Applied   | 289.4            |
| 334.0            | Grants                             | 607.3            |
| 1,143.1          | CIL Earmarked Reserve Contribution | 1,018.0          |
| (1,131.4)        | Internal Borrowing Contributions   | 5,871.0          |
| 35.0             | Other Revenue Contributions        | 1,064.9          |
| 0.0              | Section 106                        | 0.0              |
| <u>480.7</u>     |                                    | <u>8,850.6</u>   |

## Treasury Management

East Cambridgeshire District Council was in cash surplus during the whole of the 2022/23 financial year. The Council invested this “surplus” cash in both fixed, short term investments and in Money Market funds during the year, this to maximise interest receipts, but while ensuring, as its main focus, the security and availability of the invested funds.

## Looking to the Future

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

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

The current MTFS covers the period 2023/24 to 2026/27. The MTFS figures as approved by Council in February 2023 assumed that the Government's Fair Funding Review for local government will be introduced in April 2025. However, the likelihood of this happening to this timescale is now considered unlikely, due mainly to the upcoming General Election, now expected sometime in 2024, which would give little time for the new Government to get everything in place in time for this deadline. The Fair Funding review and particularly the baselining of Business Rates, expected to be part of the process, is considered to lead to a worse financial position for the Council, so the MTFS is considered the worst case position, with the possible delay to these processes providing up-side for the Council.

The current MTFS, shows the budgets for 2023/24 and 2024/25 are fully funded – by use of the Surplus Savings Reserve - based on the assumptions detailed below. However, there are significant budget shortfalls projected in the subsequent years (£1,645,402 in 2025/26 and £4,797,033 in 2026/27). Clearly many things will change between now and then, not least the funding we receive from Central Government as detailed above, but it will be necessary to continue to identify and implement strategies around commercialisation and transformation to meet these shortfalls. While the Council does have time to put plans in place, the need for these is becoming increasingly important and urgent.

The Council also has access to a good level of reserves, although these are expected to reduce over the MTFS period as money is withdrawn from, in particular the Surplus Savings Reserve.

The assumptions in the current MTFS (as approved in February 2023) include:

- Government funding through New Homes Bonus, Lower Tier Grant and the Funding Guarantee Grant will all end in 2025/26.
- Significant increases in inflation.
  - Inflation on staff pay is included at 4% for 2023/24, 3% in 2024/25 reducing to 2% in future years.
  - 21% inflation was added to the Waste contract in 2023/24, reducing to 4% in 2024/25 and again reducing to 2% on an annual basis thereafter, however additional budget is provided from 2024/25 when the new recycling vehicles (budgeted to be purchased in 2023/24) will start being charged to ECSS. (This cost increase would have occurred regardless of whom is undertaking the contract at this point).
  - Gas and electricity budgets were increased by 80% for inflation in 2023/24.
  - Internal Drainage Board levies were increased by 14%.
  - With other expenditure budgets increased by 6% in 2023/24.
- The loans to ECTC are planned to be repaid by March 2026, the interest received by the Council on these loans will therefore stop at this point. The loan repayments will be used to reduce / prevent the Council needing to borrow externally.

- There remains no assumption in the MTFS for any dividends being received from ECTC. (While noting that no dividends are budgeted for, it should not be forgotten that the Council continues to get significant benefits from ECTC, with interest being paid on the loans provided, the recharge of management and support services costs to the Company (forecast to be £158,913 in 2023/24), the hire of the Market Place and part of the depot, as well as Capital Receipts, Section 106 contributions and eventually additional Council Tax receipts from the properties developed.)
- In recognition on the cost of living crisis the assumption on Council Tax collection was reduced from 98.75% to 98.5%.

The Council has a track record of delivering cost reductions; it is anticipated therefore that a contribution to the budget deficit forecast in future years will be achieved during the term through general efficiencies and income generating opportunities; however, to be prudent, no account of these are shown within the forecasts within the MTFS.

There have been a number of up-dates on these assumptions, in year since the 2023/24 budget and MTFS were approved, and these were detailed in the MTFS report presented to Finance and Assets Committee in September 2023. This report was based on the Fair Funding Review now taking place in April 2026 and the benefit to the Council of this delay, now means that both the 2024/25 and 2025/26 budgets are balanced by use of the Surplus Savings Reserve.

## The Financial Statements

The Council's financial statements for 2022/23 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 2022/23 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

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

## The Comprehensive Income and Expenditure Statement (CIES)

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

### Movement in Reserves Statement

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

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

### Balance Sheet

The Balance Sheet shows the value at the 31 March 2023 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 Mar 22<br>£'000 |                       | 31 Mar 23<br>£'000 |
|--------------------|-----------------------|--------------------|
| 43,176             | Long Term Assets      | 43,019             |
| 36,707             | Current Assets        | 34,628             |
| (17,617)           | Current Liabilities   | (13,328)           |
| (24,351)           | Long Term Liabilities | (5,532)            |
| 37,915             | Net Assets            | 58,787             |
| 26,382             | Useable Reserves      | 26,776             |
| 11,533             | Unusable Reserves     | 32,011             |
| 37,915             | Total Reserves        | 58,787             |

The Council's Balance Sheet has moved from a position at 31<sup>st</sup> March 2022 of £37.915 million to £58.787 million at 31 March 2023. The principal reasons for this movement of

£20.872 million is largely attributable to the decrease in movement on the Pension Assets/Liability. The full Balance Sheet is on page 23 of the Accounts.

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

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

### The Cash Flow Statement

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

| Net Cash Flows from:   | 31 March 2023<br>£'000 |
|--|------------------------|
| Operating activities   | (2,883)                |
| Investing activities   | (12,191)               |
| Financing activities   | 475                    |
| <b>Net Increase or Decrease in cash and cash equivalents</b> | <b>(14,599)</b>        |
| Cash and cash equivalents                                    |                        |
| At the beginning of the reporting period                     | 27,643                 |
| At the end of the reporting period                           | 13,044                 |

### 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
- Parish Councils



## Technical Information

East Cambridgeshire's financial statements for 2022/23 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 2022/23 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

### International Financial Reporting Standards

The Council has reported its financial position based on the requirements of International Financial Reporting Standards (IFRS) and this is encapsulated within the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

### Statement of Accounting Policies

The accounting policies applicable to the 2022/23 Statement of Accounts are the same as those that were applied to the 2021/22.

### True and Fair View Override

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

### Changes to the Statement of Accounts

There are no material changes to the Statement of Accounts.

### Material and Unusual Charges or Credits in the Accounts

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

### Material Events after the Reporting Date

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

### Material Assets Acquired or Liabilities Incurred

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

### Changes in Statutory Functions

There were no changes in statutory functions in 2022/23.

**Ian Smith - CPFA**  
Director, Finance

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

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## Statement of Responsibilities

### The Authority's Responsibilities

The Authority is required to:

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

### The Section 151 Officer's Responsibilities

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

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

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

The Section 151 Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

**Ian Smith - CPFA**

Director, Finance

### Audit Committee Certificate for the Approval of the Accounts

## COUNCIL Comprehensive Income and Expenditure Statement

| 2021/22                   |                      |                         |   |       |                           |                      |                         | 2022/23 |  |  |
|---------------------------|----------------------|-------------------------|---|-------|---------------------------|----------------------|-------------------------|---------|--|--|
| GROSS EXPENDITURE<br>£000 | GROSS INCOME<br>£000 | NET EXPENDITURE<br>£000 |   | NO TE | GROSS EXPENDITURE<br>£000 | GROSS INCOME<br>£000 | NET EXPENDITURE<br>£000 |         |  |  |
| 26,763                    | (24,283)             | 2,480                   | Finance & Assets  |       | 23,011                    | (16,234)             | 6,777                   |         |  |  |
| 13,265                    | (11,035)             | 2,230                   | Operational Services  |       | 15,764                    | (11,686)             | 4,078                   |         |  |  |
| <b>40,028</b>             | <b>(35,318)</b>      | <b>4,710</b>            | <b>Cost of Services</b>                                       | 8     | <b>38,775</b>             | <b>(27,344)</b>      | <b>10,855</b>           |         |  |  |
| 2,521                     |                      | 2,521                   | Parish Council Precepts                                       |       | 2,740                     |                      | 2,740                   |         |  |  |
| 515                       |                      | 515                     | Internal Drainage Board                                       |       | 555                       |                      | 555                     |         |  |  |
|                           | (4)                  | (4)                     | Interest on soft Loans  |       |                           | (4)                  | (4)                     |         |  |  |
| 24                        |                      | 24                      | Loss/(Gain) on disposal of non-current assets                 |       | 28                        |                      | 28                      |         |  |  |
| <b>3,060</b>              | <b>(4)</b>           | <b>3,056</b>            | <b>Other Operating Expenditure</b>                            |       | <b>3,323</b>              | <b>(4)</b>           | <b>3,319</b>            |         |  |  |
|                           | (201)                | (201)                   | Interest Receivable & Investment Income                       |       |                           | (809)                | (809)                   |         |  |  |
| 609                       |                      | 609                     | Net Interest on the net Pension Liability                     |       | 580                       |                      | 580                     |         |  |  |
| <b>609</b>                | <b>(201)</b>         | <b>408</b>              | <b>Financing &amp; Investment Income &amp; Expenditure</b>    | 21    | <b>580</b>                | <b>(809)</b>         | <b>(229)</b>            |         |  |  |
|                           | (6,999)              | (6,999)                 | Council Tax Income  |       |                           | (7,271)              | (7,271)                 |         |  |  |
|                           | (5,305)              | (5,305)                 | Non Domestic Rates income & Expenditure                       |       |                           | (6,928)              | (6,928)                 |         |  |  |
|                           | (827)                | (827)                   | Non Ring Fenced Government Grants                             | 8     |                           | (1,578)              | (1,578)                 |         |  |  |
| <b>0</b>                  | <b>(13,131)</b>      | <b>(13,131)</b>         | <b>Taxation &amp; Non Specific Grant Income</b>               |       | <b>0</b>                  | <b>(15,777)</b>      | <b>(15,777)</b>         |         |  |  |
| <b>43,699</b>             | <b>(48,654)</b>      | <b>(4,955)</b>          | <b>(Surplus)/Deficit on Provision of services</b>             | 8     | <b>42,678</b>             | <b>(43,934)</b>      | <b>(1,832)</b>          |         |  |  |
|                           | (1,566)              | (1,566)                 | (Surplus) or deficit in the revaluation of non-current assets |       |                           | 991                  | 991                     |         |  |  |
|                           | (10,896)             | (10,896)                | Actuarial losses (Gains) on pension assets & liabilities      | 21    |                           | (20,607)             | (20,607)                |         |  |  |
| <b>0</b>                  | <b>(12,462)</b>      | <b>(12,462)</b>         | <b>Other comprehensive income &amp; expenditure</b>           |       | <b>0</b>                  | <b>(19,616)</b>      | <b>(19,616)</b>         |         |  |  |
| <b>43,699</b>             | <b>(61,116)</b>      | <b>(17,417)</b>         | <b>Total Comprehensive Income &amp; Expenditure</b>           |       | <b>42,678</b>             | <b>(63,550)</b>      | <b>(21,448)</b>         |         |  |  |

**COUNCIL Movement in Reserves Statement 2021/22**

|  | General Fund   | Other Earmarked Reserves | Capital Grants Unapplied | Capital Receipts Reserve | Total Useable Reserves | Total Unusable reserves | TOTAL Council Reserves |
|--|----------------|--------------------------|--------------------------|--------------------------|------------------------|-------------------------|------------------------|
| <b>Carried Forward at 31 March 2021</b>                                  | <b>(1,046)</b> | <b>(18,132)</b>          | <b>(60)</b>              | <b>(1,472)</b>           | <b>(20,710)</b>        | <b>215</b>              | <b>(20,496)</b>        |
| <b>Movement in reserves</b>  |                |                          |                          |                          |                        |                         |                        |
| (Surplus) or Deficit on provision of services                            |                | (4,955)                  |                          |                          | (4,955)                |                         | (4,955)                |
| Other Comprehensive Income and Expenditure                               |                |                          |                          |                          |                        | (12,121)                | (12,121)               |
| <b>Total Comprehensive Income and Expenditure</b>                        | <b>0</b>       | <b>(4,955)</b>           | <b>0</b>                 | <b>0</b>                 | <b>(4,955)</b>         | <b>(12,121)</b>         | <b>(17,076)</b>        |
| ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS   |                | (333)                    | (319)                    | (64)                     | (717)                  | 373                     | (343)                  |
| <b>Net Increase/Decrease before Transfers to/from earmarked reserves</b> | <b>0</b>       | <b>(5,289)</b>           | <b>(319)</b>             | <b>(64)</b>              | <b>(5,673)</b>         | <b>(11,748)</b>         | <b>(17,419)</b>        |
| Transfer To/from Earmarked reserves                                      | (5)            | 5                        |                          |                          | 0                      |                         | 0                      |
| <b>(Increase)/Decrease in 2021/22</b>                                    | <b>(5)</b>     | <b>(5,284)</b>           | <b>(319)</b>             | <b>(64)</b>              | <b>(5,673)</b>         | <b>(11,748)</b>         | <b>(17,419)</b>        |
| <b>Balance at 31 March 2022</b>  | <b>(1,051)</b> | <b>(23,415)</b>          | <b>(380)</b>             | <b>(1,536)</b>           | <b>(26,382)</b>        | <b>(11,533)</b>         | <b>(37,915)</b>        |

**COUNCIL Movement in Reserves Statement 2022/23**

|  | General Fund   | Other Earmarked Reserves | Capital Grants Unapplied | Capital Receipts Reserve | Total Useable Reserves |  | Total Unusable reserves | TOTAL Council Reserves |
|--|----------------|--------------------------|--------------------------|--------------------------|------------------------|--|-------------------------|------------------------|
| <b>Carried Forward at 31 March 2022</b>                                  | <b>(1,051)</b> | <b>(23,415)</b>          | <b>(380)</b>             | <b>(1,536)</b>           | <b>(26,382)</b>        |  | <b>(11,533)</b>         | <b>(37,915)</b>        |
| <b>Movement in reserves</b>  |                |                          |                          |                          |                        |  |                         |                        |
| (Surplus) or Deficit on provision of services                            |                | (1,256)                  |                          |                          | (1,256)                |  |                         | (1,256)                |
| Other Comprehensive Income and Expenditure                               | (12)           | 12                       |                          |                          |                        |  | (19,616)                | (19,616)               |
| <b>Total Comprehensive Income and Expenditure</b>                        | <b>(12)</b>    | <b>(1,244)</b>           |                          |                          | <b>(1,256)</b>         |  | <b>(19,616)</b>         | <b>(20,872)</b>        |
| ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS   |                | (151)                    | (24)                     | 56                       | (119)                  |  | (861)                   | (981)                  |
| <b>Net Increase/Decrease before Transfers to/from earmarked reserves</b> | <b>(12)</b>    | <b>(1,395)</b>           | <b>(24)</b>              | <b>56</b>                | <b>(1,375)</b>         |  | <b>(20,477)</b>         | <b>(21,276)</b>        |
| <b>(Increase)/Decrease in 2022/23</b>                                    | <b>(12)</b>    | <b>(1,395)</b>           | <b>(24)</b>              | <b>56</b>                | <b>(1,375)</b>         |  | <b>(20,477)</b>         | <b>(21,276)</b>        |
| <b>Balance at 31 March 2023</b>  | <b>(1,063)</b> | <b>(24,234)</b>          | <b>(404)</b>             | <b>(1,481)</b>           | <b>(27,758)</b>        |  | <b>(32,010)</b>         | <b>(59,768)</b>        |

**Balance Sheet**

| 31 Mar 2022<br>£'000 |  | Note      | 31 Mar 2023<br>£'000 |
|----------------------|--|-----------|----------------------|
|                      | <b>LONG TERM ASSETS</b>                      |           |                      |
| 37,837               | Property, Plant and Equipment                | <b>12</b> | 36,357               |
| 105                  | Heritage Assets                              |           | 105                  |
| 15                   | Intangible Assets                            | <b>14</b> | 0                    |
| 5,219                | Long Term Debtors                            | <b>16</b> | 6,557                |
| <b>43,176</b>        | <b>TOTAL LONG TERM ASSETS</b>                |           | <b>43,019</b>        |
|                      | <b>CURRENT ASSETS</b>                        |           |                      |
| 6,000                | Investments (Short Term)                     |           | 17,000               |
| 165                  | Assets Held for Sale                         | <b>12</b> | 165                  |
| 2,860                | Short Term Debtors                           | <b>17</b> | 4,402                |
| 39                   | Inventories                                  |           | 17                   |
| 27,643               | Cash and Cash Equivalents                    | <b>18</b> | 13,044               |
| <b>36,707</b>        | <b>TOTAL CURRENT ASSETS</b>                  |           | <b>34,628</b>        |
| <b>79,883</b>        | <b>TOTAL ASSETS</b>                          |           | <b>77,647</b>        |
|                      | <b>CURRENT LIABILITIES</b>                   |           |                      |
| (15,571)             | Short Term Creditors & Receipts in Advance   | <b>19</b> | (11,296)             |
| (2,045)              | Provisions                                   | <b>20</b> | (1,050)              |
| <b>(17,617)</b>      | <b>TOTAL CURRENT LIABILITIES</b>             |           | <b>(12,346)</b>      |
| 19,090               | TOTAL CURRENT ASSETS/LIABILITIES             |           | 22,282               |
| <b>62,266</b>        | <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |           | <b>65,301</b>        |
|                      | <b>LONG TERM LIABILITIES</b>                 |           |                      |
| (3,474)              | Capital Grants Received in Advance           |           | (3,467)              |
| (20,877)             | Net Pensions Liability                       | <b>21</b> | (2,065)              |
| <b>(24,351)</b>      |  |           | <b>(5,532)</b>       |
| <b>37,915</b>        | <b>NET ASSETS</b>                            |           | <b>59,769</b>        |
|                      | <b>FINANCED BY:</b>                          |           |                      |
| 26,382               | USABLE RESERVES                              | <b>10</b> | 27,758               |
| 11,533               | UNUSABLE RESERVES                            | <b>11</b> | 32,011               |
| <b>37,915</b>        | <b>TOTAL RESERVES</b>                        |           | <b>59,769</b>        |

**Ian Smith – CPFA**  
Director, Finance

**Cash Flow Statement**

| <b>31 March<br/>2022<br/>£'000</b> |   | <b>31 March<br/>2023<br/>£'000</b> |
|------------------------------------|---|------------------------------------|
| <b>4,955</b>                       | <b>Net Surplus/(Deficit) on the Provision of Services</b>                               | <b>1,256</b>                       |
|                                    | Adjustments for Non cash items:   |                                    |
| (201)                              | Interest Receivable   | (809)                              |
| 2,443                              | Depreciation & Amortisation, Impairment   | 1,168                              |
| 1,992                              | Pension Liability   | 1,795                              |
| 1,493                              | Change in Debtors, Creditors and provisions and inventories (excluding collection Fund) | (6,293)                            |
| <b>5,728</b>                       | <b>Total Adjustments</b>  | <b>(4,139)</b>                     |
| <b>10,683</b>                      | <b>Net Cash Flows from Operating Activities</b>   | <b>(2,883)</b>                     |
| (103)                              | Purchase of PPE & Intangibles   | (662)                              |
| 4                                  | Change in Long Term Debtors   | (1,338)                            |
| (1,000)                            | Net (purchase) of Investments   | (11,000)                           |
| 201                                | Interest Received   | 809                                |
| <b>(906)</b>                       | <b>Investing Activities</b>   | <b>(12,191)</b>                    |
| 115                                | Net Receipt/(application) of Capital Grants   | (6)                                |
| 4,069                              | Change in Collection Fund agencies, Debtors & Creditors                                 | 481                                |
| <b>4,184</b>                       | <b>Financing Activities</b>   | <b>475</b>                         |
| <b>13,960</b>                      | <b>Net (decrease) in cash and cash equivalents</b>                                      | <b>(14,599)</b>                    |
| <b>13,682</b>                      | <b>Cash and cash equivalents at the beginning of the reporting period</b>               | <b>27,643</b>                      |
| <b>27,643</b>                      | <b>Cash and cash equivalents at the end of the reporting period</b>                     | <b>13,044</b>                      |



**Note 1 Expenditure & Funding Analysis**

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

| <b>2021/22</b>   | General Fund Core<br>£'000 | Earmarked<br>£'000 | General Fund and Earmarked<br>£'000 | Charges to Capital Reserves<br>£'000 | Charges to other non-General Fund<br>£'000 | Total Movement in year<br>£'000 |
|--|----------------------------|--------------------|-------------------------------------|--------------------------------------|--|---------------------------------|
| Finance & Assets   | (2,906)                    | 5,228              | 2,321                               | (1,224)                              | 1383                                       | 2,480                           |
| Operational Services                                     | 1,792                      | 60                 | 1,852                               | 378                                  |  | 2,230                           |
| <b>NET COST OF SERVICES</b>                              | <b>(1,114)</b>             | <b>5,288</b>       | <b>4,174</b>                        | <b>(846)</b>                         | <b>1,383</b>                               | <b>4,710</b>                    |
| Other Operating Expenditure plus Taxation & Grant Income | (7,844)                    |                    | (7,844)                             | (381)                                | (1,441)                                    | (9,667)                         |
| <b>TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES</b> | <b>(8,958)</b>             | <b>5,288</b>       | <b>(3,670)</b>                      | <b>(1,227)</b>                       | <b>(58)</b>                                | <b>(4,956)</b>                  |
| Other Comprehensive I&E                                  |                            |                    |                                     | (1,566)                              | (10,896)                                   | (12,462)                        |
| <b>TOTAL</b>   | <b>(8,958)</b>             | <b>5,288</b>       | <b>(3,670)</b>                      | <b>(2,793)</b>                       | <b>(10,954)</b>                            | <b>(17,418)</b>                 |

| <b>2022/23</b>   | General Fund Core<br>£'000 | Earmarked<br>£'000 | General Fund and Earmarked<br>£'000 | Charges to Capital Reserves<br>£'000 | Charges to other non-General Fund<br>£'000 | Total Movement in year<br>£'000 |
|--|----------------------------|--------------------|-------------------------------------|--------------------------------------|--|---------------------------------|
| Finance & Assets   | 8,608                      | (2,031)            | 6,577                               | (1,015)                              | 1,215                                      | 6,777                           |
| Operational Services                                     | 1,138                      | 2,863              | 4,001                               | 653                                  |  | 4,654                           |
| <b>NET COST OF SERVICES</b>                              | <b>9,746</b>               | <b>832</b>         | <b>10,578</b>                       | <b>(362)</b>                         | <b>1,215</b>                               | <b>11,430</b>                   |
| Other Operating Expenditure plus Taxation & Grant Income | (11,057)                   |                    | (11,057)                            | 256                                  | (1,885)                                    | (12,686)                        |
| <b>TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES</b> | <b>(1,311)</b>             | <b>832</b>         | <b>(479)</b>                        | <b>(106)</b>                         | <b>(670)</b>                               | <b>(1,256)</b>                  |
| Other Comprehensive I&E                                  |                            |                    |                                     | 991                                  | (20,607)                                   | (19,616)                        |
| <b>TOTAL</b>   | <b>(1,311)</b>             | <b>832</b>         | <b>(479)</b>                        | <b>885</b>                           | <b>(21,277)</b>                            | <b>(20,872)</b>                 |

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

Following on from the Expenditure & Funding Analysis, the Notes to the main Financial Statements are organised in 4 distinct groups:

- (i) Introductory Notes explaining current context issues (Notes 2 to 7, Pages 26 to 29).
- (ii) Notes directly supporting the prime Financial Statements (Notes 8 to 21, Pages 30 to 46).
- (iii) Notes containing memorandum notes in support of the Accounts (Notes 22 to 30, Pages 47 to 60).
- (iv) Accounting Policies (Note 31, Pages 60 to 70).

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

- (a) Note 8 in support of the Comprehensive Income and Expenditure Account.
- (b) Note 9 supplementary information in support of the General Fund Statutory Outturn.
- (c) Notes 10 & 11 in support of the Movement in Reserves Statement and the Reserves section of the Balance Sheet.
- (d) Notes 12 to 21, Pages 38 to 46 in support of the Assets and Liabilities sections of the Balance Sheet.

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

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

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

- (1) IFRS16 Leases will require Local authorities that are lessees to recognise most leases on their balance sheet as right of use assets with corresponding lease liabilities. For Local authorities, the code of practice on local authority accounting in the UK has delayed the implementation of IFRS16 to 1<sup>st</sup> April 2024. However local authorities are allowed to early adopt the IFRS16 principles on 1<sup>st</sup> April 2023 in accordance with the code. East Cambridgeshire has opted to defer until 1<sup>st</sup> April 2024
- (2) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- (3) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- (4) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.

(5) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued

#### **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 2022/23, 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 2022/23 for Land and Buildings (NBV) is £33.491 million (2021/22; Land and Buildings (NBV) is £34.671 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 £2.065 million for 2022/23; this has decreased by £18.812 million since 2021/22. However:
  - This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 4.
  - The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the forthcoming 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non-Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2010.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2022. An estimated provision of £2.585 million has been included in the Collection Fund in respect of successful appeals costs. The Council's share of any such Collection Fund costs is 40% or £1.034 million of the total provision and this is included in the General Fund balance.

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

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

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item                | Uncertainties   | Effect if Actual Results Differ from Assumptions   |
|---------------------|---|--|
| Property            | <p>All Property is reviewed on a 4 year rolling basis. Where an asset has not been specifically reviewed a “table-top” analytical review is undertaken to determine if the principle valuation indexes show a material change in the current asset’s valuation.</p> <p>In addition, an annual impairment review is undertaken to determine if any of the Council’s assets have been impaired.</p> | <p>74% 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 £0.334 million.</p>  |
| Depreciation        | <p>Assets are depreciated over useful lives that are dependent on assumptions about their level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>       | <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £0.305 million for every year that the useful lives had to be reduced.</p>   |
| Plant and Equipment | <p>Plant and Equipment are valued on an historic cost basis.</p>  | <p>There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.</p>  |
| Pensions Liability  | <p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are 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.</p> | <p>The effects on the net pension’s liability of changes in individual assumptions, as provided by the actuary, can be measured. For instance, a:</p> <ul style="list-style-type: none"> <li>• 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £0.909 million.</li> <li>• 0.1% increase in the salary increase rate would result in an increase in pension liability of £0.071 million.</li> <li>• 0.1% increase in the pension increase rate would result in an increase in pension liability of £0.852 million.</li> </ul> |

|   |  |  |
|---|--|--|
| Provision –<br>Rateable<br>Value<br>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).<br><br>A 10% variation in the estimated provision would be £0.259 million for the Collection Fund of which £0.103 million would be attributable to the General Fund. |
|---|--|--|

## 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 2022/23 no such items of income or expenditure were incurred (2021/22 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 29<sup>th</sup> September 2023.

With regard to 2022/23:

- **Adjusting Events**  
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2023.
- **Non-Adjusting Events**
- The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2023.

**Note 8. Expenditure & Income by Nature**

| 2021/22         | 2021/22        | 2021/22         |   | 2022/23         | 2022/23        | 2022/23         |
|-----------------|----------------|-----------------|---|-----------------|----------------|-----------------|
| General Fund    | Other Reserves | Total           |   | General Fund    | Other Reserves | Total           |
| 8,135           | 1,383          | 9,518           | Employees (*)                                 | 8,774           | 1,215          | 9,989           |
| 29,785          | (1,224)        | 28,562          | Other Service Expenses (*)                    | 27,915          | 380            | 28,295          |
| (493)           | 2,443          | 1,950           | Depreciation, Amortisation & Impairment (*)   | 0               | 1,168          | 1,168           |
| (378)           | 378            | 0               | REFCUS (*)                                    | (1,342)         | 653            | (689)           |
| 0               | 609            | 609             | Interest payable                              | 0               | 580            | 580             |
| 381             | (381)          | 0               | Statutory Minimum Provision                   | 334             | (334)          | 0               |
| 3,037           | 0              | 3,037           | Precept Payments                              | 3,295           | 0              | 3,295           |
| 24              | 0              | 24              | Loss/(Gain) on disposal of non-current assets | 0               | 28             | 28              |
| <b>40,490</b>   | <b>3,209</b>   | <b>43,699</b>   | <b>TOTAL EXPENDITURE</b>                      | <b>38,976</b>   | <b>3,690</b>   | <b>42,666</b>   |
| (25,065)        | (334)          | (25,399)        | Government Grants (Services) (*)              | (21,139)        | 0              | (21,139)        |
| (508)           | (319)          | (827)           | Government Grants (Central)                   | (1,958)         | 380            | (1,578)         |
| (9,919)         | 0              | (9,919)         | Sales Fees & Charges (*)                      | (6,194)         | 0              | (6,194)         |
| (173)           | (31)           | (205)           | Interest Receivable                           | (819)           | 6              | (813)           |
| (6,806)         | (193)          | (6,999)         | Council Tax                                   | (7,407)         | 136            | (7,271)         |
| (3,479)         | (1,826)        | (5,305)         | Business Rates                                | (4,321)         | (2,607)        | (6,928)         |
| <b>(45,950)</b> | <b>(2,704)</b> | <b>(48,654)</b> | <b>TOTAL INCOME</b>                           | <b>(41,838)</b> | <b>(2,085)</b> | <b>(43,922)</b> |
| (5,460)         | 505            | (4,955)         | <b>NET EXPENDITURE</b>                        | <b>(2,861)</b>  | <b>1,605</b>   | <b>(1,256)</b>  |
| <b>2,065</b>    | <b>2,646</b>   | <b>4,710</b>    | <b>COST OF SERVICES (*)</b>                   | <b>8,014</b>    | <b>3,416</b>   | <b>11,430</b>   |

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

**Note 8a. Grant Income**

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

| 2021/22<br>£000 |   | 2022/23<br>£000 |
|-----------------|---|-----------------|
|                 | <b>Credited to non-specific income</b>  |                 |
| (12)            | Revenue Support Grant                   | (13)            |
| (541)           | New Homes Bonus                         | (1,113)         |
| (274)           | Rural Services Grant                    | (452)           |
| <b>(827)</b>    | <b>TOTAL</b>                            | <b>(1,578)</b>  |
|                 | <b>Credited to services</b>             |                 |
|                 | <b>Covid Grants</b>                     |                 |
| (59)            | SFC Grants                              | 0               |
| (106)           | Covid-19 Emergency unringfenced funding | 0               |
| (144)           | Business Rates - CARF                   | 0               |
| (8)             | Protect & Vaccinate                     | 0               |
| (2,482)         | Additional Restrictions Grant           | 0               |
| (26)            | Reopening High Streets Safely Fund      | 0               |
| (124)           | Test & Trace Isolate                    | 0               |
| (475)           | Residents Support                       | 0               |
| (4)             | Taxi Support                            | 0               |
| <b>(3,428)</b>  |   | <b>0</b>        |
|                 | <b>Non Covid Grants</b>                 |                 |
| (12,724)        | Benefits                                | (12,140)        |
| 0               | HB Admin Grants                         | (111)           |
| (187)           | Section 106                             | (815)           |
| (6,935)         | Community Infrastructure Levy           | (5,790)         |
| (830)           | Homelessness                            | (1,565)         |
| (188)           | Collection Costs                        | (477)           |
| (155)           | Sport England                           | (7)             |
| (953)           | Other                                   | (234)           |
| (21,972)        |   | (21,139)        |
| <b>(25,399)</b> | <b>TOTAL Credited to services</b>       | <b>(21,139)</b> |

**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:

| <b>Other Earmarked</b>                       | <b>31 March 2021<br/>£'000</b> | <b>Transfers In 21/22<br/>£'000</b> | <b>Transfers Out 21/22<br/>£'000</b> | <b>31 March 2022<br/>£'000</b> | <b>Transfers In 22/23<br/>£'000</b> | <b>Transfers Out 22/23<br/>£'000</b> | <b>31 March 2023<br/>£'000</b> |
|--|--------------------------------|-------------------------------------|--------------------------------------|--------------------------------|-------------------------------------|--------------------------------------|--------------------------------|
| <b>General Fund Core and Surplus Savings</b> | <b>8,927</b>                   | <b>2,372</b>                        | <b>(2,073)</b>                       | <b>9,227</b>                   | <b>1,657</b>                        | <b>(1,222)</b>                       | <b>9,663</b>                   |
| Community Infrastructure Levy                | 5,450                          | 2,334                               | 0                                    | 7,784                          | 2,879                               | (9)                                  | 10,654                         |
| Enterprise Zone NNDR                         | 390                            | 269                                 | 0                                    | 659                            | 165                                 | (85)                                 | 739                            |
| Change Management                            | 349                            | 0                                   | (5)                                  | 344                            | 0                                   | (12)                                 | 331                            |
| Major Project Development                    | 100                            | 0                                   | 0                                    | 100                            | 0                                   | 0                                    | 100                            |
| Affordable Housing                           | 413                            | 53                                  | (244)                                | 221                            | 0                                   | 0                                    | 221                            |
| Vehicle Replacements                         | 89                             | 0                                   | 0                                    | 89                             | 0                                   | (15)                                 | 74                             |
| Housing                                      | 91                             | 0                                   | (25)                                 | 66                             | 0                                   | 0                                    | 66                             |
| Building Control                             | 23                             | 0                                   | 0                                    | 23                             | 0                                   | (23)                                 | 0                              |
| Leisure Centre                               | 88                             | 212                                 | 0                                    | 300                            | 0                                   | (12)                                 | 288                            |
| Business Rates S31                           | 3,106                          | 1,458                               | (3,106)                              | 1,458                          | 0                                   | (1,458)                              | 0                              |
| Cambridgeshire Horizons                      | 0                              | 3,892                               | (52)                                 | 3,840                          | 307                                 | (1,409)                              | 2,738                          |
| Other Earmarked                              | 153                            | 202                                 | 0                                    | 354                            | 674                                 | (29)                                 | 999                            |
| <b>Total Earmarked</b>                       | <b>10,251</b>                  | <b>8,420</b>                        | <b>(3,432)</b>                       | <b>15,238</b>                  | <b>4,024</b>                        | <b>(3,052)</b>                       | <b>16,212</b>                  |
| <b>TOTAL</b>                                 | <b>19,178</b>                  | <b>10,792</b>                       | <b>(5,504)</b>                       | <b>24,466</b>                  | <b>5,682</b>                        | <b>(4,274)</b>                       | <b>25,874</b>                  |



## Note 10a. Useable Reserves other than General Fund

### Capital Receipts Reserve

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

### Capital Grants Unapplied Reserve

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

## Note 10b. Un-useable Reserves

### Capital Adjustment Reserve

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

### Revaluation Reserve

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

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

### Financial Instruments Adjustment Reserve

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

### Deferred Capital Receipts Reserve

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

### Pensions Reserve

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

### Collection Fund Adjustment Reserve

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

### Accumulated Absences Adjustment Reserve

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

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

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

**Transfers between Reserves** – The Capital Receipts Reserve makes a contribution to the Capital Adjustment Reserve to fund a portion of new Capital Investment.

**General Fund (GF) Contribution to Capital** – A portion of new Capital Investment is funded by General Fund Contributions. The General Fund does not incur any Depreciation or Impairment charges.

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

**Expenditure Grants to Third Parties** – The Grants are to provide long term benefit to the recipients therefore they are financed by Capital Grants.

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

**Depreciation** - This represents a charge for the diminution of the value of the Asset through use according to a pre-determined schedule. The historic cost element of the charge (calculated in accordance with book value of the asset at 31 March 2023 or the actual incurred cost of subsequent additions or enhancements) is charged to the Capital Adjustment Reserve whilst the remainder (relating to the portion of the upward asset value arising from post 31 March 2023 Annual Revaluations) is charged to the Revaluation Reserve.

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

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

| <b>Movements in 2021/22</b>   | <b>Usable Capital Receipts Reserve</b> | <b>Usable Capital Grants Unapplied Reserve</b> | <b>Un-usable Capital Adjustment Reserve</b> | <b>Un-usable Revaluation Reserve</b> | <b>Un-usable Deferred Capital Receipts</b> | <b>Capital Outturn for the year TOTAL</b> |
|---|--|--|---|--------------------------------------|--|---|
| Transfers between reserves  | 100                                    |  | (341)                                       | 341                                  |  | 100                                       |
| GF Contributions to Capital   |  |  | (1,224)                                     |                                      |  | (1,224)                                   |
| Capital Grants Receipts   |  | (319)  | (334)                                       |                                      |  | (653)                                     |
| Expenditure Grants to Third Parties                                 |  |  | 378   |                                      |  | 378                                       |
| Deferred Capital Receipts   | (101)                                  |  |   |                                      |  | (101)                                     |
| Misc. Loans   | (61)                                   |  |   |                                      |  | (61)                                      |
| Repayment of Soft Loans   | (1)                                    |  |   |                                      |  | 0   |
| Mortgages   |  |  |   |                                      | 1  |   |
| Additions   |  |  | (139)                                       |                                      |  | (139)                                     |
| Depreciation  |  |  | 879   | 102                                  |  | 981                                       |
| Amortisation  |  |  | 15  |                                      |  | 15  |
| Impairment  |  |  | 1,447                                       |                                      |  | 1,447                                     |
| Statutory Minimum Provision   |  |  | (381)                                       |                                      |  | (381)                                     |
| Disposal of Fixed Asset   |  |  | 32  |                                      |  | 32  |
| <b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE &amp; FUNDING BASE</b> | <b>(64)</b>                            | <b>(319)</b>                                   | <b>332</b>                                  | <b>443</b>                           | <b>1</b>                                   | <b>392</b>                                |
| Revaluation   |  |  |   | (1,566)                              |  | (1,566)                                   |
| <b>TOTAL RESERVES MOVEMENT</b>                                      | <b>(64)</b>                            | <b>(319)</b>                                   | <b>332</b>                                  | <b>(1,123)</b>                       | <b>1</b>                                   | <b>(1,174)</b>                            |

| <b>Movements in 2022/23</b>  | <b>Usable<br/>Capital<br/>Receipts<br/>Reserve</b> | <b>Usable<br/>Capital<br/>Grants<br/>Unapplied<br/>Reserve</b> | <b>Un-usable<br/>Capital<br/>Adjustment<br/>Reserve</b> | <b>Un-usable<br/>Revaluation<br/>Reserve</b> | <b>Un-usable<br/>Deferred<br/>Capital<br/>Receipts</b> | <b>Capital<br/>Outturn for<br/>the year<br/>TOTAL</b> |
|--|--|--|---|--|--|---|
| Transfers between reserves   | 289  |  |   |  |  | 289   |
| GF Contributions to Capital  |  |  | (1,010)   |  |  | (1,010)   |
| Grants Received  |  | 380  |   |  |  | 380   |
| Expenditure Grants to Third Parties  |  |  | 676   |  |  | 676   |
| Capital Receipts   | (234)  |  |   |  |  | (234)   |
| Additions  |  |  | (690)   |  |  | (690)   |
| Depreciation   |  |  | 798   | 99   |  | 897   |
| Amortisation   |  |  | 15  |  |  | 15  |
| Impairment   |  |  | 256   |  |  | 256   |
| Statutory Minimum Provision  |  |  | (334)   |  |  | (334)   |
| <b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE &amp; FUNDING BASE - Balance Sheet Side</b> | <b>55</b>  | <b>380</b>   | <b>(289)</b>  | <b>99</b>                                    | <b>0</b>   | <b>245</b>  |
| Revaluation  |  |  |   | 991  |  | 991   |
| <b>TOTAL RESERVES MOVEMENT</b>   | <b>55</b>  | <b>380</b>   | <b>(289)</b>  | <b>1,090</b>                                 | <b>0</b>   | <b>1,236</b>  |

**11a. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

| <b>2021/22</b> |  | <b>2022/23</b> |
|----------------|--|----------------|
| <b>£'000</b>   |  | <b>£'000</b>   |
| <b>392</b>     | <b>Total Capital Items from previous page</b>  | <b>245</b>     |
| 609            | Net interest on the Pension Liability  | 580            |
| 1,383          | Current & Past Cost Pension Adjustment   | 1,215          |
| <b>1,992</b>   | <b>Pensions Reserve</b>  | <b>1,795</b>   |
|                | <b>(see Note 21 for detail)</b>  |                |
| (193)          | Change in Council Tax Entitlement  | 136            |
| (1,807)        | Change in Business Rates entitlement   | (2,193)        |
| (19)           | Change in Renewable Energy NNDR  | (414)          |
| <b>(2,019)</b> | <b>Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)</b>    | <b>(2,471)</b> |
| <b>(33)</b>    | <b>Other Items</b>   | <b>6</b>       |
| <b>332</b>     | <b>TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION</b> | <b>(425)</b>   |
| <b>4,955</b>   | <b>SURPLUS/(DEFICIT) UPON PROVISION OF SERVICES</b>                                  | <b>1,256</b>   |
| <b>5,287</b>   | <b>GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)</b>               | <b>832</b>     |

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**

| <b>Movement of Property, Plant and Equipment 2021/22</b>                   | <b>Land &amp; Buildings</b> | <b>Vehicles, Plant, Furniture &amp; Equipment</b> | <b>Infrastructure Assets</b> | <b>Community Assets</b> | <b>Total Assets</b> | <b>Assets Held for Sale</b> |
|--|-----------------------------|---|------------------------------|-------------------------|---------------------|-----------------------------|
|  | <b>£'000</b>                | <b>£'000</b>                                      | <b>£'000</b>                 | <b>£'000</b>            | <b>£'000</b>        | <b>£'000</b>                |
| <b>Cost or valuation</b>   |                             |   |                              |                         |                     |                             |
| <b>At 1 April 2021</b>   | <b>35,047</b>               | <b>7,832</b>                                      | <b>720</b>                   | <b>877</b>              | <b>44,476</b>       | <b>165</b>                  |
| Transfers  | 452                         |   |                              |                         | 452                 |                             |
| Additions in Year  |                             | 139   |                              |                         | 139                 |                             |
| Revaluation increases / (decreases) recognised in the Revaluation Reserve  | 1,563                       |   |                              |                         | 1,563               |                             |
| Revaluation increases / (decreases) recognised in the CI&ES                | (1,447)                     |   |                              |                         | (1,447)             |                             |
| Disposals  |                             | (152)   |                              |                         | (152)               |                             |
| <b>At 31 March 2022</b>  | <b>35,615</b>               | <b>7,819</b>                                      | <b>720</b>                   | <b>877</b>              | <b>45,031</b>       | <b>165</b>                  |
| <b>Accumulated Depreciation &amp; Impairment</b>                           |                             |   |                              |                         |                     |                             |
| <b>At 1 April 2021</b>   | <b>(127)</b>                | <b>(5,679)</b>                                    | <b>(76)</b>                  | <b>0</b>                | <b>(5,882)</b>      | <b>0</b>                    |
| Depreciation Charge in year  | (365)                       | (615)   |                              |                         | (980)               |                             |
| Transfers  | (452)                       |   |                              |                         | (452)               |                             |
| Depreciation written out to the revaluation reserve on disposal            |                             |   |                              |                         |                     |                             |
| Depreciation restated to the Income & Expenditure Account Upon Revaluation |                             |   |                              |                         |                     |                             |
| Adjustment for disposal  |                             | 120   |                              |                         | 120                 |                             |
| <b>At year end</b>   | <b>(944)</b>                | <b>(6,174)</b>                                    | <b>(76)</b>                  | <b>0</b>                | <b>(7,194)</b>      | <b>0</b>                    |
| <b>Balance Sheet Value at year end</b>                                     | <b>34,671</b>               | <b>1,645</b>                                      | <b>644</b>                   | <b>877</b>              | <b>37,837</b>       | <b>165</b>                  |
| <b>Balance Sheet Value at year start</b>                                   | <b>34,920</b>               | <b>2,153</b>                                      | <b>644</b>                   | <b>877</b>              | <b>38,594</b>       | <b>165</b>                  |

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

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

Capital Commitments

At 31 March 2023 the authority had a retention amount of £0.188 million with the Pellikaan contract on the Hive Leisure Centre to be paid in 2023/24.

Revaluations

## Land and buildings

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

The Council's current valuers are Wilks, Head & Eve, 6<sup>th</sup> 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.

| <b>Revaluation Profile 2022/23</b> | <b>Land and Buildings</b> | <b>Vehicles Plant Furniture &amp; Equipment</b> | <b>Infrastructure Assets</b> | <b>Community Assets</b> | <b>Total</b>  | <b>Assets Held for Sale</b> |
|------------------------------------|---------------------------|---|------------------------------|-------------------------|---------------|-----------------------------|
|                                    | <b>£'000</b>              | <b>£'000</b>                                    | <b>£'000</b>                 | <b>£'000</b>            | <b>£'000</b>  | <b>£'000</b>                |
| Carried at Historic Cost           | 8,854                     | 1,345   | 644                          | 877                     | 11,720        | 165                         |
| Valued at Fair Value as at:        |                           |   |                              |                         |               |                             |
| 31st March 2023                    | 17,682                    |   |                              |                         | 17,682        |                             |
| 31st March 2022                    | 2,818                     |   |                              |                         | 2,818         |                             |
| 31st March 2021                    | 4,137                     |   |                              |                         | 4,137         |                             |
| Assets below de-minimis            |                           |   |                              |                         |               |                             |
| <b>Total Cost of Valuation</b>     | <b>33,491</b>             | <b>1,345</b>                                    | <b>644</b>                   | <b>877</b>              | <b>36,357</b> | <b>165</b>                  |



## 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.

| 2021/22 |  | 2022/23 |
|---------|--|---------|
| £000    |  | £000    |
| 10,952  | <b>Opening Capital Financing Requirement</b>                             | 9,451   |
|         | <b>Capital Enhancement</b>   |         |
| 103     | Property, Plant and Equipment  | 690     |
| 0       | Highways contribution  | 1,251   |
| 0       | Loan to Subsidiary Company   | 6,000   |
| 0       | Loan to EC CLT   | 235     |
| 378     | Revenue Expenditure Funded from Capital under Statute Repayable Advances | 676     |
| 481     | <b>TOTAL CAPITAL ENHANCEMENT</b>   | 8,851   |
|         | <b>Sources of Finance</b>  |         |
| (39)    | Capital receipts   | (289)   |
| (334)   | Grants and other contributions   | (1,673) |
| (1,227) | Direct Revenue Financing – Other   | (1,018) |
| (381)   | Minimum revenue provision  | (334)   |
| (1,981) | <b>TOTAL SOURCES OF FINANCE</b>  | (3,314) |
| 9,451   | <b>Closing Capital Finance Requirement</b>                               | 14,988  |

## 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

| 2021/22<br>£'000 |                                       | 2022/23<br>£'000 |
|------------------|---------------------------------------|------------------|
| 4,900            | Loan to Trading Companies             | 6,000            |
| 0                | Loan to CLT                           | 235              |
| 319              | Loans to Individuals & Private Sector | 322              |
| <b>5,219</b>     | <b>Total</b>                          | <b>6,557</b>     |

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

Other long term loans are not charged interest.

**Note 17. Debtors**

| 2021/22<br>£000 |   | 2022/23<br>£000 |
|-----------------|---|-----------------|
| 383             | Council Taxpayers                                 | 403             |
| 176             | Non-Domestic Rate Payers                          | 536             |
| <b>559</b>      | <b>Sub Total Local taxation</b>                   | <b>939</b>      |
| 533             | Trading Company                                   | 832             |
| 1,864           | Sundry Debtors & Accruals                         | 1,974           |
| <b>2,397</b>    | <b>Sub Total Financial Instruments definition</b> | <b>2,806</b>    |
| 229             | Payments in Advance                               | 377             |
| (1,332)         | Bad Debt Provisions                               | (977)           |
| 499             | Local Govt.                                       | 1,003           |
| 100             | Central Govt. – Customs & Excise                  | 153             |
| 408             | Central Govt. – Other                             | 101             |
|                 | Central Govt - Compensation scheme                |                 |
| <b>(96)</b>     | <b>Sub Total</b>                                  | <b>657</b>      |
| <b>2,860</b>    | <b>TOTAL</b>                                      | <b>4,402</b>    |

**Note 18. Cash and Cash Equivalents**

| 2021/22<br>£'000 |                            | 2022/23<br>£'000 |
|------------------|----------------------------|------------------|
| 25,000           | Money Market Funds         | 12,500           |
| 2,643            | Bank Account - Operational | 544              |
| <b>27,643</b>    | <b>Total</b>               | <b>13,044</b>    |

**Note 19. Creditors**

| 2021/22<br>£000 |   | 2022/23<br>£000 |
|-----------------|---|-----------------|
| (297)           | Payroll Creditors                                 | (296)           |
| (1,991)         | Sundry Creditors                                  | (1,770)         |
| (86)            | Trading Company                                   | (250)           |
| <b>(2,374)</b>  | <b>Sub Total Financial Instruments Definition</b> | <b>(2,316)</b>  |
| (530)           | Covid Grant Creditors                             | (100)           |
| (4,502)         | CTAX Energy Rebate Creditor                       | (53)            |
| (2,123)         | Local Govt. - Collection Fund Account             | (2,012)         |
| (141)           | Central Govt. – Collection Fund Account           | (1,449)         |
| (1,115)         | Other Local Government                            | (2,243)         |
| (4,513)         | Central Govt. – DWP, DCLG                         | (3,430)         |
| (276)           | Receipts in Advance                               | (673)           |
| <b>(13,200)</b> | <b>Sub Total</b>                                  | <b>(9,960)</b>  |
| <b>(15,573)</b> | <b>Total</b>                                      | <b>(12,276)</b> |

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

| 2021/22<br>£'000 |                              | 2022/23<br>£'000 |
|------------------|------------------------------|------------------|
| (151)            | Maintenance of Amenity Areas | (16)             |
| (1,870)          | Business Rate Appeal         | (1,034)          |
| (25)             | Employment Provision         | 0                |
| <b>(2,045)</b>   | <b>Total</b>                 | <b>(1,050)</b>   |

**1. Maintenance of Amenity Areas**

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

**2. NNDR Appeals Provision**

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review, a provision for appeals outstanding was estimated to be £2.585 million at the end of 2022/23 of which £1.034 million would have to be met by the Council, and £1.551 million by other Collection Fund participants.

**Contingent Liabilities**

The Council had no Contingent Liabilities at the 31<sup>st</sup> March 2023.

**Contingent Assets**

There were no contingent assets at the 31<sup>st</sup> March 2023.

**Note 21. Pension Fund Net Long Term Liability & Reserve**

| 31 March 2022   | Gross Liabilities   | 31 March 2023   |
|-----------------|---|-----------------|
| £'000           |   | £'000           |
| (75,452)        | <b>Opening Balances as at 1 April</b>                               | (72,992)        |
| (1,524)         | [I] Interest Cost   | (1,989)         |
| 5,561           | [A] Actuarial losses /(gains) from changes in financial assumptions | 23,311          |
| (2,890)         | [C] Current service cost  | (2,777)         |
|                 | [C] Past Service Cost   |                 |
| (368)           | [N] Contributions from scheme participants                          | (401)           |
| 1,613           | [N] Benefits paid   | 1,659           |
| 68              | [N] Estimated unfunded benefits paid                                | 67              |
| <b>(72,992)</b> | <b>Closing balance at 31 March</b>                                  | <b>(53,122)</b> |

| 31 March 2022   | Gross Assets  | 31 March 2023  |
|-----------------|---|----------------|
| 45,671          | <b>Opening fair value of scheme assets balance as at 1 April</b>                  | 52,115         |
| 915             | [I] The return on plan assets (Excluding amount included in net interest expense) | 1,409          |
| 5,335           | [A] Actuarial losses / (gains) from changes in financial assumptions              | (2,704)        |
| 1,439           | [C] Contributions by the employer   | 1,495          |
| 68              | [C] Contributions for unfunded (Discretionary benefits)                           | 67             |
| 368             | [N] Contributions by employees into the scheme                                    | 401            |
| (1,613)         | [N] Benefits paid   | (1,659)        |
| (68)            | [N] Unfunded (Discretionary benefits)   | (67)           |
| <b>52,115</b>   | <b>Closing balance at 31 March</b>  | <b>51,057</b>  |
| <b>(20,877)</b> | <b>TOTAL NET LIABILITIES</b>  | <b>(2,065)</b> |

| Net Movement   |   | Net Movement    |
|----------------|---|-----------------|
| 2021/22        |   | 2022/23         |
| <b>1,507</b>   | <b>General Fund Charge - Employer Contributions</b>                             | <b>1,562</b>    |
| 1,383          | [C] Other items to net cost of services   | 1,215           |
| 609            | [I] Interest cost minus return on plan assets to financing income & expenditure | 580             |
| <b>3,499</b>   | <b>Charge to Surplus/(Deficit) upon Provision of Services</b>                   | <b>3,357</b>    |
| (10,896)       | [A] Actuarial Gains/Losses to other income & expenditure                        | (20,607)        |
| <b>(7,397)</b> | <b>Charge to Comprehensive Income &amp; Expenditure Account for the Year</b>    | <b>(17,250)</b> |
| (1,507)        | Less General Fund Charge - Employer Contributions                               | (1,562)         |
| <b>(8,904)</b> | <b>TOTAL MOVEMENT IN PENSION RESERVE</b>  | <b>(18,812)</b> |

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

## Note 22. Defined Benefit Pension Scheme

### Participation in Pension Schemes

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

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

### Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The last valuation took place as at 31 March 2022.

In 2022/23 the Council paid an employer's contribution of £1.38 million representing 24.9% of employees' pensionable pay (2021/22 £1.38 million @ 24.9%) into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service.

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

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

### Transactions Relating to Post-Employment Benefits

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

### Assets and Liabilities in relation to Post-employment Benefits

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

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £2.065 million has 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 2023 is £1.383 million.

#### Basis for estimating Liabilities and Assets

Liabilities, for the purposes of IAS19, have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, longevity etc. The liabilities have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2023. The results of this valuation were projected forward using approximate methods.

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

| 2021/22 | County Fund – Main Assumptions         | 2022/23 |
|---------|--|---------|
| 3.70%   | Rate of increase in salaries           | 3.45%   |
| 3.20%   | Rate of increase in pensions           | 2.95%   |
| 2.70%   | Rate of discounting scheme liabilities | 4.75%   |
|         | <i>Mortality assumptions:</i>          |         |
|         | Longevity at 65 for current pensioners |         |
| 22.0    | Men                                    | 22.0    |
| 24.6    | Women                                  | 24.7    |
|         | Longevity at 65 for future pensioners  |         |
| 22.8    | Men                                    | 22.8    |
| 26.1    | Women                                  | 26.2    |

#### Local Government Pension Scheme Assets Comprised:

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

| 31-Mar-22<br>£'000 |  | 31-Mar-23<br>£'000 |
|--------------------|--|--------------------|
| 504                | Cash and cash equivalents              | 1,233              |
| 0                  | <b>Equity instruments by industry:</b> |                    |
|                    | Other                                  | 0                  |
| 0                  | Sub-total equity                       | 0                  |
|                    | <b>Debt Securities:</b>                |                    |
| 2,558              | UK Government                          | 1,728              |
|                    | <b>Private equity:</b>                 |                    |
| 5,562              | All not in active markets              | 6,336              |
|                    | <b>Real Estate</b>                     |                    |
| 3,660              | Real Estate - UK Property              | 3,335              |
|                    | Real Estate - Overseas Property        | 0                  |
|                    | <b>Other investment funds:</b>         |                    |
| 5,539              | Bonds                                  | 5,512              |
| 30,046             | Equity                                 | 28,210             |
| 4,141              | Infrastructure                         | 4,489              |
| 0                  | Real Estate - UK Property              | 0                  |
|                    | Real Estate -Overseas property         | 0                  |
| 105                | Other                                  | 214                |
| 39,831             | Sub-total other investment funds       | 38,425             |
| <b>52,115</b>      | <b>Total Assets</b>                    | <b>51,057</b>      |



Sensitivity analysis:

| Increase Assumption 31 Mar 22 | Impact on the defined benefit obligation in the scheme | Increase Assumption 31 Mar 23 |
|-------------------------------|--|-------------------------------|
|                               |  | £000                          |
| 1,311                         | Decrease in Real Discount Rate by 0.1%                 | 909                           |
| 2,920                         | 1 Year increase in member life expectancy              | 2,125                         |
| 109                           | Rate of Increase in salaries increase by 0.1%)         | 71                            |
| 1,193                         | Increase in the Pension Increase Rate (CPI) by 0.1%    | 852                           |

Further information

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

**Note 23. Financial Instruments**

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

|  | Current        |                |
|--|----------------|----------------|
|  | 2021/22        | 2022/23        |
|  | £'000          | £'000          |
| Measured at Amortised Cost                               |                |                |
| <b>Investments and Cash &amp; Cash Equivalents</b>       |                |                |
| Investments in subsidiaries                              |                |                |
| Short term Investments                                   | 6,000          | 17,000         |
| Money Market Funds                                       | 25,000         | 12,500         |
| Cash & Cash Equivalents                                  | 2,643          | 544            |
| Loans & Receivables                                      |                |                |
| <b>Total Investments and Cash &amp; Cash Equivalents</b> | <b>33,643</b>  | <b>30,044</b>  |
| Debtors  | 2,397          | 2,806          |
| Loans & Investments                                      | 0              | 0              |
| <b>TOTAL FINANCIAL ASSETS</b>                            | <b>36,040</b>  | <b>32,850</b>  |
| <b>Long Term</b>   |                |                |
| Loans & Investments                                      | 5,219          | 6,557          |
| <b>Borrowings</b>  | 0              | 0              |
| <b>TOTAL BORROWINGS</b>                                  | <b>0</b>       | <b>0</b>       |
| Measured at Amortised Cost                               |                |                |
| <b>Creditors</b>   | <b>(2,374)</b> | <b>(2,316)</b> |
| Financial Liabilities at amortised cost                  |                |                |
| <b>TOTAL CREDITORS</b>                                   | <b>(2,374)</b> | <b>(2,316)</b> |
| <b>TOTAL FINANCIAL LIABILITIES</b>                       | <b>(2,374)</b> | <b>(2,316)</b> |

**Fair value of assets and liabilities carried at amortised cost.**

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

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

- There were no long or short term borrowings at the yearend so no estimated rates were needed.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value.
- The fair value of debtors is taken to be the invoiced or billed amount.

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

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

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

#### Credit risk

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

The Council's theoretical maximum exposure to credit risk in relation to its investments in banks and the money markets is equivalent to its total cash holding £30.00 million (2021/22; £33.60 million). However, in reality the true risk cannot be assessed, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to that individual institution. The risk of not being able to recover the principal sums applies to all of the Council's deposits but there was no evidence as at 31 March 2023 that this was likely to occur and there are no investments that as at 31 March 2023 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 £146k (£146k in 2021/22) of the £1,253K (£181k in 2021/22) balance is past its due date for payment. The past due amount can be analysed by age as follows:

|                        | 31 March 2022<br>£000 | 31 March 2023<br>£000 |
|------------------------|-----------------------|-----------------------|
| Less than three months | 35                    | 1,107                 |
| Three to six months    | 7                     | 10                    |
| Six months to one year | 7                     | 12                    |
| More than one year     | 132                   | 124                   |
| Total                  | 181                   | 1,253                 |

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 a number of 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 | 2021-22        |                | 2022-23        |                |
|--------------------|----------------|----------------|----------------|----------------|
|                    | Turnover       | Surplus/(Loss) | Turnover       | Surplus/(Loss) |
| Business Units     | 101,850        | 3,766          | 109,383        | (41,385)       |
| E Space South      | 26,755         | 18,310         | 28,350         | 6,185          |
| E Space North      | 249,919        | 63,728         | 259,991        | 85,521         |
| Building Control   | 313,700        | 102,558        | 266,643        | 44,026         |
| <b>Total</b>       | <b>692,224</b> | <b>188,362</b> | <b>664,367</b> | <b>94,348</b>  |

**Note 25. Members' Allowances**

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

| 2021/22        |            | 2022/23        |
|----------------|------------|----------------|
| £              |            | £              |
| 243,011        | Allowances | 253,094        |
| 2,892          | Expenses   | 2,579          |
| <b>245,903</b> |            | <b>255,673</b> |

**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.

| 2021/22   |         |               |         | 2022/23 |           |
|-----------|---------|---------------|---------|---------|-----------|
| 5         | 50,000  | but less than | 55,000  |         | 1         |
| 2         | 55,000  | but less than | 60,000  |         | 5         |
| 1         | 60,000  | but less than | 65,000  |         | 1         |
| 1         | 65,000  | but less than | 70,000  |         | 0         |
| 2         | 70,000  | but less than | 75,000  |         | 1         |
| 1         | 75,000  | but less than | 80,000  |         | 1         |
| 0         | 80,000  | but less than | 85,000  |         | 3         |
| 0         | 85,000  | but less than | 90,000  |         | 0         |
| 0         | 90,000  | but less than | 95,000  |         | 0         |
| 0         | 95,000  | but less than | 100,000 |         | 0         |
| 0         | 100,000 | but less than | 105,000 |         | 0         |
| 1         | 105,000 | but less than | 110,000 |         | 0         |
| 1         | 110,000 | but less than | 115,000 |         | 1         |
| 0         | 115,000 | but less than | 120,000 |         | 0         |
| 0         | 120,000 | but less than | 125,000 |         | 0         |
| 0         | 125,000 | but less than | 130,000 |         | 0         |
| 0         | 130,000 | but less than | 135,000 |         | 0         |
| 0         | 135,000 | but less than | 140,000 |         | 0         |
| 0         | 140,000 | but less than | 145,000 |         | 0         |
| 0         | 145,000 | but less than | 150,000 |         | 0         |
| 1         | 150,000 | but less than | 155,000 |         | 1         |
| 0         | 155,000 | but less than | 160,000 |         | 0         |
| 0         | 160,000 | but less than | 165,000 |         | 0         |
| 0         | 165,000 | but less than | 170,000 |         | 0         |
| 0         | 170,000 | but less than | 175,000 |         | 0         |
| <b>15</b> |         |               |         |         | <b>14</b> |

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.

| <b>2022/23</b>                | <b>Salary including allowances</b> | <b>Additional Payments</b> | <b>Benefits and fees</b> | <b>Total remuneration</b> | <b>Employer Pension contributions</b> | <b>Remuneration including pension contributions</b> |
|-------------------------------|------------------------------------|----------------------------|--------------------------|---------------------------|---------------------------------------|---|
| <b>Post Holder</b>            | <b>£</b>                           |                            | <b>£</b>                 | <b>£</b>                  | <b>£</b>                              | <b>£</b>  |
| Chief Executive-<br>John Hill | 144,637                            |                            | 8,722                    | <b>153,359</b>            | 24,878                                | <b>178,237</b>                                      |
| Director<br>Operations 1      | 8,501                              | 19,769                     |                          | <b>28,270</b>             | 1,537                                 | <b>29,807</b>                                       |
| Director<br>Operations 2      | 39,418                             |                            | 496                      | <b>39,914</b>             | 6,780                                 | <b>46,694</b>                                       |
| Director<br>Commercial        | 112,688                            |                            |                          | <b>112,688</b>            | 19,382                                | <b>132,070</b>                                      |
| Director Legal<br>Services    | 80,575                             |                            | 400                      | <b>80,975</b>             | 13,859                                | <b>94,834</b>                                       |
| Director Finance              | 80,575                             |                            | 362                      | <b>80,937</b>             | 13,859                                | <b>94,796</b>                                       |
| Director Corporate            | 80,575                             |                            |                          | <b>80,575</b>             | 13,859                                | <b>94,434</b>                                       |

Key – 2022/23

Note 1 Director Operations 1 in post until 30<sup>th</sup> April 2022

Note 2 Director Operations 2 in post from 7<sup>th</sup> November 2022

| <b>2021/22</b>                 | <b>Salary including allowances</b> | <b>Additional Payments</b> | <b>Benefits and fees</b> | <b>Total remuneration</b> | <b>Employer Pension contributions</b> | <b>Remuneration including pension contributions</b> |
|--------------------------------|------------------------------------|----------------------------|--------------------------|---------------------------|---------------------------------------|---|
| <b>Post Holder</b>             | <b>£</b>                           |                            | <b>£</b>                 | <b>£</b>                  | <b>£</b>                              | <b>£</b>  |
| Chief Executive –<br>John Hill | 153,323                            |                            | 11,284                   | <b>164,607</b>            | 26,372                                | <b>190,979</b>                                      |
| Director<br>Operations         | 107,964                            | 5,533                      | 894                      | <b>114,391</b>            | 19,521                                | <b>133,912</b>                                      |
| Director<br>Commercial         | 106,154                            |                            |                          | <b>106,154</b>            | 18,258                                | <b>124,412</b>                                      |
| Legal Services<br>Manager      | 73,720                             |                            |                          | <b>73,720</b>             | 12,680                                | <b>86,400</b>                                       |
| Finance Manager                | 73,720                             |                            | 344                      | <b>74,064</b>             | 12,680                                | <b>86,744</b>                                       |
| Corporate<br>Manager           | 3,567                              |                            |                          | <b>3,567</b>              | 614                                   | <b>4,181</b>  |

Key – 2021/22

Note 1 All staff detailed above were in post throughout the 2022-23 financial year except Corporate Manager who started on 14<sup>th</sup> March 2022

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

| 2021/22                           |                                   |                                      |                              | 2022/23                           |                                   |                                      |
|-----------------------------------|-----------------------------------|--------------------------------------|------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|
| 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 |
|                                   | 1                                 | 1                                    | £0 to less than £20,000      |                                   | 0                                 | 0                                    |
|                                   | 1                                 | 1                                    | £20,000 to less than £40,000 |                                   | 1                                 | 1                                    |
| <b>0</b>                          | <b>2</b>                          | <b>2</b>                             | <b>TOTAL</b>                 | <b>0</b>                          | <b>1</b>                          | <b>1</b>                             |
|                                   |                                   | Cost £000                            |                              |                                   |                                   | Cost £000                            |
|                                   | 9                                 | 9                                    | £0 to less than £20,000      |                                   | 0                                 | 0                                    |
|                                   | 25                                | 25                                   | £20,000 to less than £40,000 |                                   | 20                                | 20                                   |
|                                   | <b>34</b>                         | <b>34</b>                            | <b>TOTAL</b>                 |                                   | <b>20</b>                         | <b>20</b>                            |

## Note 27. External Audit Related Costs

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

| 2021/22<br>£'000 |                                | 2022/23<br>£'000 |
|------------------|--------------------------------|------------------|
| 38               | External Audit                 | 48               |
| 52               | Increased Cost (21/22 & 22/23) | 195              |
| 24               | Grant Claim Certificate        | 36               |
| <b>114</b>       |                                | <b>279</b>       |

## 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 2022/23 is shown in Note 26. 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 2022/23, there were three transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

One Councillor was employed by The Wildlife Trust BCN – Transactions in year with ECDC were £8,809 for Ecology & Biodiversity Report. NIL Outstanding at 31/03/2022. Two Councillors represent Littleport Leisure Centre – Transactions in Year from ECDC to LLC £13,485 for NLRG Grant funding. Nil outstanding at 31/03/22 One Councillor represents VCEAC – Transactions in year from ECDC to EC were £16,471 for NLRG Funding. Nil outstanding at 31/03/22

### **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 1<sup>st</sup> April 2016. ECTC has two functional divisions: Commercial Services and Property and CLT Development.

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

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

Payments from ECTC to ECDC £1,364K,

Payments from ECDC to ECTC £1,363K

#### **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 £1,053K

Payments from ECDC to ECSS £4,897K



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

### Anglia Revenue Partnership

The Council became a partner in the Anglia Revenue Partnership (ARP) on 13 October 2010. Breckland Council, East Cambridgeshire District Council, Fenland District Council, East Suffolk Council and West Suffolk Council, work together to provide their Revenues and Benefits services through the ARP. The Council pays ARP for the services it provides; this payment is included in the service costs in the CI&E Account.

## Note 29. Leases

### Council as Lessee

#### Finance Leases

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

| 2021/22 |   | 2022/23 |
|---------|---|---------|
| £000    |   | £000    |
| 352     | Public Conveniences, Car Park, Open Space | 353     |

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

| 2021/22   |  | 2022/23   |
|-----------|--|-----------|
| £000      |  | £000      |
|           | <i>Finance lease liabilities (net present value of minimum lease payments)</i> |           |
| 20        | Current  | 17        |
| 15        | Finance costs payable in future years  | 40        |
| <b>35</b> | <b>Minimum lease payments</b>  | <b>57</b> |

There will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently, the minimum rentals are directly equal to the Finance Lease liability above.

As these amounts are immaterial, they have not been included in the Comprehensive Income & Expenditure Statement.

### Operating Leases

The Authority has no material operating leases as lessee.

### Council as Lessor

#### Finance leases

The Council has no finance leases as lessor.

#### Operating Leases

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

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

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

| 2021/22    |  | 2022/23 |            |
|------------|--|---------|------------|
| £000       |  | £000    |            |
| 37         | Not later than 1 year                        |         | 20         |
| 73         | Later than 1 year and not later than 5 years |         | 497        |
| 611        | Later than 5 years                           |         | 118        |
| <b>721</b> |  |         | <b>635</b> |

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 2022/23 £0 contingent rents were receivable by the Authority (2021/22 £0).

## Note 30. Accounting Policies

### Accounting Policies in respect of Concepts and Principles

#### ➤ General Principles

The Statement of Accounts summarises the Council's transactions for the **2022/23** financial year and its position at the year-end of 31 March 2023. 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 **2022/23** and the Service Reporting Code of Practice **2022/23**, supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

- Council being a 'going concern' – all operations continuing.
- Accrual of income and expenditure – placing items in the year they relate, rather than the year the cash transaction takes place.
- Primacy of legislative requirements – legislation overrides standard accounting practice.

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

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

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

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

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

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

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

#### ➤ Exceptional Items

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

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

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

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

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

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

➤ **Reserves**

The Council's Reserves represent the accumulation of surpluses (and deficits) upon the Comprehensive Income & Expenditure account overall years up to and including the Balance Sheet Date. It also equals the Total Value of the Council's assets less its' liabilities.

Reserves are classified into Useable (when currently available for application) and Un-useable (when there is no current liquidity).

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

➤ **Value Added Tax**

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

➤ **Events after the Balance Sheet Date**

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

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

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

### **Accounting Policies in respect of Non-Current Assets**

➤ **Property, Plant and Equipment (IAS 16)**

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

- **Recognition**

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

- **Measurement**

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

- Components

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

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

#### Impairment

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

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

- Disposals and Non-Current Assets Held for Sale

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

Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

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

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

- Depreciation

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

Depreciation is calculated as follows:

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

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

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



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

#### **Year of depreciation charge**

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

#### ➤ **Heritage Assets**

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

#### ➤ **Intangible Assets**

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

#### ➤ **Leases**

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

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

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

- **The Council as Lessee**

- Finance leases

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

Lease payments are apportioned between:

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

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

- Operating leases.

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

- The Council as Lessor

- Finance Leases

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

- Operating Leases.

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

### **Current Value Measurement (IFRS 13)**

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

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

### **Accounting Policies in respect of Employee Benefits**

#### **Benefits payable during employment.**

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

#### ➤ **Termination Benefits**

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

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

### ➤ **Post-Employment Benefits (Pensions)**

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

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

### ➤ **Discretionary Benefits**

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

## **Accounting Policies in respect of Financial Instruments**

### ➤ **Financial Instruments**

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

### ➤ **Financial Assets**

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

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

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

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

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

➤ **Financial Liabilities**

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

➤ **Provisions and Contingent Liabilities**

- Provisions

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

- Contingent Liabilities

A contingent liability arises from an event which is too uncertain, or the amount of the obligation cannot be reliably estimated. The liability is disclosed as a contingent liability within the notes to the accounts. Contingent liabilities also arise in circumstances

where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

## Note 31. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, in relation to the going concern period up to 31st March 2023, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

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

| Date            | General Fund | Earmarked reserves |
|-----------------|--------------|--------------------|
| 31st March 2024 | £1.051m      | £15.858m           |

Our expected General Fund and Earmarked Reserve position as at 31st March 2024, are a predicted balance of £1.238 million in the General Fund and £10.186 million in other Earmarked Reserves (excluding CIL). [Figures from the 2023/24 budget approved by Full Council on the 21<sup>st</sup> February 2023.] This remains in line with our minimum level of General Fund balance, i.e., 10% of the net operating budget as set in the budget report by the Chief Finance Officer.

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

The key assumption within this forecast is that the Council will come in on budget in 2022/23. It should be noted that the budget for 2023/24 was approved with continuing income reductions in relation to car parking and the leisure centre management fee, reflecting the on-going impacts of the Covid-19 pandemic. And the budget for 2023/24 has been set taking into account the high levels of inflation in the economy and consequential expected increases in employee pay.

The Council has in recent years, always underspent its budget at yearend, but forecasts for 2023/24 are suggesting that while an underspend is still expected, this will be considerably lower than in the recent past.

The current forecast is that after allocations from the Surplus Savings Reserve in both 2023/24 and 2024/25 there will still be over £5.1 million in this reserve as at the 31st March 2025. It is therefore strongly believed that any pressures will be able to be absorbed within this balance, if required, up until this time

On this basis, the Council has an expectation that it will have adequate resources to continue in operational existence throughout the going concern period up until 31st March 2025, maintaining the provision of its services. For this reason, alongside the statutory

guidance, we continue to adopt the going concern basis in preparing these financial statements.

Ian Smith  
Director, Finance  
East Cambridgeshire District Council

**Collection Fund**

| 2021/22                                       |                      |                 | 2022/23                     |                      |                 |
|---|----------------------|-----------------|-----------------------------|----------------------|-----------------|
| Non Domestic Rates<br>£'000                   | Council Tax<br>£'000 | TOTAL<br>£'000  | Non Domestic Rates<br>£'000 | Council Tax<br>£'000 | TOTAL<br>£'000  |
| <b>Income</b>                                 |                      |                 |                             |                      |                 |
| 0   | (60,206)             | (60,206)        |                             | (64,322)             | (64,322)        |
| (19,072)                                      | 0                    | (19,072)        | (21,574)                    |                      | (21,574)        |
| (264)   | 0                    | (264)           | (9)                         |                      | (9)             |
| <b>(19,336)</b>                               | <b>(60,206)</b>      | <b>(79,542)</b> | <b>(21,582)</b>             | <b>(64,322)</b>      | <b>(85,904)</b> |
| <b>Expenditure</b>                            |                      |                 |                             |                      |                 |
| <b>Repay Previous Years Surplus / Deficit</b> |                      |                 |                             |                      |                 |
| (3,899)                                       | 0                    | (3,899)         | (1,687)                     | 0                    | (1,687)         |
| (3,119)                                       | 30                   | (3,089)         | (1,350)                     | 244                  | (1,106)         |
| (702)   | 184                  | (518)           | (303)                       | 1,514                | 1,211           |
| 0   | 32                   | 32              | 0                           | 268                  | 268             |
| (78)  | 10                   | (68)            | (34)                        | 79                   | 45              |
| <b>(7,798)</b>                                | <b>256</b>           | <b>(7,542)</b>  | <b>(3,374)</b>              | <b>2,105</b>         | <b>(1,269)</b>  |
| <b>Precepts and Demands</b>                   |                      |                 |                             |                      |                 |
| 10,711  | 0                    | 10,711          | 9,861                       |                      | 9,861           |
| 8,789   | 6,776                | 15,565          | 8,020                       | 7,163                | 15,183          |
| 1,950   | 41,896               | 43,846          | 1,805                       | 45,727               | 47,532          |
| 0   | 7,410                | 7,410           |                             | 8,015                | 8,015           |
| 217   | 2,201                | 2,418           | 201                         | 2,333                | 2,534           |
| <b>21,667</b>                                 | <b>58,283</b>        | <b>79,950</b>   | <b>19,887</b>               | <b>63,238</b>        | <b>83,125</b>   |
| <b>Charges to Collection Fund</b>             |                      |                 |                             |                      |                 |
| (62)  | (224)                | (286)           | (18)                        | (220)                | (238)           |
| 173   | 230                  | 403             | 143                         | 333                  | 476             |
| (229)   | 0                    | (229)           | (2,089)                     |                      | (2,089)         |
| 95  | 0                    | 95              | 96                          |                      | 96              |
| 693   | 0                    | 693             | 1,127                       |                      | 1,127           |
| 281   | 0                    | 281             | 329                         |                      | 329             |
| <b>951</b>                                    | <b>6</b>             | <b>958</b>      | <b>(412)</b>                | <b>113</b>           | <b>(298)</b>    |
| <b>14,820</b>                                 | <b>58,545</b>        | <b>73,366</b>   | <b>16,101</b>               | <b>65,456</b>        | <b>81,558</b>   |
| <b>(4,516)</b>                                | <b>(1,661)</b>       | <b>(6,176)</b>  | <b>(5,481)</b>              | <b>1,134</b>         | <b>(4,346)</b>  |
| 8,938   | (440)                | <b>8,498</b>    | 4,422                       | (2,101)              | <b>2,321</b>    |
| <b>4,422</b>                                  | <b>(2,101)</b>       | <b>2,322</b>    | <b>(1,059)</b>              | <b>(967)</b>         | <b>(2,025)</b>  |

## Notes to the Collection Fund

### 1. Purpose of Fund

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

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

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

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

### 2. Council Tax

| Tax Base at 31 March 2023 |                 |                        |                      |                   |                   |
|---------------------------|-----------------|------------------------|----------------------|-------------------|-------------------|
| Tax Band                  | Properties      | Exemptions & Discounts | Chargeable Dwellings | Band D Multiplier | Band D equivalent |
| A-                        | 10.0            | 2.8                    | 7.2                  | 5/9               | 4.0               |
| A                         | 4,031.6         | 832.5                  | 3,199.1              | 6/9               | 2,132.7           |
| B                         | 10,135.2        | 1,128.9                | 9,006.3              | 7/9               | 7,004.9           |
| C                         | 7,495.4         | 318.9                  | 7,176.5              | 8/9               | 6,379.1           |
| D                         | 6,821.0         | 143.6                  | 6,677.4              | 9/9               | 6,677.4           |
| E                         | 4,579.4         | 49.2                   | 4,530.2              | 11/9              | 5,536.9           |
| F                         | 2,198.7         | 12.7                   | 2,186.0              | 13/9              | 3,157.6           |
| G                         | 731.8           | 3.3                    | 728.5                | 15/9              | 1,214.2           |
| H                         | 78.8            | 0.0                    | 78.8                 | 18/9              | 157.6             |
| <b>Total</b>              | <b>36,081.9</b> | <b>2,491.9</b>         | <b>33,590.0</b>      |                   | <b>32,264.4</b>   |

Council Tax charge per band D property for 2021/22 £1,947.27

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



### 3. Non Domestic Rates (NDR)

The standard business rate multiplier set by the Government for 2022/23 was 51.2p (2021/22 51.2p). The small business multiplier, for business with a rateable value of under £18,000 was 49.9p (2021/22 49.9p)

Total rateable value at 31 March 2023 £60.224 million.

Total rateable value at 31 March 2022 £59.395 million.

### 4. Non Domestic Rates Appeals

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

### 5. Collection Fund Balance Sheet

| Non Domestic Rates<br>31-Mar-22<br>£'000 | Council Tax<br>31-Mar-22<br>£'000 | TOTAL<br>31-Mar-22<br>£'000 |                      | Non Domestic Rates<br>31 Mar 23<br>£'000 | Council Tax<br>31 Mar 23<br>£'000 | TOTAL<br>31 Mar 23<br>£'000 |
|--|-----------------------------------|-----------------------------|----------------------|--|-----------------------------------|-----------------------------|
| 283                                      | 2,369                             | 2,652                       | Cash held by ECDC    | 2,898                                    | 1,079                             | 3,977                       |
| 1,588                                    | 2,878                             | 4,466                       | Debtors              | 2,113                                    | 3,188                             | 5,301                       |
| (1,174)                                  | (1,560)                           | (2,734)                     | Receipts in Advance  | (798)                                    | (1,601)                           | (2,399)                     |
| (444)                                    | (1,587)                           | (2,031)                     | Impairment Provision | (569)                                    | (1,700)                           | (2,269)                     |
| (4,675)                                  | 0                                 | (4,675)                     | Appeals Provision    | (2,585)                                  | 0                                 | (2,585)                     |
| 4,422                                    | (2,100)                           | 2,322                       | Fund Surplus         | (1,059)                                  | (966)                             | (2,025)                     |
| <b>0</b>                                 | <b>0</b>                          | <b>0</b>                    | <b>TOTAL</b>         | <b>0</b>                                 | <b>0</b>                          | <b>0</b>                    |

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

The Debtor, Creditor and Provisions entries are recorded in the Council's Accounts in accordance with the proportion of the fund attributable to East Cambridgeshire for its own purposes. The relevant proportions are 40% for Non-Domestic Rates and 13% for Council Tax. The entries are therefore as follows:

| Non Domestic Rates | Council Tax    | TOTAL          |  | Non Domestic Rates | Council Tax    | TOTAL          |
|--------------------|----------------|----------------|--|--------------------|----------------|----------------|
| 31-Mar-22          | 31 Mar 22      | 31 Mar 22      |  | 31 Mar 23          | 31 Mar 23      | 31 Mar 23      |
| £'000              | £'000          | £'000          |  | £'000              | £'000          | £'000          |
| 635                | 326            | 961            | Debtors  | 845                | 350            | 1,196          |
| (470)              | (177)          | (647)          | Receipts in Advance                                | (319)              | (174)          | (494)          |
| (178)              | (180)          | (358)          | Impairment Provision                               | (228)              | (188)          | (416)          |
| (1,869)            | 0              | (1,869)        | Appeals Provision                                  | (1,034)            | 0              | (1,034)        |
| (28)               | (2,094)        | (2,122)        | Creditors - Local Government                       | (290)              | (958)          | (1,248)        |
| 141                | 0              | 141            | Creditors - Central Government                     | (1,449)            | 0              | (1,449)        |
| 1,769              | (244)          | 1,525          | Fund Surplus to Collection Fund Adjustment Account | (424)              | (108)          | (532)          |
| <b>0</b>           | <b>(2,369)</b> | <b>(2,369)</b> | <b>TOTAL</b>                                       | <b>(2,899)</b>     | <b>(1,078)</b> | <b>(3,977)</b> |

## 7. Collection Fund Adjustment Reserve

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

| 2021/22        | Collection Fund Adjustment Account    |          | 2022/23         |
|----------------|---------------------------------------|----------|-----------------|
| £'000          |                                       |          | £'000           |
| (3,525)        | Opening Balance                       |          | (1,506)         |
| 2,019          | Movement in Year                      |          | (2,471)         |
| <b>(1,506)</b> | Closing Balance                       |          | <b>(3,977)</b>  |
|                |                                       | Movement | Closing Balance |
| 193            | Council Tax                           | 136      | (108)           |
| 1,807          | Non Domestic Rates - Core             | (2,193)  | (424)           |
| 19             | Non Domestic Rates - Renewable Energy | (414)    | (433)           |
|                |                                       |          | <b>(965)</b>    |

**GROUP Comprehensive Income & Expenditure Account**

| 2021/22                   |                      |                         |   | 2022/23                   |                      |                         |
|---------------------------|----------------------|-------------------------|---|---------------------------|----------------------|-------------------------|
| GROSS EXPENDITURE<br>£000 | GROSS INCOME<br>£000 | NET EXPENDITURE<br>£000 |   | GROSS EXPENDITURE<br>£000 | GROSS INCOME<br>£000 | NET EXPENDITURE<br>£000 |
|                           |                      |                         |   |                           |                      |                         |
| 39,412                    | (38,439)             | 973                     | Finance & Assets                                    | 51,096                    | (44,688)             | 6,409                   |
| 12,521                    | (10,249)             | 2,271                   | Operational Services                                | 20,345                    | (15,692)             | 4,653                   |
| <b>51,933</b>             | <b>(48,688)</b>      | <b>3,244</b>            | <b>Cost of Services</b>                             | <b>71,442</b>             | <b>(60,380)</b>      | <b>11,062</b>           |
| 3,061                     | (4)                  | 3,057                   | Other Operating Costs                               | 3,323                     | (4)                  | 3,319                   |
| 388                       | 176                  | 564                     | Financing & Investment Items                        | 430                       | (569)                | (139)                   |
| 0                         | (13,131)             | (13,131)                | Taxation & Grant Income                             | 58                        | (15,776)             | (15,718)                |
| <b>55,382</b>             | <b>(61,648)</b>      | <b>(6,267)</b>          | <b>Net Surplus/Deficit on provision of services</b> | <b>75,253</b>             | <b>(76,729)</b>      | <b>(1,476)</b>          |
|                           |                      |                         | <b>Other comprehensive income &amp; expenditure</b> |                           |                      |                         |
| 0                         | (12,547)             | (12,547)                |   | 0                         | (19,616)             | (19,616)                |
| <b>55,382</b>             | <b>(74,195)</b>      | <b>(18,814)</b>         | <b>TOTAL</b>  | <b>75,253</b>             | <b>(96,345)</b>      | <b>(21,092)</b>         |

**GROUP Movement in Reserves Statement**

| 2021/22                        |  |                                     |                          |                             | 2022/23  |                                     |                          |
|--------------------------------|--|-------------------------------------|--------------------------|-----------------------------|--|-------------------------------------|--------------------------|
| Opening Balance Group<br>£'000 | Adjust between Account basis and fund basis<br>£'000 | Other income & Expenditure<br>£'000 | Closing Balance<br>£'000 |                             | Adjust between Account basis and fund basis<br>£'000 | Other income & Expenditure<br>£'000 | Closing Balance<br>£'000 |
| 17,785                         | 333  | 6,266                               | 24,385                   | General Fund                | (425)  | 1,476                               | 25,435                   |
| 1,472                          | 64   |                                     | 1,536                    | Capital Receipts Reserve    | (56)   | 0                                   | 1,481                    |
| 60                             | 319  |                                     | 379                      | Capital Grants Unapplied    | (379)  | 0                                   | 0                        |
| <b>19,317</b>                  | <b>717</b>   | <b>6,266</b>                        | <b>26,300</b>            | <b>Total Useable</b>        | <b>(860)</b>   | <b>1,476</b>                        | <b>26,916</b>            |
| 20,122                         | (331)  |                                     | 19,791                   | Capital Adjustments Account | 289  | 0                                   | 20,080                   |
| 12,944                         | (444)  | 1,567                               | 14,068                   | Revaluation Reserve         | (99)   | (991)                               | 12,977                   |
| (33,281)                       | 60   | 10,981                              | (22,242)                 | Other Unusable              | 756  | 20,607                              | (877)                    |
| <b>(213)</b>                   | <b>(717)</b>   | <b>12,548</b>                       | <b>11,616</b>            | <b>Total Unusable</b>       | <b>860</b>   | <b>19,616</b>                       | <b>32,180</b>            |
| <b>19,104</b>                  | <b>0</b>   | <b>18,814</b>                       | <b>37,917</b>            | <b>TOTAL</b>                | <b>0</b>   | <b>21,092</b>                       | <b>59,095</b>            |

**Group Balance Sheet**

| <b>31 Mar 22</b> |  | <b>31 Mar 23</b> |
|------------------|--|------------------|
| <b>£'000</b>     |  | <b>£'000</b>     |
| 37,946           | Property, Plant and Equipment              | 36,443           |
| 105              | Heritage Assets                            | 105              |
| 15               | Intangible Assets                          | 0                |
| 1,748            | Trade & Other receivables                  | 2,610            |
| 319              | Long Term Debtors                          | 557              |
| <b>40,133</b>    | <b>TOTAL LONG TERM ASSETS</b>              | <b>39,715</b>    |
| 6,000            | Investments (Short Term)                   | 17,000           |
| 165              | Assets Held for Sale                       | 165              |
| 3,857            | Short Term Debtors                         | 4,128            |
| 25,953           | Inventories                                | 4,916            |
| 29,124           | Cash and Cash Equivalents                  | 13,805           |
| <b>65,099</b>    | <b>TOTAL CURRENT ASSETS</b>                | <b>40,014</b>    |
| (16,917)         | Short Term Creditors & Receipts in Advance | (13,755)         |
| (2,046)          | Provisions                                 | (1,193)          |
| (24,001)         | Borrowings                                 | (153)            |
| <b>(42,965)</b>  | <b>TOTAL CURRENT LIABILITIES</b>           | <b>(15,102)</b>  |
| 0                | Borrowings                                 | 0                |
| (3,474)          | Capital Grants Received in Advance         | (3,467)          |
| (20,877)         | Net Pensions Liability                     | (2,065)          |
| <b>(24,351)</b>  | <b>LONG TERM LIABILITIES</b>               | <b>(5,532)</b>   |
| <b>37,917</b>    | <b>NET ASSETS</b>                          | <b>59,095</b>    |
|                  | <b>FINANCED BY:</b>                        |                  |
| 26,291           | USABLE RESERVES                            | 26,808           |
| 11,626           | UNUSABLE RESERVES                          | 32,287           |
| <b>37,917</b>    | <b>TOTAL RESERVES</b>                      | <b>59,095</b>    |

**Ian Smith - CPFA**

Director, Finance

East Cambridgeshire District Council

**Group Cash Flow Statement**

| <b>Group</b>         |   | <b>Group</b>         |
|----------------------|---|----------------------|
| <b>31 March 2022</b> |   | <b>31 March 2023</b> |
| <b>£'000</b>         |   | <b>£'000</b>         |
| <b>6,265</b>         | <b>Net Surplus / (Deficit) on the Provision of Services – (i)</b>         | <b>1,476</b>         |
| (220)                | Interest receivable   | (126)                |
|                      | Adjustments for Non-cash Items:   |                      |
| 2,538                | Depreciation & Amortisation   | 1,264                |
|                      | Impairment  |                      |
| 1,992                | Pension Liability   | 1,795                |
| 7,507                | Change in Inventories   | 21,136               |
| (1,220)              | Change in Debtors & Creditors   | (5,609)              |
| <b>10,598</b>        | <b>Total Adjustments (ii)</b>   | <b>18,460</b>        |
| <b>16,863</b>        | <b>A- Net Cash Flows from Operating Activities (i)+(ii)</b>               | <b>19,936</b>        |
| (126)                | Purchase of Property, Plant & Equipment                                   | (699)                |
| (4)                  | Change in Long Term Debtors   | (1,338)              |
| (1,000)              | Change in Short term Investments  | (11,000)             |
| 220                  | Interest Received   | 848                  |
| <b>(910)</b>         | <b>B- Investing Activities</b>  | <b>(12,189)</b>      |
| 115                  | Net receipt / (application) of Capital Grants                             | (6)                  |
|                      | Change in Collection Fund agencies  |                      |
| 4,069                | Debtors & Creditors   | 481                  |
| 4,507                | Loans Advanced  | 3,907                |
| (9,776)              | Loans Repaid  | (27,377)             |
| 0                    | Leasing Liabilities Proceeds  | 0                    |
| (49)                 | Leasing Liabilities Repayment   | (17)                 |
| 236                  | Interest Paid   | (55)                 |
| <b>(898)</b>         | <b>C- Financing Activities</b>  | <b>(23,067)</b>      |
| <b>15,054</b>        | <b>Net (decrease) in cash and cash equivalents (A+B+C)</b>                | <b>(15,320)</b>      |
| <b>14,070</b>        | <b>Cash and cash equivalents at the beginning of the reporting period</b> | <b>29,124</b>        |
| <b>29,124</b>        | <b>Cash and cash equivalents at the end of the reporting period</b>       | <b>13,804</b>        |

## 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 2022<br>£'000 | In Year<br>Movement<br>2022/23<br>£'000 | 31 March 2023<br>£'000 |
|--|------------------------|---|------------------------|
| Surplus Savings Reserve - Profit & Loss Account              | 794                    | (663)                                   | 131                    |
| <b>Total Company Reserves portion of Group Balance Sheet</b> | <b>794</b>             | <b>(663)</b>                            | <b>131</b>             |
| <b>Represented by:</b>                                       |                        |   |                        |
| East Cambs Trading Company Profit & Loss                     | 786                    | (655)                                   | 131                    |
| East Cambs Street Scene Profit & Loss                        | 8                      | (8)                                     | 0                      |

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

|  | Trading Company | Street Scene | Inter Company | Total Change upon Council |
|--|-----------------|--------------|---------------|---------------------------|
| Property Plant & Equipment               | 69              | 17           |               | 86                        |
| Long Term Debtor/Loan                    | (6,000)         | 0            |               | (6,000)                   |
| Debtors & Cash                           | 2,819           | 1,359        | (831)         | 3,347                     |
| Inventories                              | 4,856           | 12           |               | 4,868                     |
| Borrowings                               | (153)           |              |               | (153)                     |
| Creditors                                | (1,330)         | (1,372)      | 250           | (2,452)                   |
| <b>TOTAL ASSETS NET OF COUNCIL SHARE</b> | <b>261</b>      | <b>16</b>    | <b>(581)</b>  | <b>(304)</b>              |

The Group Balance Sheet has moved from a position at 31st March 2022 of £37.917 million to £59.095 million at 31 March 2023.

The companies - ECTC's Non-current assets have reduced by £986k as there is only one instalment of the Kennett land promotion due in more than one year (LY – 2 instalments)

Due to the sales of 83 properties in 2022/23, inventories have reduced by £21.1m. Current trade receivables has increased by £369k due to a debt due on two properties sold but payment has been deferred until the properties are able to be occupied. Cash has reduced by £906k as any surplus was utilised in paying remaining loans.

Current financial liabilities have reduced by £25.1m as the two loans from CPCA were repaid during the year.

Non-current financial liabilities have increased as the facility with ECDC was used to repay any balance on the loans to CPCA.

**G3** East Cambs Trading Company and East Cambs Street Scene report leases under IFRS16 for 2022/23 but for group consolidation this has been rolled back to IAS17.

**G4. Group Audit Fees**

|                         | 2021/22         | 2022/23         |
|-------------------------|-----------------|-----------------|
| ECDC                    | £114,000        | £279,000        |
| ECTC                    | £37,500         | £35,650         |
| ECSS                    | £19,900         | £22,875         |
| <b>Total Audit Fees</b> | <b>£171,400</b> | <b>£337,525</b> |

## Glossary of Terms and Abbreviations

### **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 1<sup>st</sup> April 2013, as a consequence of The Local Government Finance Act 2012, a local Non Domestic Rating regime was introduced that included the business rates retention scheme. See also **Tariff** and **Safety Net**.

**Operating Leases**

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

**Precept**

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

**Prior Year Adjustments**

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

**Property, Plant and Equipment**

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

**Provisions**

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

**Reclassification**

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

**Responsible Financial Officer**

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

**Restated**

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

**Revenue Expenditure Funded from Capital under Statute**

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

**Revenue Support Grant**

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

**Safety Net**

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

**Section 106**

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

**Tariff**

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

**True and Fair View Override**

As required by the Accounts and Audit Regulations 2011, paragraph 8.2, the Responsible Financial Officer is required to certify that the Statement of Accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the "true and fair view override". This means, where the

Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e., to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the “true and fair view” is appropriately acknowledged in the notes to the accounts.

## **ABBREVIATIONS**

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



# EAST CAMBRIDGESHIRE DISTRICT COUNCIL

THE GRANGE, NUTHOLT LANE  
ELY, CAMBRIDGESHIRE CB7 4EE

Telephone: Ely (01353) 665555  
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The matter is being dealt with by: Ian Smith

Telephone No. 01353 616470  
E-mail lan.smith@eastcambs.gov.uk  
Date: 5<sup>th</sup> November 2024

Mark Hodgson  
Associate Partner  
Ernst & Young LLP  
One Cambridge Business Park  
Cambridge  
CB4 0WZ

## Letter of Representations - East Cambridgeshire District Council – 2022/23

### General statement

This Letter of Representations is provided in connection with your audit of the financial statements of East Cambridgeshire District Council and Group (“the Group and Council”) for the year ended 31 March 2023.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Group and Council as of 31 March 2023 and of its financial performance and its cash flows for the year then ended, in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

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

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

### A. Financial Statements and Financial Records

1. We have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge as members of management of the Group and Council, our responsibility for the fair presentation of the Group and Council’s financial statements. We believe the Group and Council financial statements referred to above give a true and fair view of the financial

position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) and are free of material misstatements, including omissions. We have approved the Group and Council financial statements.

3. That the significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences detailed in your Audit Results Report.
6. There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's Group and Council financial statements. Other differences in the amounts shown as comparative amounts in the Group and Council financial statements for the year ended 31 March 2023 are solely the result of reclassification for comparative purposes.
7. We confirm the Group and Council does not have any securities (debt or equity) listed on a recognised exchange.
8. We have confirmed to you any changes in service organisation within the Group and Council since the last audited financial year.

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

1. We acknowledge that we are responsible to determine that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud and that we believe that we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the Group and Council financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws and regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by "whistle-blowers") including non-compliance matters:
  - involving financial statements;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Group and Council's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council's activities, its ability to continue to operate, or to avoid material penalties;
  - involving management, or employees who have significant roles in internal controls, or others; or

- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### **C. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. That all material transactions, events and conditions have been recorded in the accounting records and are reflected in the Group and Council financial statements.
3. We have made available to you all minutes of the meetings of the Group and Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 27<sup>th</sup> September 2024.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Group and Council financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, that the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the Group and Council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. That from the date of our last management representation letter to you, through to the date of this letter, we have disclosed to you, to the extent that we are aware, any (1) unauthorised access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorised access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.
8. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorised access to our information technology systems that has a material effect on the Group and Council financial statements, including disclosures.

### **D. Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the Group and Council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they

have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the Group and Council financial statements all guarantees that you have given to third parties.

#### **E. Going Concern**

1. Note 31 to the Council's financial statements disclose all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of these plans.

#### **F. Subsequent Events**

1. That other than the disclosure described in Note 7 (Events after the balance sheet date) to the Group and Council's financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

#### **G. Group audits**

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst Council, subsidiary undertakings and associated undertakings.

#### **H. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2022/23.
2. We confirm that the content contained within the other information is consistent with the financial statements.

#### **I. Climate-related Matters**

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been consolidated and the Council and Group have reflected these in the financial statements.

Yours sincerely,

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Director, Finance

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Chair of the Audit Committee





**Title: Internal Audit Progress Report**

Committee: Audit Committee

Date: 19<sup>th</sup> November 2024

Author: Chief Internal Auditor

Report number: Z100

Contact officer:

Rachel Ashley-Caunt, Chief Internal Auditor

[Rachel.ashley-caunt@eastcambs.gov.uk](mailto:Rachel.ashley-caunt@eastcambs.gov.uk)

**1.0 Issue**

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

**2.0 Recommendations**

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

**3.0 Background/Options**

3.1. The role of Internal Audit is to provide the Audit Committee, and management, with independent assurance on the effectiveness of the internal control environment. Internal audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council’s ability to achieve its objectives.

3.2. At the time of reporting, fieldwork on 89% of assignments within the plan is either complete or in progress. Since the last progress report, two audit reports have been finalised and the key findings are summarised in Appendix 1.

3.3. Since the last Audit Committee update, 3 actions arising from audit reports have been implemented by officers. There are no overdue actions.

**4.0 Arguments/Conclusions**

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

**5.0 Additional Implications Assessment**

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

|   |   |   |
|---|---|---|
| <b>Financial Implications</b><br><br>No           | <b>Legal Implications</b><br><br>No             | <b>Human Resources (HR) Implications</b><br><br>No        |
| <b>Equality Impact Assessment (EIA)</b><br><br>No | <b>Carbon Impact Assessment (CIA)</b><br><br>No | <b>Data Protection Impact Assessment (DPIA)</b><br><br>No |

## **6.0 Appendices**

Appendix 1: Internal Audit Progress report – November 2024

## **7.0 Background documents**

Internal Audit Plan 2024/25



**Internal Audit Progress and Performance Update**

**November 2024**

## 1. Introduction

- 1.1 The Internal Audit service for East Cambridgeshire District Council provides 210 days to deliver the 2023/24 Annual Audit Plan.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit Committee to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting and an overview of the performance of the audit team.

## 2. Performance

### **Delivery of the 2024/25 Audit Plan**

- 2.1 At the time of reporting, 89% of audit work is either complete or underway, including a number of audits scheduled for the last quarter for which planning work has commenced. Progress on individual assignments is shown in Table 1.

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

- 2.2 To date, one survey response has been received in relation to feedback on completed assignments for the 2024/25 audit plan. This is summarised in Table 4.

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

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

#### **Decision making and delegations**

The Council operates a committee system of governance as prescribed in the Local Authorities (Committee System) (England) Regulation 2012 whereby the Council has established a number of committees, each with a specific area of responsibility and decision-making. The political groups appoint Elected Members to those committees at Annual Council.

The audit was carried out to provide assurance that controls are in place to ensure compliance with the Council's Constitutional arrangements for decision-making and appropriate, recorded use of delegations, which can be accessed via the Council's website.

Based on the audit testing performed, the Council has established sound working practices, with standard operating procedures for the creation of minutes and decision lists, report writing and publication within the specified timescales for decision-making meetings.

The Council has limited decision-making guidance available to Officers. Audit testing found areas where expected controls were not consistently evidenced, primarily in

relation to record keeping, and publication of, delegated decisions. There is scope to strengthen current procedures in this area, with training and support to be provided to Officers on their delegated decision-making roles and responsibilities, to ensure transparency and compliance with relevant regulations.

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

| <b>Assurance Opinion</b>     |                         |
|------------------------------|-------------------------|
| <b>Control Environment</b>   | <b>Moderate (Amber)</b> |
| <b>Compliance</b>            | <b>Good (Green)</b>     |
| <b>Organisational Impact</b> | <b>Medium (Amber)</b>   |

### **Supporting vulnerable people**

Local authorities play a vital role in supporting vulnerable people, addressing their needs and promoting community wellbeing. This audit sought assurance on the Council's arrangements for supporting vulnerable people and meeting its statutory duties.

In summary, the audit found that established governance arrangements are in place for supporting vulnerable people that align to the Council's Code of Corporate Governance. There are up-to-date policies and procedures that govern the Council's statutory duties and Service Leads keep informed of regulatory changes and best practice. Mandatory training on safeguarding, domestic abuse, and equality, diversity and inclusion is in place for all officers and staff in specific roles complete additional specialist training. The Council has several resources that support vulnerable people and it also works with a range of partner organisations across different sectors.

There are several strategies and action plans in place that are designed to support vulnerable people. A range of methods have been used to assess the needs of the community and there are a number of programmes in place to deliver targeted support. The resources available are promoted through various communication channels that are accessible both online and in person. The Council uses external funding and applies for and administers grants to improve the services and support for vulnerable people.

There are data management systems in place to record and monitor information about vulnerable people that the Council is providing support to. Feedback mechanisms and a Community Engagement Strategy are in place to gather views from residents who use the services and resources. Various methods are used to evaluate the effectiveness of the services provided to vulnerable people and there is an agreed schedule to regularly report on services and strategies with established performance indicators.

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

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

#### 2.4 Implementation of audit recommendations by officers

Where an Internal Audit review identifies any areas of weakness or non-compliance with the control environment, recommendations are made and an action plan agreed with management, with timeframes for implementation.

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

At the time of reporting, there are no actions which are overdue for implementation.

#### 2.5 Real time risk assurances

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

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

The content of the risk entry is also reviewed with the lead officer to seek assurance that the current scoring and details reflect the risk environment at this time. Any potential changes in risk scoring or content are fed back to the Risk Management Group for discussion/amendment. Internal Audit do not input into risk scoring or content, maintaining independence from this.

The latest of the rolling risk assurance reviews has been completed and the risk selected was **C7: Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036.**

At the time of reporting, the current inherent risk scoring for this entry is 12 (4 for likelihood and 3 for impact) and the residual risk is 12 (4 for likelihood and 3 for impact). Assurance has been sought over the existence of the listed controls.

The findings for each control are detailed in Table 3. The risk scoring was not amended as a result of this review.

A RAG (red, amber, green) rating – as defined below Table 3 – has been assigned to each control. The review resulted in some recommendations around the risk entry.

**Table 1 - Progress against 2024/25 Internal Audit Plan**

| Assignment                        | Planned start | Status                     | Assurance sought   | Assurance Opinion   |              |                | Comments        |
|-----------------------------------|---------------|----------------------------|--|---------------------|--------------|----------------|-----------------|
|                                   |               |                            |  | Control Environment | Compliance   | Org impact     |                 |
| <b>Key financial systems</b>      |               |                            |  |                     |              |                |                 |
| Bank reconciliations              | Q4            | Planning                   |  |                     |              |                |                 |
| Accounts payable                  | Q4            | Planning                   |  |                     |              |                |                 |
| Payroll                           | Q3            | Fieldwork underway         |  |                     |              |                |                 |
| Accounts receivable               | Q4            | Planning                   |  |                     |              |                |                 |
| Treasury management               | Q4            | Planning                   |  |                     |              |                |                 |
| Medium term financial strategy    | Q3            | Fieldwork underway         |  |                     |              |                |                 |
| <b>Key policy compliance</b>      |               |                            |  |                     |              |                |                 |
| Decision making and delegations   | Q1            | <b>Final report issued</b> | To provide assurance over compliance with the Council's Constitution and scheme of delegation in relation to decision making and evidence of compliance with delegated powers. | Moderate (Amber)    | Good (Green) | Medium (Amber) | See section 2.3 |
| UK Shared Prosperity Fund (UKSPF) | Q3            | Fieldwork complete         |  |                     |              |                |                 |
| Procurement compliance            | Q4            | Not started                |  |                     |              |                |                 |

| Assignment                                       | Planned start | Status              | Assurance sought   | Assurance Opinion  |              |             | Comments        |
|--|---------------|---------------------|--|--|--------------|-------------|-----------------|
|  |               |                     |  | Control Environment                                      | Compliance   | Org impact  |                 |
| <b>Risk based audits</b>                         |               |                     |  |  |              |             |                 |
| Major project – Bereavement Centre               | Q1            | Draft report        |  |  |              |             |                 |
| Supporting vulnerable people                     | Q1            | Final report issued | To seek assurance on the arrangements for supporting vulnerable customers and meeting legal duties (i.e. domestic abuse / antisocial behaviour / safeguarding arrangements / financial advice); adapting to and providing for emerging needs (i.e. cost of living / asylum contingency and dispersal / refugees); and ensuring support mechanisms including cost of living support funds have been designed to meet the needs of the right people and administered in accordance with expected controls. | Substantial (Green)                                      | Good (Green) | Low (Green) | See section 2.3 |
| Housing allocations and homeless                 | Q4            | Planning            |  |  |              |             |                 |
| Planning service review                          | Q4            | Not started         |  |  |              |             |                 |
| Grant claims                                     | All year      | Fieldwork underway  |  |  |              |             |                 |
| <b>Governance and Counter Fraud</b>              |               |                     |  |  |              |             |                 |
| 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. |              |             |                 |





| Assignment                          | Planned start | Status   | Assurance sought | Assurance Opinion   |            |            | Comments |
|-------------------------------------|---------------|----------|------------------|---------------------|------------|------------|----------|
|                                     |               |          |                  | Control Environment | Compliance | Org impact |          |
| Annual Governance Statement support | Q1            | Complete |                  | N/A                 |            |            |          |



**Table 2 - Implementation of agreed management actions**


|   | 'High' priority recommendations |            | 'Medium' priority recommendations |             | 'Low' priority recommendations |            | Total    |             |
|---|---------------------------------|------------|-----------------------------------|-------------|--------------------------------|------------|----------|-------------|
|   | Number                          | % of total | Number                            | % of total  | Number                         | % of total | Number   | % of total  |
| Actions due and <b>implemented</b> since last Committee meeting | -                               | -          | 3                                 | 100%        | -                              | -          | 3        | 100%        |
| Actions <b>overdue by less than three months</b>                | -                               | -          | -                                 | -           | -                              | -          | -        | -           |
| Actions <b>overdue by more than three months</b>                | -                               | -          | -                                 | -           | -                              | -          | -        | -           |
| <b>Totals</b>   | -                               | -          | <b>3</b>                          | <b>100%</b> | -                              | -          | <b>3</b> | <b>100%</b> |

**Table 3: Risk register entries – rolling review of controls**

| Risk entry  |                |  |  |
|---|----------------|--|--|
| C7: Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036. |                |  |  |
| Assurance and Findings  |                |  |  |
| Key Control Reference   | Key Control    | RAG Rating (Red, Amber, Green)   | Auditor Comment & Opinion  |
| C7.1  | Corporate Plan | Amber<br> | <p><b>Findings:</b></p> <p>The key control wording was discussed with the Director – Community to seek clarification. It is recommended that detail is added to this key control to ensure effective action is taken and to allow monitoring and measuring.</p> <p>It was confirmed that the purpose of this key control was to ensure that climate change is included within the following documents:</p> <ul style="list-style-type: none"> <li>• Corporate Plan 2023 – 2027; and</li> <li>• Corporate Plan Action Plan.</li> </ul> <p>The Council’s Corporate Plan 2023 to 2027 is published on the website - <a href="#">here</a>. Whilst there is no explicit reference to ‘climate change’ one of the corporate goals is to ‘<i>Enhance the natural environment and build on our sustainable goals</i>’, with the following action ‘<i>work with stakeholders and external organisations to further our sustainability goals and implement our Environment Plan</i>’.</p> <p>The Corporate Plan Action Plan which supports the implementation of the Corporate Plan is updated annually, with the previous year’s progress reported at the same time.</p> <p>The 2024/25 Action Plan and the completed actions from 2023/24 were presented to Council on 25<sup>th</sup> July 24 - <a href="#">Committee Report (eastcamb.gov.uk)</a>. Whilst there is no explicit reference to ‘climate change’ the following actions were reported: <a href="#">2023/24 (completed action)</a></p> |




| Risk entry  |                              |  |  |
|---|------------------------------|--|--|
| C7: Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036. |                              |  |  |
| Assurance and Findings  |                              |  |  |
| Key Control Reference   | Key Control                  | RAG Rating (Red, Amber, Green)   | Auditor Comment & Opinion  |
|   |                              |  | <ul style="list-style-type: none"> <li>All RCVs moved over to HVO and new street cleansing vehicles on order. <a href="#">2024/25 (new action)</a></li> <li>Deliver the Climate and Nature Top 20 actions for 2024 – <a href="#">link</a>.</li> </ul> <p><b>Recommendations:</b><br/>Further detail to be included into the 'Corporate Plan' key control to ensure it can be applied effectively, monitored and measured.</p>  |
| C7.2  | Annual Climate Change Budget | Amber<br> | <p><b>Findings:</b><br/>The key control wording was discussed with the Director –Community to seek clarification. It is recommended that detail is added to this key control to ensure effective action is taken and to allow monitoring and measuring.</p> <p>It was confirmed that the purpose of this key control was to ensure that the Council has allocated a budget to climate control fund action to be taken and show the Council's commitment to acting on climate change.</p> <p>The Strategic Planning Manager confirmed that the Council has committed a budget of £100,000 for climate change and nature recovery (budget code CL002), from which salaries and climate and nature activities are funded. The Climate Change Budget for 2024/25 was approved by Full Council in February 2024 – <a href="#">link</a>.</p> <p><b>Recommendations:</b><br/>Further detail to be included into the 'Annual Climate Change Budget' key control to ensure it can be implemented effectively, monitored and measured.</p> |

| Risk entry  |   |   |   |
|---|---|---|---|
| C7: Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036. |   |   |   |
| Assurance and Findings  |   |   |   |
| Key Control Reference   | Key Control   | RAG Rating (Red, Amber, Green)  | Auditor Comment & Opinion   |
| C7.3  | Environmental Action Plan published each June with results reported the following year.         | Green<br>  | <p><b>Findings:</b><br/>In June 2024, the information within the previously titled 'Environmental Action Plan' had been split into separate documents. The Council's long-term vision is contained in the 'Climate and Nature Strategy'. The Top 20 Actions were set out on a poster and monitoring of the Council's emissions and progress on targets was set out in a monitoring report. All three documents were approved by the Finance and Asset Committee in June 2024 - <a href="#">link</a>.</p> <p>These documents are published on the website – <a href="#">link</a>.</p> <p><b>Recommendations:</b><br/>None.</p> |
| C7.4  | Roll out of HVO use in refuse collection vehicles (80% of the Council's entire CO2e emissions). | Green<br> | <p><b>Findings:</b><br/>The Director - Operations confirmed that the roll out of HVO in refuse collection vehicles has been implemented and that the Council are now exploring extending this into the smaller fleet.</p> <p>Evidence provided via the updated 2024/25 ECSS Business Plan.</p> <p><b>Recommendations:</b><br/>None.</p>   |

| Risk entry  |  |  |   |
|---|--|--|---|
| C7: Climate Change, specifically the failure of the Council to adapt to the changing needs as a consequence of climate change and achieve its goal to be Carbon net zero by 2036. |  |  |   |
| Assurance and Findings  |  |  |   |
| Key Control Reference   | Key Control  | RAG Rating (Red, Amber, Green)   | Auditor Comment & Opinion   |
| C7.5  | Solar Panels being fitted to the roofs of various Council Buildings. | Green<br> | <p><b>Findings:</b><br/>The Director – Community confirmed that fitting of solar panels on Council properties has commenced:</p> <ul style="list-style-type: none"> <li>• 2023 – E-Space North - Solar panels fitted - <a href="#">link</a>.</li> <li>• 2024 – Hive Leisure Centre – Solar panels funding is in place with the initial stages of procurement commenced to find a supplier.</li> <li>• Future project – The Bereavement Centre – <a href="#">Link</a>.</li> </ul> <p><b>Recommendations:</b><br/>None.</p> |

| Actions from the Strategic Risk Register                          |  |
|---|--|
| Action  | Auditor findings   |
| Carbon Literacy training available for all staff and Councillors. | <p>Carbon literacy training was launched in October 2023, with the target of 50% of staff completion by the end of the summer 2024.</p> <p>The Climate Change and Natural Environment Senior Officer confirmed that at the time of the review, the Council had delivered nine Carbon literacy training sessions. 122 members of staff have attended the course and 81 completed the accreditation process.</p> |

| Actions from the Strategic Risk Register                       |   |
|--|---|
| Action   | Auditor findings  |
| Climate related actions in the Environment Plan top 20 Actions | The Top 20 Actions were set out on a poster. Monitoring of the Council's emissions and progress on targets was set out in a monitoring report. All three documents were approved by the Finance and Asset Committee in June 2024 - <a href="#">link</a> . |

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

**Table 4: Customer satisfaction**

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

| <b>Aspects of Audit Assignments</b> | <b>Not applicable</b> | <b>Outstanding</b> | <b>Good</b> | <b>Satisfactory</b> | <b>Poor</b> |
|-------------------------------------|-----------------------|--------------------|-------------|---------------------|-------------|
| Design of Assignment                | -                     | 1                  | -           | -                   | -           |
| Communication during Assignments    | -                     | 1                  | -           | -                   | -           |
| Quality of Reporting                | -                     | 1                  | -           | -                   | -           |
| Quality of Recommendations          | -                     | 1                  | -           | -                   | -           |
| <b>Total</b>                        | -                     | <b>4</b>           | -           | -                   | -           |



## 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.

| <b>Compliance Assurances</b> |  |  |
|------------------------------|--|--|
| <b>Level</b>                 | <b>Control environment assurance</b>   | <b>Compliance assurance</b>  |
| <b>Substantial</b>           | 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.             |
| <b>Good</b>                  | 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. |
| <b>Moderate</b>              | 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.                    |
| <b>Limited</b>               | 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.                  |
| <b>No</b>                    | 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.                           |

| <b>Organisational Impact</b> |  |
|------------------------------|--|
| <b>Level</b>                 | <b>Definition</b>  |
| <b>High</b>                  | 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. |
| <b>Medium</b>                | 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.        |
| <b>Low</b>                   | The weaknesses identified during the review have left the Council open to low risk. This may have a low impact on the organisation as a whole.   |

## **Limitations and responsibilities**

### ***Limitations inherent to the internal auditor's work***

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

### ***Opinion***

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

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

### ***Internal control***

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

### ***Future periods***

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

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

### ***Responsibilities of management and internal auditors***

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

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

**Title: Internal Audit Plan Development 2025/26**

Committee: Audit Committee

Date: 19<sup>th</sup> November 2024

Author: Chief Internal Auditor

Report number: Z101

Contact officer:

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**1.0 Issue**

- 1.1. To advise and consult the Committee on the Internal Audit plan development process for 2025/26.

**2.0 Recommendations**

- 2.1. The Committee notes and endorses the proposed approach to development of the Internal Audit plan for 2025/26.
- 2.2. The Committee highlights any risk areas where assurances are required during the year ahead to the Chief Internal Auditor by 31<sup>st</sup> January 2025.

**3.0 Background/Options**

- 3.1. In setting the annual audit plan, the Public Sector Internal Audit Standards require:
- The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with input from senior management and the Audit Committee.
  - The risk-based plan set out how internal audit's work will identify and address local and national issues and risks;
  - The audit plan should be reviewed and approved by an effective and engaged Audit Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
  - The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations.
- 3.2. The new Global Internal Audit Standards require that the Internal Audit plan must:
- Consider the internal audit mandate and the full range of agreed-to internal audit services;
  - Specify internal audit services that support the evaluation and improvement of the organisation's governance, risk management and control processes;

- Consider coverage of information technology governance, fraud risk, the effectiveness of the organisation’s compliance and ethics programs, and other high-risk areas;
- Identify the necessary human, financial and technological resources necessary to complete the plan; and
- Be dynamic and updated timely in response to changes in the organisation’s business, risk operations, programmes, systems, controls and organisational culture.

3.3. The North Northamptonshire Council Internal Audit service is commissioned to provide 210 audit days to deliver East Cambridgeshire District Council’s annual internal audit plan.

#### 4.0 Arguments/Conclusions

4.1. In order to ensure that the Audit Plan for 2025/26 address the Council’s key risks and adds value to the organisation, it is proposed that the Chief Internal Auditor will identify and prioritise the areas for coverage by:

- a) Reviewing the Council’s Risk Register and Corporate Plan;
- b) Analysing coverage of Internal Audit reviews over the last four years and the assurance opinions provided following each review, to identify any assurance gaps or areas where follow up work would be of value;
- c) Identifying any other sources of assurance for each of the Council’s key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- d) Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
- e) Consultation with the Audit Committee to discuss the planning process and areas where Members require assurances from Internal Audit during 2025/26, in the form of this report; and
- f) Meetings with senior management to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

4.2. All potential audit coverage identified will be risk assessed and prioritised for inclusion in the Audit Plan, in consultation with senior management, based on risk, other sources of assurance available and potential value added from a review.

4.3. The resulting draft Internal Audit Plan will then be presented to the Audit Committee in March 2025 for review and formal approval.

#### 5.0 Additional Implications Assessment

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

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

| <b>Equality Impact Assessment (EIA)</b> | <b>Carbon Impact Assessment (CIA)</b> | <b>Data Protection Impact Assessment (DPIA)</b> |
|---|---------------------------------------|---|
| <b>No</b>                               | <b>No</b>                             | <b>No</b>                                       |

## **6.0 Appendices**

None

## **7.0 Background documents**

None



# Audit Committee Annual Agenda Plan

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

|  |                                   |
|--|-----------------------------------|
| <b>Mon 3 February 2025</b>   | <b>4:30pm</b>                     |
| Chair's Announcements  | Chair                             |
| Statement of Accounts 2023/24  | Director Finance and S151 Officer |
| Audit of the 2023/24 Accounts  | External Audit                    |
| Internal Audit Progress Report   | Internal Audit                    |
| Corporate Risk Management Monitoring Report                              | Director Finance and S151 Officer |
| Actions taken by the Director Finance on the grounds of urgency (if any) | Democratic Services Officer       |
| Forward Agenda Plan  | Democratic Services Officer       |
|  |                                   |
| <b>Tues 18 March 2025</b>  | <b>4:30pm</b>                     |
| Chair's Announcements  | Chair                             |
| External Audit Plan  | External Audit                    |
| Internal Audit Charter & Work Plan                                       | Internal Audit                    |
| Audit Committee Annual Report  | Director Finance and S151 Officer |
| Internal Audit Progress Report   | Internal Audit                    |
| Actions taken by the Director Finance on the grounds of urgency (if any) | Democratic Services Officer       |
| Forward Agenda Plan  | Democratic Services Officer       |
|  |                                   |
|  |                                   |

**Notes:**

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