

AGENDA

AUDIT AND RISK MANAGEMENT COMMITTEE

TUESDAY, 25 FEBRUARY 2025

4.00 PM

**COUNCIL CHAMBER, FENLAND HALL,
COUNTY ROAD, MARCH**

Committee Officer: Jo Goodrum
Tel: 01354 622424
e-mail: memberservices@fenland.gov.uk

- 1 To receive apologies for absence
- 2 Previous Minutes (Pages 3 - 10)

To confirm the minutes of 4 December 2024
- 3 To report additional items for consideration which the Chairman deems urgent by virtue of special circumstances to be now specified
- 4 Members to declare any interests under the Local Code of Conduct in respect of any item to be discussed at the meeting
- 5 Audit Results Report 2023/24 (Pages 11 - 66)

To consider the Audit Completion Report for Year Ended 31 March 2024 from the Council's appointed independent external auditor - EY (Ernst and Young).
- 6 Final Statement of Accounts 2023/24 (Pages 67 - 200)

The purpose of this report is for members to review and approve the final Statement of Accounts for 2023/24.

7 Letter of Representation 2023/24 (Pages 201 - 208)

To agree the format and content of the Letter of Representation provided to the independent external auditor at the conclusion of the audit of the 2023/24 Statement of Accounts.

8 Risk Register - Quarterly Update (Pages 209 - 236)

To provide an update to the Audit and Risk Management Committee on the Council's Corporate Risk Register.

9 Whistleblowing Policy (Pages 237 - 256)

To provide the Audit and Risk Management Committee with an overview of the updated Whistleblowing Policy, and to provide a summary of recent statistics of whistleblowing complaints raised.

10 Internal Audit Plan 2024/25 Progress Report Q3 (Pages 257 - 270)

- To report progress against the Internal Audit Plan 2024/25 and the work undertaken since the last meeting of Committee, and the resulting level of assurance from the work.
- To advise of any developments within the Internal Audit Team, amendments to the Plan, and any significant internal control or governance issues.
- To provide a tracking information on the implementation of agreed audit actions and further progress and status update on those actions now overdue.

11 Audit and Risk Management Committee Work Programme (Pages 271 - 284)

For information purposes.

12 Items of Topical Interest

13 Items which the Chairman has under item 3 deemed urgent

Monday, 17 February 2025

Members: Councillor K French (Chairman), Councillor J Mockett (Vice-Chairman), Councillor G Booth, Councillor G Christy, Councillor Mrs J French, Councillor S Harris and Councillor S Tierney

AUDIT AND RISK MANAGEMENT COMMITTEE

**WEDNESDAY, 4 DECEMBER 2024 - 4.00
PM**



PRESENT: Councillor K French (Chairman), Councillor G Booth, Councillor G Christy, Councillor Mrs J French and Councillor S Tierney

Officers in attendance: Stephen Beacher (Head of ICT Digital & Resilience), Peter Catchpole (Corporate Director and Chief Finance Officer), Deborah Moss (Head of Internal Audit), Mark Saunders (Chief Accountant) and Sian Warren (Deputy Chief Accountant)

ARMC12/24 PREVIOUS MINUTES.

The minutes of the meeting held on the 22 July 2024 were agreed, subject to the following change to minute number ARMC3/24, which contained a typographical error and should read as follows:

It was proposed by Councillor Miss French, seconded by Councillor Mrs French and agreed that Councillor Mockett be appointed as Vice Chairman of the Audit and Risk Management Committee for the municipal year 2024/25.

ARMC13/24 APPOINTED AUDITOR - AUDIT COMPLETION REPORT YEAR ENDED 31 MARCH 2023

Mark Hodgson from Ernst & Young, the Council's Appointed Auditors presented the report to the committee.

Members asked questions, made comments and received responses as follows:

- Councillor Christy referred to the page 13 of the report which highlights the results and the implementation of the backstop date, which mentions that the proposed disclaimer of the Council's 2023 accounts will impact both the audit procedures to be undertaken to gain assurance on the 2023/24 financial statements. He asked whether Mark Hodgson was able to provide some detail with regards to the significance and magnitude of that impact to be had on the audit procedures and the audit report for 2023/24? Mark Hodgson explained that the Financial Reporting Council have issued some guidance in an accessible document which has been provided to Mark Saunders, Chief Accountant, and Peter Catchpole, Section 151 Officer and within that document it sets out that there is a usual, at least, minimum 3-year period to unwind a disclaimed audit opinion before it can return to what he would deem to be an unqualified set of accounts in a normal set of circumstances. He added that because there have not been any audit procedures in 2022/23, there are no assurances over the Council's closing balances and the reserve position as of 31 March 2023 and as a result of this there are no assurances for 23/24 with the opening balances and then similarly the audit opinion for that period would need to be disclaimed because it is deemed that the opening balances are a pervasive part of a set of financial statements, and you cannot opine on them without that opening balance assurance. Mark Hodgson explained that you can then build back an element of assurance by doing all of the in-year transactions in order to get assurance on the closing balance as of 31 March 2024, however, when the subsequent period is entered into, there is no assurance over the comparatives and the movements between the two sets. He added that as a result there is

a qualified opinion on the subsequent 24/25 accounts, and it is hoped by 25/26 there can be procedures performed in order to build back assurances over each of the three years in order to reach a position as of 31 March 2026 where there is the potential to issue an unqualified opinion. Mark Hodgson made the point that it is a long and convoluted process in order to unwind and recover the local audit market which is how the Government has referred to the situation.

- Councillor Booth stated that a result of this it would appear that it is going to mean additional assurance work which in turn will mean that additional fees are going to be accrued. Mark Hodgson stated that the audit fees will be determined by Public Sector Appointments and in order to build back assurance, there will be procedures which need to be performed in order to build it back and those procedures will not have been performed in the 2022/23 year and, therefore, there will be fee implications from the audit firm perspective, however, that does not fall within his jurisdiction.
- Councillor Booth stated that he would like to know how the Council finds itself in this current position as it is his understanding that the issue is because Ernst & Young did not have the resources in place to undertake the review in previous years and he asked whether that is correct? Mark Hodgson explained that there a whole series of issues which have led to the backlog in local audits across the whole sector, which has been well documented in reviews including the Redmond Review and when considering this Council specifically, the reasons have been set out on page 8 of the report which have led to the reasons for the disclaimer. He made the point that he accepts that there were points in time when the Council was ready to be audited, however, there were no resources available in order to undertake the audit but it is fair to say that it works vice versa across the time period that the audit would have started, and the reasons cited on page 8 form the basis for that audit disclaimed for the Council for this audit year.
- Councillor Booth made the point that the report is disclaimed and, in his view, the report does not provide enough emphasis that Ernst & Young did not have enough resources available and is not clear enough. He added that he recalls a conversation that he had with Peter Catchpole concerning a late notice cancellation when Ernst & Young were due to be on site, but that visit did not take place. Councillor Booth stated that he would like to have seen in the report that it was more clearly attributable that the position the Council now finds itself in is not only due to the actions of the Council and he feels that it is disingenuous not for that to be clearly articulated. Mark Hodgson stated that he notes the comments made by Councillor Booth and he added that he has considered how the position is reported and the narrative which are on page 8 is a consistent basis where relevant for each Council given the context and the legislation which has been applied and is being followed.
- Councillor Booth expressed the view that that whilst it may be the adopted consistent approach by Ernst & Young it appears to be a cut and paste approach into a report for Fenland District Council and he does feel that there could have been more context included as it is a public document. He added that the way it currently reads, it appears to proportion the blame on the Council and he would have liked to see it made clearer regarding the resourcing issues.
- Councillor Christy asked Peter Catchpole to confirm what communications are in place to notify the public of the late filing of the disclaimed 2023 accounts and asked whether there has been any wording provided by MHCLG? Peter Catchpole stated that all of the documents are in the public domain and the associated problems with the audit backlogs are a well-known fact. He added that there are no specific communications planned and the level of public interest in the Council's accounts when they go out for consultation is minimal. Peter Catchpole added that it has been decided that there is no specific action which needs to be taken as it is felt that there is enough information in the public domain, however, if members feel that there is the need to do something further then that could be done. He expressed the view that the Council has a good working relationship with Ernst & Young and continues working with them in partnership.
- Councillor Booth stated that he agrees that the level of engagement is minimal because the information is not in plain English and not easy for people to understand. He added that one

of the implications is around the backstop and the changes to regulations and, in his view, the unintended consequences is where the Council finds itself in the current position. Councillor Booth added that it has been stated that there is the plan to clear the backlog but, in his view, they are creating more work for external audits in the future, and he believes that information should be fed back. He made the point that the External Auditors are going to have to undertake additional catch-up work in order to give themselves more assurance in the future.

- Councillor Tierney expressed the opinion that it is fair to say that the public are not interested in the Council's accounts up until the point when they can see that something may be wrong and that is when the level of interest increases. He made the point that he thinks it would be a worthwhile exercise to speak to the Communications Team to ensure that the cause and effect are clear to ensure that people are not confused and think that something untoward is taking place.

Members agreed to note the contents of the report.

(Councillor Booth asked for it to be recorded that he did not agree with the contents of the report)

ARMC14/24 STATEMENT OF ACCOUNTS 2022/23

Mark Saunders, Chief Accountant, presented the report to members.

Members asked questions, made comments and received responses as follows:

- Councillor Booth referred to transformation agenda 2 and it does not appear to set what the actual figure is, adding that he expects that when the accounts were being prepared that information was not clear. He proposed that for the next set of accounts it should be pointed out what the savings target figure actually is, although it is alluded to as there is mention of the accommodation review and the Council Tax increase. Mark Saunders agreed that this would be included going forward as he agrees with Councillor Booth who made the point that it is a useful figure to have.
- Councillor Mrs French stated that she wished to thank Mark Saunders and his team for all of their work on the accounts as it is not an easy task to undertake, and she congratulated the team.
- Councillor Christy stated that he agrees that the information is very well put together and he finds it very useful. He referred to the Mid Term Financial Strategy where it details the gross expenditure, and expressed the view that it appears to be at a flat level over the next 5 years whereas he would have expected it to be rising with increased costs. Peter Catchpole explained that the Mid Term Financial Strategy is being updated as part of the budget process and the draft budget will be presented to Cabinet on the 16 December.
- It was noted that sometimes in the documentation the Mid Term Financial Strategy is referred to as the Mid Term Financial Forecast.

Members AGREED that the Statement of Accounts and Annual Governance Statement for the financial year ended 31 March 2023 as presented be approved and that that delegation be given to the Chairman of Audit and Risk Management Committee and the Corporate Director and Chief Finance Officer to agree any further amendments to the Statement of Accounts which may arise prior to the final 'sign off' by the external auditors.

ARMC15/24 LETTER OF REPRESENTATION 2022/23

Members considered the Letter of Representation presented by Peter Catchpole, Section 151 Officer.

Peter Catchpole explained that the Letter of Representation was designed to confirm that the Council had released all the necessary information to the external auditors.

Members APPROVED the content and form of the Letter of Representation and AGREED that it be signed by the Chairman of the Audit and Risk Management Committee and the Council's Chief Finance Officer.

ARMC16/24 TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY MID-YEAR REVIEW 2024/25

Members considered the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review report presented by Mark Saunders, Chief Accountant.

Members asked questions, made comments, and received responses as follows:

- Councillor Booth referred to page 199 of the report and stated that it makes reference to authorised limit for external debt, and asked whether that is different to the loan facility that is provided to Fenland Futures Limited (FFL)? Mark Saunders explained that the loans that are provided to FFL are all part of the Capital Programme and the funding of that is included within the authorised and operational limits, with the report that is going to Cabinet having a new Capital Programme appendix and that will show the funding which is going to be available to FFL within the overall programme. He added that the limits are usually set higher than what is the anticipated usage to allow an amount of tolerance so that there is no requirement to go back to Council for approval and that if there is ever a situation where an authorised limit for external debt is being reached then there is the requirement to go back to Council to set a new approved limit. Mark Saunders made the point that the level is set at an amount that the Council can afford to pay the financing costs, and which are at the overall budget requirement.
- Councillor Booth stated that it was his understanding that there had been a figure set of £25 million which was agreed at Council and there was not an £80 thousand pound tolerance. Mark Saunders stated that has nothing to do with FFL and the whole authorised limit refers to the whole capital programme and all of the funding that is required for the whole programme. He added that the £25 million which was for the Commercial Investment Strategy was spread over a number of years and the figures shown in the report before the committee are for the 24/25 limit.
- Councillor Mrs French referred to page 200 of the report which details Section 106 contributions, expressing her surprised that the figure appears to be very low when considering the amount of planning applications which have been approved over recent months and whilst she understands that the money is not yet received, in her view, it is something that should be highlighted. Mark Saunders stated that the figures shown are the funds that are currently held and are monies which are being used to fund certain elements of the capital programme and most of that is being spent on playgrounds and playground equipment. He added that dependent on what contributions are received going forward will determine what it can actually be spent on and then schemes will come forward in due course to use that available funding.

Members noted the Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review.

ARMC17/24 INTERNAL AUDIT PLAN 2024-25 PROGRESS REPORT Q1 & Q2

Deborah Moss, Head of Internal Audit, presented the report to members.

Members asked questions, made comments and received responses as follows:

- Councillor Booth referred to the review which has been postponed due to the fact that the contract has only just commenced, and he does have concerns with regards to this as he has requested that a review takes place over a number of previous years and whilst he understands the reasoning behind the delay he asked that the review is undertaken as soon as possible in the new financial year. He made the point that a six-month time period is enough time to audit how a contract is operating, and it can be used as a benchmarking exercise to ensure it is embedded sufficiently.
- Councillor Booth referred to the actions in the report and highlighted that there appears to be a theme around training not being undertaken across a couple of the reviews including

phishing and data protection, with one of the outstanding actions was regarding safeguarding and whilst he is aware that there is a new Human Resources platform, in his view, it raises a question as to how training is monitored, completed and tracked at an individual level. He suggested that the committee asks HR to clarify whether the new system has a tracking facility in place so that assurances can be given that training is completed at the appropriate time which will save having to undertake reviews on it in the future.

- Councillor Booth expressed the opinion that with regards to follow ups it would be good to look at high risk areas and sample the medium areas whilst leaving the low areas as they stand. He added that now the new Audit Team is in place he has always been an advocate of having more contingency in place in order that there can be ad hoc reports undertaken as and when issues arise and are identified.
- Councillor Booth expressed the view that with regards to the report format, it has been an evolving report format, and he has been an advocate of the committee receiving executive summaries as he is not confident that there is enough level of detail of what the issues actually are, and he feels that an executive summary would be very useful. Peter Catchpole expressed the view the report has evolved significantly following input from Councillor Booth and he explained that efforts are now being made to strike a balance so that the committee do not need to be appraised with regards to every operational risk that is picked up on and rather give the committee details with regards to the medium and high-risk matters.
- Peter Catchpole added that he welcomes the point that Councillor Booth has suggested with regards to sampling medium follow ups and he made the point that all of the high follow ups need to be implemented almost instantly unless there are reasons when that cannot happen. He explained that his focus when the previous Internal Audit Manager was in post was that he did not want to see any outstanding actions from previous years and he agrees that some things are not always in the Council's control, such as the procurement legislation and safeguarding. Peter Catchpole added that Deborah Moss only joined the authority in May and has joined from a neighbouring authority, she has her own ideas on how she wants to manage expectations and is already challenging him, which in his opinion is very healthy, and she is contributing at management team level and not just at Internal Audit. He made the point that the aim is to raise the profile of Internal Audit, and he thinks this is being achieved internally and the input that Councillor Booth provides is helpful and there will be a planned session on how Internal Audit is conducted and the findings in order to evolve and develop.
- Deborah Moss stated that with regards to the follow ups she is used to a software programme to assist with the monitoring and currently she is using a spreadsheet to try and streamline her work. She explained that with regards to the training it is something that she will take forward to the Corporate Governance Group to discuss further.
- Councillor Booth questioned whether the specification for the new training platform has been agreed and he would hope that there is a tracking functionality built into the system and if that is not the case then it is something that needs to be included. He added that he is used to working with a system where there are built in reminders for training to be undertaken.
- Councillor Christy stated that the format is good and very easy to follow and welcomes the fact that he can see that the mandatory training is being completed. He questioned whether the next iteration should identify some key performance indicators for the committee in order that a heat map type approach can be worked towards.
- Councillor Christy referred to the aspect of ICT cyber security where it states on page 211 that the cyber security plan did not contain enough detail and, therefore, one is being developed and asked whether there is any information with regards to the deadline for that especially when it appears that issue is becoming far more prevalent? Peter Catchpole stated that there is the intention of undertaking a training session with the committee on the subject of cyber security, with the profile of cyber issues having increased and there is a mandatory training session for all staff. He added that training could be risk rated as well, and any new members of staff cannot commence their role without first undertaking some

basic tasks including cyber and security training. Peter Catchpole added that there is the intention to bring a training session to the next committee which will focus on cyber security. Stephen Beacher reiterated the point that before the next committee there will a session held on cyber security.

- Councillor Mrs French disagreed with the point made by Councillor Booth with regards to street lighting and as she is the Portfolio Holder responsible for street lighting she suggested that a year would be a better indicator in order to monitor the performance rather than 6 months.
- Councillor Mrs French referred to the point made by Deborah Moss, and asked Peter Catchpole whether there was the possibility of investing in some software to assist officers? Peter Catchpole explained that as part of the Transformation Programme, automation forms a large part of the project and to date he not seen a business case formally requesting a piece of software, however, if it is felt that it is something that adds real value then it is something he would agree to look at.
- Councillor Mrs French explained that she had attended an Anglian Revenues Partnership meeting the previous day where the focus was centred on training. She added that training is so important for staff, and she congratulated officers for the work that they are undertaking on training.
- Councillor Booth made the point that ICT is being raised at Overview and Scrutiny meetings because of possible implications and it may require a joint approach going forward. He added that with regards to software, many years ago he was responsible for setting up some assurance software and at the time there were only a couple of providers in the market, with at that time the product being quite expensive and there was a great deal of work required in order to set it up for the parameters specific to an organisation and he explained that Excel appeared to be the default option for many assurance functions in his experience. Deborah Moss agreed that she cannot see it will be financially viable due to the cost implication which is significant.

Members agreed to note the activity and performance of the Internal Audit function.

ARMC18/24 APPOINTMENT OF AN INDEPENDENT MEMBER TO THE AUDIT & RISK MANAGEMENT COMMITTEE

Deborah Moss presented the report to members.

Members asked questions, made comments and received responses as follows:

- Councillor Christy stated that it is a very good report, and he agrees with the concept and following the recommended route as outlined by CIPFA. He explained that he sits on another Audit Committee who have introduced an Independent Member, and it has worked very well. Councillor Christy refers to page 226 of the report which refers to the Appointments Panel and he stated that it is his understanding that the CIPFA guidance is that it would be a balanced party panel. He stated that from his experience he does have some materials which he would be willing to share with officers with regards to job specification and questions to assist with the interview process.
- Councillor Booth stated that he agrees with the thoughts of Councillor Christy, and believes that the process should commence. He referred to the point made by Deborah Moss concerning the rationale around the three year cycle and he made the point that every three years, if it was on a temporary basis, then the point could be reached where it would marry up with election cycles and he questioned whether it should be every four years in the middle of the municipal term of a Council in order to give consistency over to committees.
- Councillor Booth asked Councillor Christy to clarify the point he had made with regards to a balanced party approach and whether he was referring to the Widdicombe rules? Councillor Booth stated that he does not think the same rules would apply to the Appointments Panel and he made the point that there should not be too many members on the panel, and he would suggest a maximum of 4.

- Councillor Tierney made the point that he disagrees with the appointment of an independent member as he feels it will be a huge waste of time and money as the committee operates perfectly fine and appears to be bureaucracy for bureaucracy's sake. He expressed the view that it is a waste of taxpayers' money and is completely unnecessary.
- Councillor Mrs French agreed with the view of Councillor Tierney, and she expressed the view that it is an additional expense which will require somebody to be trained, and the Council should wait till they are enforced to do it.
- Councillor Booth expressed the view that the Council is supposed to be a forward-looking Council, and it should, therefore, take steps and be decisive by implementing the Independent Person now in order to provide a robustness to the assurance function of the Council.
- Councillor Tierney expressed the view that if you just do everything just because you think that the Government might force you to do something then you might as well let the Government run the Council. He added that the committee is in place to make independent decisions and not to do things just because others suggest that the Council ought to do something. Councillor Tierney expressed the view that he does not believe it is in the Councils or the taxpayer's interest to go down this particular route.
- Councillor Booth made the point that he disagrees with that view point and in his opinion it is more about improving the assurance function of the committee.

Members REFUSED the recommendation to appoint an Independent Member to the committee.

ARMC19/24 CORPORATE RISK REGISTER REVIEW

Stephen Beacher, Head of ICT, Digital and Resilience, presented the report.

Members asked questions, made comments and received responses as follows:

- Councillor Christy referred to page 240 of the report where it refers to the capital funding for food waste implementation in 2026 having been received but raises concerns that it be sufficient for the transition to weekly food waste collection. He asked whether there are any mitigation measures which can be put in place as, in his opinion, it looks as though it could be adding to the Council's deficit? Stephen Beacher explained that it is adding to the risk and whilst there has been no mitigation which has been put forward it has been included in the budgetary plans. Sian Warren, Deputy Chief Accountant, added that the team are waiting for figures to be included within the capital programme.
- Councillor Booth explained that this subject was mentioned at a recent Overview and Scrutiny meeting and the guidance has not been finalised and has only been indicated that plans are in place and it would, therefore, be difficult to include any mitigation measures as officers are still waiting for further guidance.
- Councillor Booth stated that he does not disagree with mitigation measures being included in one column, however, he is more familiar with actions and controls being split to make it clearer to reflect what measures are in place and what needs to be delivered. Stephen Beacher explained that the actions are separate, the mitigation should be what has gone before to provide the residual score, and the right-hand column is now actions or comments which have been taken since the last review.
- Councillor Booth stated that where there are actions to be delivered there needs to be a deadline and timescale shown.

Members AGREED the latest Corporate Risk Register.

ARMC20/24 AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME

Members considered the Audit and Risk Management Committee Work Programme.

Peter Catchpole explained that the report is self-explanatory and highlighted that with regards to the training, there has not been any training undertaken on the Statement of Accounts for a while and it is hoped that the 23/24 accounts will come before the committee in February and, therefore, he would like to offer a training session to members prior to them considering the accounts at the committee. He added that he would also like to include a training session on cyber security and looking forward to the next year it is the intention that officers will provide a training session on a subject matter relevant to members of the committee. Peter Catchpole stated that the sessions will be run internally and if members are particularly interested in a subject then if it is felt that officers do have the expertise and qualification on a subject matter then external training can be organised.

Members made comments, asked questions and received responses as follows:

- Councillor Booth stated that with regard to skills analysis, it could be considered as a training session as it is some time since that subject was covered in such a session.
- Peter Catchpole addressed Deborah Moss and stated that when the CIPFA checklist is covered in a training session then there could be the opportunity to cover the skills analysis and CIPFA checklist prior to the next committee meeting. Deborah Moss explained that the last self-assessment was covered in the July 2024 meeting, and she made the point that a skills assessment would be a good idea.
- Councillor Christy questioned whether cyber security should be featured on the work plan? Peter Catchpole explained that under training there is going to be a cyber security session provided which is covered under the risk register. He asked Councillor Christy whether he had expected to see a report specifically on cyber security listed on the work plan and Councillor Christy explained that is what he had presumed. Peter Catchpole stated that the cyber training session will take place with Stephen Beacher first and that will highlight a cyber security plan and then look to review the work plan from there.
- Councillor Booth made the point that the cyber security training will need to take place in a closed session due to the sensitivities which form part of the subject matter.
- Deborah Moss referred to the new audit standards which were released in January 2024 and are due to be effective as of April 2025, which are the standards which hold audit and the Council to account with regards to the various expectations and standards which should be met. She explained that the standards have been extended to include a lot more responsibility for Audit Committee and holding the Audit Department to account and she questioned whether an overview of the standards would be helpful to members provided either by her or the Local Government Association.

Members noted the work plan.


ARMC21/24 ITEMS OF TOPICAL INTEREST.

There were no items of topical interest.

5.27 pm

Chairman

Agenda Item 5

Agenda Item No:	5	
Committee:	Audit & Risk Management Committee	
Date:	25 February 2025	
Report Title:	Audit Completion Report Year Ended 31-03-2024	

Cover sheet:

1 Purpose / Summary

To consider the Audit Completion Report for Year Ended 31 March 2024 from the Council's appointed independent external auditor - EY (Ernst and Young).

2 Key issues

- EY will present their Audit Completion Report for 2023/24 audit year, which is subject to a disclaimed audit report under the Government's Reset and Recovery legislation.
- The Audit Completion Report for Year Ended 31 March 2024 is attached.

3 Recommendations

- It is recommended that Members note the content of the report.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Cllr Chris Boden, Leader and Portfolio Holder for Finance
Report Originator(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Contact Officer(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Background Paper(s)	

Fenland District Council Completion Report for Those Charged with Governance

Year ended 31 March 2024

Report issued - 31 January 2025





Audit and Risk Management Committee
Fenland District Council
Fenland Hall, County Road
March Cambridgeshire
PE15 8NQ

31 January 2025

Dear Audit and Risk Management Committee Members

2023/24 Audit Completion Report

We are pleased to attach our Completion Report, summarising the status of our audit for the forthcoming meeting of the Audit and Risk Management Committee. We will update the Audit and Risk Management Committee at its meeting scheduled for 25 February 2025 on further progress to that date and explain the remaining steps to the issue of our final opinion.

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

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

The Audit and Risk Management Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the audit committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

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

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

As reported in our 04 November 2024 Audit Completion Report, we issued a disclaimed audit report on the Council's financial statements for 2022/23 under the arrangements to reset and recover local government audit.

Although we had planned to undertake limited work to rebuild assurance ahead of the 2023/24 backstop date, due to the delays in the production of the Council's accounts, as noted in this report, there was insufficient time and resources available to complete the planned work. Taking this into account, for the year ended 31 March 2024, we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report

We draw the attention of Audit and Risk Management Committee members and officers 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 G).

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

Yours faithfully

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Enc

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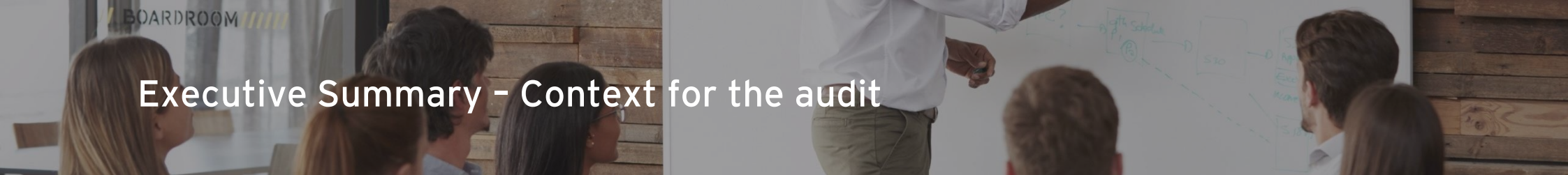
Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Risk Management Committee of Fenland District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Risk Management Committee of Fenland 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 and Risk Management Committee of Fenland District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary



Executive Summary – Context for the audit

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

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

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

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

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- ▶ Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 04 November 2024 Audit Completion Report to the Audit and Risk Management Committee we issued a disclaimed audit report on the Council's financial statements for 2022/23 under these arrangements to reset and recover local government audit.

EY's Head of UK Government and Public Sector Audit wrote to the Section 151 officer at the Council on 21 August 2024 to set out that we would be prioritising those 2023/24 audits that we considered met the following criteria:

- ▶ draft unaudited financial statements were published by 31 May 2024;
- ▶ there was evidence that finance teams could effectively and efficiently support the audit process; and
- ▶ have high-quality audit evidence and supporting information that is delivered in accordance with our agreed timetable and in advance of the commencement of the audit.



Executive Summary

Scope update

In our Audit Planning Report presented at the 25 March 2024 Audit and Risk Management Committee meeting, we provided you with an overview of our intended audit scope and approach for the audit of the financial statements.

We have not carried out our audit in accordance with this Plan, for the reasons outlined below.

The Council did not publish its unaudited statements by 31 May 2024, with draft accounts not published until October 2024. We therefore were unable to undertake our planned procedures on the 2023/24 financial statements ahead of the backstop date of 28 February 2025. We therefore intend to issue a disclaimed opinion.

We have however completed our planned procedures in relation to the Council's value for money arrangements and the findings and conclusions from this work are included in this report.

Subsequent to the issue of our Planning Report, there has been a change in Engagement Partner, with Debbie Hanson taking over from Mark Hodgson.



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 2024 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 04.

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.

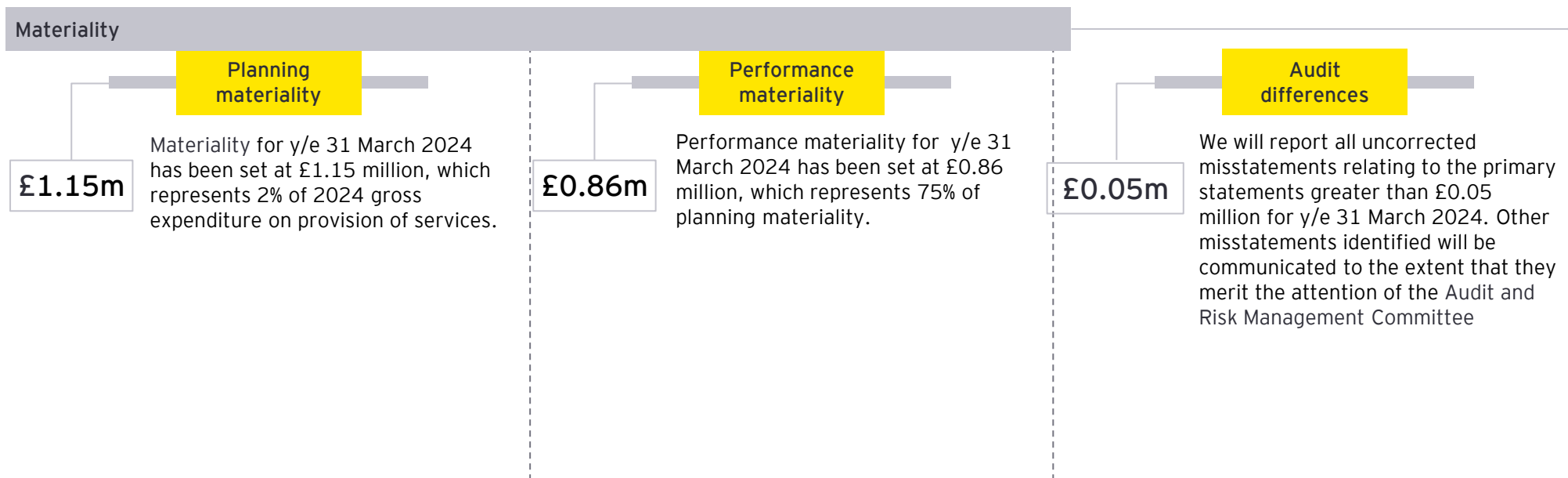
Given that SI 2024/907 imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate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

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 2024 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

Work Plan - Materiality



In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the draft financial statements for 2023/24 and our experience from the 2021/22 audit year. We have considered updating this materiality for any key changes or known factors from that year. We determined that our audit procedures would be performed using the materiality level noted above. This level of materiality remains appropriate for the actual results for the financial year.

The outcome of consultation on the planned measures to address local audit delays and the likely issue of the disclaimers on the Council's 2022/23 and 2023/24 financial statements and any guidance subsequently issued may continue to impact on our assessment of materiality for the 2024/25 audit. We will keep the Audit and Risk Management Committee updated on any changes to materiality levels as the audit progresses.

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	Risk identified	Change from PY	Details
Misstatement due to fraud or error	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	Fraud risk	No change in risk or focus	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure to understate revenue expenditure reported in the financial statements, given the extent of the Council's capital programme and Revenue Expenditure Funded from Capital Under Statute.</p>
Valuation of property, plant & equipment and investment properties	Inherent risk	No change in risk or focus	<p>The fair value of Property, Plant and Equipment (PPE) and Investment Property represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end Land & Buildings balances recorded in the Balance Sheet.</p> <p>As a result of our work on the 2021/22 financial statements, we did not identify any material issues with the work of the external valuer. We are also not aware of any other trigger events that would give rise to a significant risk, and therefore this remains an inherent risk.</p>

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	Risk identified	Change from PY	Details
Pension liability valuation	Inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme.</p> <p>The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Authority's Balance Sheet.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>

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.

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.

Work Plan - Independence

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

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Debbie Hanson, 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 0.2:1. No additional safeguards are required.

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

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

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

Work Plan - Independence

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.



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.

- Completion of subsequent events procedures to the date of our audit report;
- Receipt of a signed management representation letter and financial statements.

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion.

Value for Money

Our value for money (VFM) work is complete and reported in Section 04 of this report. We identified a risk of significant weakness in respect of Governance arrangements for the production of the financial statements. Having updated our risk assessment and completed the planned procedures in response to this risk we concluded there was a significant weakness. See Section 04 of the report for further details.

Audit differences

We have identified casting differences which are summarised below. Management are currently reviewing these differences:

- Uncorrected differences in 2023/24 statement of accounts - one in the movement in reserves two in the expenditure and funding analysis, three in disclosure notes and one in collection fund.

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 will complete the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts on the completion of our audit. Until the NAO has confirmed whether they require us to undertake any additional procedures we are not able to issue our audit certificate.

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 Fenland 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
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

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

Control observations

During the audit, we have not identified any significant deficiencies in internal control

Independence

Further to our review of independence in Section -02 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 Authority's financial reporting process. They include the following:

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

We have no other matters to report

Results and findings

Detailed matters identified

Description of work completed	Finding	Conclusion	Recommendation
Financial statement casting and consistency check	<ul style="list-style-type: none">➤ Uncorrected differences in 2023/24 statement of accounts – one in the movement in reserves, two in the expenditure and funding analysis, three in disclosure notes and one in the collection fund.	Management are looking into this but at present we are not able to confirm the reasons for these differences.	We recommend that the Council reviews and corrects their position for the 2023/24 and future financial statements

Results and Finding - Audit Report

Expected modification to the audit report

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

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

As set out within this report we have also not been able to complete our planned programme of work in relation to closing balances and in-year transactions for 2023/24.

Taken together with the requirement to conclude our work by the 2023/24 back stop date, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

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



04 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 published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this commentary is to explain the work we have undertaken during the period 1 April 2023 to 31 March 2024 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

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

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

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

VFM - Executive Summary (continued)

Risks of Significant Weakness

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

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

In our Provisional Audit Planning Report presented to the 25 March 2024 Audit and Risk Management Committee, we noted that we had yet to complete our detailed VFM planning. We noted however, that one area of focus would be on the arrangements that the Council has in place in relation to financial sustainability.

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

Description of risk identified	Work planned to address the risk of significant weakness
<p>The Council did not publish its draft Statement of Accounts for 2022/23 or 2023/24 by the target date outlined in the Accounts and Audit Regulations 2015 (31 May 2023 and 31 May 2024 respectively). The unaudited statements for 2023/24 were published on 29 October 2024.</p> <p>The issue above is evidence of a potential weaknesses in proper arrangements for supporting its statutory reporting requirements and effective processes and systems for accurate and timely management and financial information - Governance - How the Council ensures that it makes informed decisions and properly manages its risks.</p>	<p>Review of the Council's processes and arrangements for the preparation and publication of Statement of Accounts in line with regulatory requirements</p>

VFM - Executive Summary (continued)

Reporting

Our final commentary for 2023/24 is set out over pages 26 to 28. 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 2023/24. We include within the VFM commentary below the associated recommendation we have agreed with the Council.

Appendix E includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2022/23 Completion Report and have been updated for 2023/24.

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 Council's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	Significant risk identified	Significant weakness identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

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

During 2023/24, the Council continued to manage the impact on its finances from a number of sources, such as general inflation, pay increases and uncertainties in relation to the amount of funding to be received in the future.

The final outturn on the Council's General Fund for the year was a deficit of £0.212 million, which was funded from the budget equalisation reserve. This was an improved position compared to the projected deficit of £0.548 million reported to Cabinet in February 2024. The reduction in deficit is spread across a number of individual services and was due to a variety of reasons, including staff vacancies, higher income from investment and property funds, and lower repair and maintenance costs across services.

A total of £6.1 million of planned and approved capital projects were underspent at the year-end, due to slippages or delays in the capital programme, and re-profiling of several of the high-profile grant-funded regeneration schemes which the Council is currently delivering at various locations across the District. These costs will therefore carry forward into the 2024/25 capital programme.

During the year, the Council has continued to revisit and monitor medium term financial plans to ensure they have sufficient resources to deliver services. A balanced budget has been set for the financial year 2024/25. However, the Council forecasts funding gaps in subsequent years, totalling £2.728 million by the end of 2027/28. The Council continues to develop transformation programmes that will help them achieve balanced budgets in the long term.

At the 31 March 2024, the Council held a General Fund balance of £2 million, which is at the minimum level of set by the Council's Section 151 Officer. Together with further earmarked General Fund reserves of £10.27 million (including a budget equalisation reserve of £1.65 million), this provides a level of resources if future savings are not identified or achieved in each of the 5 financial years of the Medium Term Financial Strategy. This allowing the Council to continue to deliver the current level of services. However, given that earmarked reserves are set aside for a specific purpose, Council priority areas, for which these reserves are earmarked may need to be realigned if required savings are not achieved.

The Council should therefore continue its assessment of the annual savings requirements and identify relevant schemes to achieve the required annual savings. This must go alongside the monitoring of the delivery of identified schemes, to ensure that the planned savings are achieved in line with projections. Together, this approach should minimise the further use of reserves where possible.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 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

Significant weakness identified

The development of the Council's Medium Term Financial Strategy (MTFS) is integrated with the production of the Council's Business Plan. The budget is part of these documents. These are discussed with the Corporate Management Team and the wider Management Team consisting of all Heads of Service. The Council reviewed the Budget Report in February, with the Medium Term Financial Strategy updated during the year. Both documents were taken to the Cabinet and Overview and Scrutiny Panel 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 underpinning governance arrangements for the year. The Head of Internal Audit concluded that for the 2023/24 financial year, 'reasonable assurance' may be awarded over the adequacy and effectiveness of the Council's overall internal control environment.

The Council did not publish its 2023/24 Statement of Accounts by the 31 May 2024 as required by the Accounts and Audit Regulations 2015 (the A&A Regulations). The unaudited 2023/24 statements were published on the 29 October 2024. The Council did publish a statutory notice on its website in May 2024 as required by the A&A Regulations, setting out the reasons for not publishing the draft Statement of Accounts by the 31 May 2024. The Council has stated that the delay was caused by ongoing resource pressures within the Council's Finance team and a knock-on impact of prioritising the closure of the 2021/22 Statements of Accounts audit, which was not concluded until February 2024. This in turn impacted the preparation of the 2022/23 Statement of Account which were not published until 24 February 2024, some eight months after the statutory deadline of 31 May 2023. As context, the Finance team was not fully staffed between October 2022 until the Deputy Chief Accountant position was filled in April 2023.

The consecutive delays in publication of the Statement of Accounts in 2022/23 and 2023/24, linked to the capacity issues within the Finance team, is evidence of a significant weakness in proper governance arrangements for financial reporting. Failure to improve the Council's processes to report financial information on a timely basis will impact its ability to meet statutory financial reporting deadlines and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

We note that the Council properly advertised and held the inspection period for members of the public to inspect the Statement of Accounts in line with the A&A Regulations. We also confirmed that the 2023/24 draft Statement of Accounts were arithmetically correct, agreed to the data in the general ledger, and were prepared in line with the content required by the CIPFA Code. The Council has also performed bank reconciliations during the 2023/24 financial year.

Conclusion: Based on the work performed, we have identified a significant weakness in the arrangements that we will be reporting by exception in relation to the delay in publication of the 2023/24 Statement of Accounts.

Recommendation: The Council need to continue to re-assess roles, responsibilities and resource requirement for financial reporting, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives and the requirements of the Audit and Accounts Regulations.

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 Business Plan sets out the Council's ambitions and priorities. The corporate priorities are then cascaded down into service and service team priorities. Achievement of corporate priorities is monitored regularly via the performance monitoring framework and monitoring reports to Portfolio Holders, the Overview and Scrutiny Committee and Full Council. Progress against intended outcomes is reported in the Council's Annual Report.

The Chief Executive presents the progress against the Council's Performance Indicators annually to the Overview and Scrutiny Committee. This is informed by Management meetings that the Chief Executive chairs with the Heads of Services throughout the year. Performance reporting is maintained against the corporate priorities, with regular reporting on performance and finances taken to the full Council throughout the year to continuously monitor performance. The Overview and Scrutiny Committee also reviews other areas on an ad-hoc basis during the year, to ensure key performance areas are being monitored.

The Council has consistently secured Customer Service Excellence accreditation. This demonstrates how the Council uses external and internal feedback to drive improvement in the quality of the services its customers receive.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



05 Appendices

Appendix A – Management representation letter - Draft

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

[Address]

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

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with [the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022))].
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting

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in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error.

- 5. 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 financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because *[specify reasons for not correcting misstatement]*.
6. When there are no unadjusted audit differences in either the current year or in the prior year or there are no unadjusted audit differences in the current year, and we determine that the current year effects of correcting prior year differences are not significant to the current year.
 7. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.
 8. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange *[other than ...]*.

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

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
 2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
 3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
1. **[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 law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:
- involving financial improprieties;

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- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

5. **[When management is not aware of the occurrence of non-compliance with laws and regulations, and has not received allegations of non-compliance with laws and regulations]** We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- involving financial improprieties;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the [Council/Authority]'s financial statements;

- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

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2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Council and committees [add the full title of the relevant committees] (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 [Council/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 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 Council has complied with, all aspects of contractual agreements that could have a material effect on the

financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

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

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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 financial statements all guarantees that we have given to third parties.
4. The claim by [name of claimant] have been settled for the total sum of XXX which has been properly accrued in the financial statements. No other claims in connection with litigation have been or are expected to be received.

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral, other than those that are disclosed in Note [X] to the financial statements. All assets to which the Council has satisfactory title appear in the balance sheet(s).
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in Note [X] to the financial statements, we have no other line of credit arrangements.

F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the [describe assertion] and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

G. Estimates

When we have identified a higher risk estimate, we include the following representation(s) (refer to ESTIMATES 17):

1. We confirm that the significant judgments made in making the [insert name of the accounting estimate] have taken into account all relevant information [and the effects of the COVID-19 pandemic on XXX] of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the [insert name of the accounting estimate].
3. We confirm that the significant assumptions used in making the [insert name of the accounting estimate] appropriately reflect our intent and ability to carry out [describe the specific courses of action] on behalf of the entity.

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Management representation letter

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4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty [and the effects of the COVID-19 pandemic on XXX], are complete and are reasonable in the context of [the applicable financial reporting framework].
5. We confirm that appropriate specialized skills or expertise has been applied in making the [insert name of the accounting estimate].
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-19 pandemic.

H. Retirement benefits

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

I. Reserves

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

J. Contingent Liabilities

We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

1. Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, [continue listing as appropriate]) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
2. Matters referred to in the letters dated [date] issued to you by the Council's Monitoring Officer and the Council's legal advisor.

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3. Matters referred to in the letter of comments received from the [name of regulator] regarding
4.

K. Going Concern

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

L. Subsequent Events

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

M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises [describe the other information applicable to the entity].
2. We confirm that the content contained within the other information is consistent with the financial statements.

3. We confirm that the Annual Governance Statement for 20xx/xx is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 20xx/xx and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered [include the following language when climate-related commitments have been made:, including the impact resulting from the commitments made by the Council and reflected in the 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.

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.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

Due to the reset, the above clearly will not be achieved and we will be liaising with PSAA Ltd to discuss and agree fees.

	Current Year Scale fee	Prior Year Scale fee
	£	£
Total Fee - Code Work (Note 1)	144,006	37,873
Other - scale fee variation	TBC	TBC
Total audit	TBC	TBC
Other non-audit services not covered above (Housing benefits) Note 2	TBC	TBC
Total other non-audit services	TBC	TBC
Total fees	TBC	TBC

All fees exclude VAT

As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2022/23 and 2023/24 audits.

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 2023/24.

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

Note 2 - The fees for Housing Benefits work will be determined once audit work has been completed. For 2022/23 and 2023/24, no audit work has commenced yet and therefore the fee is still yet to be determined.

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"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	<p>Audit Planning Report, 25 March 2024</p> <p>Audit and Risk Management Committee</p>
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	<p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>

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"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	<p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit Committee responsibility 	<p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>

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"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	<p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Planning Report, 25 March 2024</p> <p>Audit and Risk Management Committee</p> <p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>

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

Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management Committee
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management Committee
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management Committee
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, 25 February 2025 Audit and Risk Management Committee
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, 25 February 2025 Audit and Risk Management Committee
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management Committee

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

<p>Management Responsibilities:</p> <p>“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.”</p> <p>ISA 250A, para 3</p> <p>“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.”</p> <p>ISA 250A, para 3</p> <p>“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 ...”</p> <p>Audit Engagement Letter</p> <p>Management’s responsibilities are also set out in the International Ethics Standard Board of Accountants’ International Code of Ethics (IESBA Code) Para 360.08</p>	<p>Auditor Responsibilities</p> <p>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.</p> <p>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.</p> <p>We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.</p> <p>“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:</p> <p>An understanding of the nature of the act and the circumstances in which it has occurred; and</p> <p>Further information to evaluate the possible effect on the financial statements</p> <p>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.”</p> <p>ISA 250A, paras 19 and 22</p>
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<p>Examples of Non-Compliance with Laws and Regulations (NOCLAR)</p>	<p>Matter</p> <ul style="list-style-type: none">▶ 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	<p>Implication</p> <ul style="list-style-type: none">▶ 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 – VFM - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The development of the Council's Medium-Term Financial Strategy (MTFS) is integrated with the production of the Council's Business Plan. The budget is part of these documents. These are developed through a close working relationship between officers and members, which ensures the Council's financial plan takes into account member priorities and service developments of which officers are aware. The Business Plan and MTFS are discussed with the Corporate Management Team and the wider Management Team consisting of all Heads of Service. Regular portfolio-holder briefings with the Leader and Finance Portfolio Holder ensure members are fully appraised of relevant developments at an early stage.</p> <p>The MTFS and the Business Plan go out to officers in December each year and are finalised in February as part of the budget setting process.</p>
How the body plans to bridge its funding gaps and identifies achievable savings	<p>The published budget presents a balanced forecast for the next financial year (2024/25), and a projected shortfall of £2.7 million by the end of 2027/28. The Council holds a Budget Equalisation Reserve - which exists solely to cover deficits in future years should the Council wish to do so.</p> <p>The updated shortfall places even more emphasis on achieving savings and/or additional income, for example, through the Transformation Programme Agenda two (TA2), which is currently underway. The Legacy Projects from this project are identified to deliver savings amounting to £2 million over the medium term.</p> <p>This is part of the 'My Fenland' transformation programme that the Council put in place in 2019. In the first two phases, 'My Fenland' has significantly reduced the size of the establishment by streamlining existing processes through improved use of technology. The Transformation Programme Agenda one (TA1) has delivered £1 million cashable savings over the medium term. A further £0.105 million has been achieved as a direct result of TA2.</p> <p>The 'My Fenland' programme is constantly evolving in terms of what savings can be achieved. There is a steering group made up of senior officers in place to monitor the programme.</p> <p>Additionally, the Council is making good progress as part of the implementation of its Commercial and Investment Strategy, which involves the generation of additional sources of income to reduce the need for savings to be found.</p>

Appendix E – VFM - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Council has been successful in identifying grant funding to deliver investment in the District. By harnessing external funding, the Council is able to deliver members' priorities without depleting reserves or resorting to external borrowing. The Council has established a 'Budget Equalisation Reserve' to help smooth out any volatility in the Council's budget position over the medium term. This reserve had a balance of £1.65 million as of 31 March 2024.</p> <p>The Council has a Business Plan in place, which presents the corporate objectives as follows:</p> <ul style="list-style-type: none">▶ Support vulnerable members of our community▶ Promote health and wellbeing for all▶ Work with partners to promote Fenland through Culture and Heritage▶ Deliver a high-performing refuse, recycling and street-cleansing service▶ Work with partners and the community on projects that improve the environment and our streetscape▶ Work with partners to keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion▶ Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland▶ Promote and enable housing growth, economic growth and regeneration across Fenland▶ Promote and lobby for infrastructure improvements across the district <p>This Business Plan is reviewed and updated every year. When the Annual Report is produced each year, it links back to the Council's performance indicators and provides a traffic-light rating. The Council also detailed its projects that it plans to implement for 2023/24. The Council also set the improvement of its organisation in the delivery of its services and had specific plans on Governance, Financial Control and Risk Management, Transformation and Efficiency, Performance Management, Consultation and Engagement, Excellent Customer Service and Equalities.</p>

Appendix E - VFM - Summary of arrangements (continued)

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	This is built into the business planning process. The Capital Strategy is developed alongside the Medium Term Financial Strategy. There is some cross-working with the Combined Authority and the County Council on policy areas where there might be some cross-over, such as transport, or social care. The Council is also part of the Anglia Revenues Partnership, which helps foster a joined-up approach to issues linked to welfare benefits.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	The Council prepares an amended budget in December, which goes to Cabinet for review. This will include the revised projections for the current financial year, and updates members on financial developments since the February budget. The Finance Team will reflect on discussions with the Heads of Service and provide a revised projection for each Service. There are no formal Performance Reports presented to Cabinet or any other Committee, but the finance team produces Portfolio Holder Briefing reports and these are discussed at the Council. Financial risks would be identified at Corporate Management Team discussions with the Head of Human Resources and Organisational Development, and they would be included in the Council's Risk Register.

Appendix E - VFM - Summary of arrangements (continued)

Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The Council has a Risk Register in place. The Head of ICT, Digital and Resilience has overall responsibility for the Risk Register. The register is considered at management level and taken to the Audit and Risk Management Committee. The risk register is presented 4 times a year to the Audit and Risk Management Committee. Individual officers would have the responsibility for monitoring the risks to their services.</p> <p>The Council has an Internal Audit function in place, which is led by a CIPFA-qualified Internal Audit Manager. The Internal Audit Plan for the year was presented and discussed at the Audit and Risk Management Committee. Internal Audit also present regularly to the Committee throughout the year about their progress against the plan and the outcome of their audits, culminating in the Head of Internal Audit Opinion for the financial year.</p>
How the body approaches and carries out its annual budget setting process	<p>Meetings are held between the Finance team and all Heads of Service to discuss individual Service budgets in detail. Detailed discussions also take place between the Finance Team and the Leader and Finance Portfolio Holder during the budget setting process.</p> <p>The draft budget is considered by Cabinet in December prior to be being considered by the Overview and Scrutiny Committee in January. The meeting in January includes a detailed examination of proposals relating to fees and charges. Consultation for the budget also takes place via the Council's website at the start of each year. The final Budget is approved by Cabinet and Council in February each year.</p>
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>Budget monitoring information is circulated every other month to the Corporate Management Team and the Heads of Service. This includes projections for the year-end position as well as information concerning the year-to-date. Prior to being distributed, the monitoring information is subject to detailed review by the Deputy Chief Accountant and/or the Chief Accountant.</p> <p>Monitoring information is discussed at monthly meetings throughout the year between the Finance Team and the Leader and Portfolio Holder for Finance.</p> <p>Portfolio holder briefing reports include performance against Performance Indicators, and updates about events going on in the Council. These reports are prepared quarterly and are discussed at meetings of the Full Council.</p>

Appendix E - VFM - Summary of arrangements (continued)

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	<p>The Council employs a qualified solicitor who advises CMT on the legal implications of all proposed decisions. All Cabinet reports get circulated to the Corporate Management Team (CMT). CMT includes the Monitoring Officer, Chief Executive, and the S151 officer so they would input whether additional consideration needs to be included.</p> <p>The Full Council is the key decision-making body. Every elected member of the Council is able to attend these meetings and has a vote on all decision items. A decision also requires a majority of voting members approval in order to be passed. At the Cabinet level, there is a call-in process for decisions, whereby after the decision is taken there is an opportunity to call-in. No decision can be implemented until this period has elapsed. This process is detailed in the Council's Constitution.</p> <p>The Council merged its Staff Committee and Corporate Governance Committee in December 2020, and renamed it the Audit and Risk Management Committee with staffing matters being determined by the Audit and Risk Management Determination Sub-Committee, so that the governance responsibilities are appropriately demarcated from the decision making role it has for Staff related matters. The Terms of Reference also include the responsibility to consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.</p> <p>The Audit and Risk Management Committee meets five times a year. The Committee is comprised of appropriately skilled members. Training is provided to members, and the Finance team works with the Chair of the Committee to identify training needs. Members can ask via the Chair for their training needs to be considered.</p>
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	<p>The Council has outlines Codes and Protocols, which include a Code of Conduct For Members and a Code of Conduct for Employees. There is a Gifts and Hospitality Register. Committee meetings all have a standing agenda item for the formal declarations of interests. Declarations for related party transactions are done annually, and this is overseen by Member Services and updated into the Council's website.</p> <p>The Monitoring Officer is legally responsible for monitoring the compliance of the Council's policies. The Monitoring Officer deals with any complaints that are raised. The Council has a formal whistleblowing policy in place, with appropriate prominence on the Council's website and for staff. The Council's policies are reviewed and updated on a regular basis</p>

Appendix E - VFM - Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How financial and performance information has been used to assess performance to identify areas for improvement	<p>Financial and performance information has been central to the My Fenland process. Call data was analysed to identify the number of calls being handled per hour which indicated the opportunity to reduce the headcount without negatively impacting on the service staff receive. Regular exercises are in place to ensure that services which the Council provides to residents recover the associated costs.</p> <p>Financial performance is reported in the context of budget-setting and approval of the outturn, although additional information would be provided if necessary to take forward projects where additional resources need to be allocated. More performance information is contained in the quarterly Portfolio Holder Briefing reports produced, and these link back to the Business Plan.</p>
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>The Council's most significant partnership is the Anglia Revenues Partnership (ARP). There is a joint committee for ARP with representatives from each of the five Councils that constitute the Partnership. The Joint Committee meets quarterly and they consider performance against key areas, they monitor the ARP risk register, and consider any other items of relevance to their service delivery.</p> <p>The Council is also a member of CNC Building Control, a partnership of five local authority building control departments that provides building control services to the Council and other members. A member of the Council's Corporate Management Team attends all CNC Building Control Partnership board meetings.</p>
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<p>The Council's most significant partnership is the Anglia Revenues Partnership (ARP). There is a joint committee for the ARP with representatives from each of the five councils that constitute the Partnership. The Joint Committee meets quarterly, and they consider performance against key areas, monitor the ARP risk register, and consider any other items of relevance to their service delivery.</p> <p>The Council is also a member of CNC Building Control, a partnership of five Local Authority building control departments that provides building control services to the Council and other members. A member of the Council's Corporate Management Team attends all CNC Building Control Partnership board meetings.</p>



Appendix E - VFM - Summary of arrangements (continued)

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	The Council has a full-time Procurement Manager who reports to the Head of Legal and Governance. Officers are regularly reminded of the Council’s procurement policies at management team meetings and via briefings on the website. The Procurement Manager actively review purchase orders to confirm procurement has been undertaken in line with Council policy and statutory requirements.

Appendix F – VFM – Summary of recommendations

Recommendations

The table below sets out the recommendations arising from the value for money work in the year covered in this report.

All recommendations have been agreed by management.

Issue	Recommendation	Management response
Governance criteria: 'How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements ; and ensures corrective action is taken where needed' Late publication of Statement of Accounts due to capacity issues within finance	The Council needs to continue to re-assess roles, responsibilities and resource requirement for financial reporting, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives and the requirements of the Audit and Accounts Regulations.	



Appendix G – 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.

Appendix H – Other Communications

EY Transparency Report 2024

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 2024 and can be found here: [EY UK 2024 Transparency Report | EY - UK](#).

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ED None

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Agenda Item No:	6	
Committee:	Audit & Risk Management Committee	
Date:	25 February 2025	
Report Title:	Statement of Accounts 2023/24	

1 Purpose / Summary

The purpose of this report is for members to review and approve the final Statement of Accounts for 2023/24.

2 Key issues

- The annual accounts are prepared in accordance with the Code of Practice on Local Authority Accounting (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and based on International Financial Reporting Standards (IFRS).
- The draft unaudited Statement of Accounts 2023/24 were published on 29th October 2024.
- The Annual Governance Statement (AGS) 2023/24 was approved by this Committee at the 22 July 2024 meeting and is included in the attached Statements for completeness.
- Members will receive the external auditors' completion report on the 2023/24 accounts prior to this item.
- Under the Government's Reset and Recovery legislation, the 2023/24 Statement of Accounts is subject to a disclaimed audit report.
- The Statement of Accounts requires approval by this Committee following receipt of the external auditor's report.
- The current version of the Statement of Accounts is attached for review.
- Following approval by this Committee, and subject to EY having completed all outstanding work, it is anticipated that they will 'sign off' the accounts by 26 February 2025.
- Following the auditors' signature, the accounts will be published on our website and notice will be given by advertisement in the local papers and on our website, that the audit has been concluded.

3 Recommendations

It is recommended:

- (i) that the Statement of Accounts and Annual Governance Statement for the financial year ended 31 March 2024 as presented be approved;
- (ii) that delegation be given to the Chairman of Audit & Risk Management Committee and the Corporate Director and Chief Finance Officer to agree any further amendments to the Statement of Accounts which may arise prior to the final 'sign off' by the external auditors.

Wards Affected	All
Forward Plan Reference	
Portfolio Holder(s)	Cllr Chris Boden, Leader and Portfolio Holder for Finance
Report Originator(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Contact Officer(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Background Paper(s)	Closure of accounts working papers 2023/24 EY Audit Completion Report – Year ended 31 March 2024



FENLAND DISTRICT COUNCIL
STATEMENT OF ACCOUNTS

2023-24

FENLAND DISTRICT COUNCIL
STATEMENT OF ACCOUNTS
2023/24

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NARRATIVE REPORT

1. INTRODUCTION

This report explains how we have worked with residents, partners and community groups over the past year to achieve the priorities in our Business Plan. Our priorities focus on our communities, our environment, and our economy.

2. ABOUT FENLAND

Fenland has a strong community spirit and pride in its heritage. There are 103,537 people living in Fenland District (ONS: 2023), which covers 211 square miles within North Cambridgeshire. Over 70% of residents live within our four market town of Chatteris, March, Whittlesey and Wisbech, and our beautiful rural landscape is home to 29 villages.

Fenland has the lowest house prices in Cambridgeshire, with the average house priced at £241,483 (UK HPI August 2023), 22% less than the national average. With close proximity to large Urban centres such as Cambridge and Peterborough, Fenland's population continues to grow. By 2043, it's expected that our population will have increased by 13% to 116,831(ONS 2023).

In addition, 24,221 residents (23%) are aged over 64, above average compared to Cambridgeshire and the UK (ONS 2023). Alongside our partners, we are working to enable residents to access the support and resources they need to live happily, healthily and independently.

We also face some challenges around deprivation. We are the 80th (out of 317) most deprived area in the country (IMD: 2019). Nevertheless, we continue to work closely with our partner organisations to positively overcome these challenges.

Further details can be found in our Annual Report at: [Annual Report 2023/24](#)

3. ABOUT FENLAND DISTRICT COUNCIL

Fenland District Council has 364 employees. As an organisation, our unique 'one-team' culture supports the effective delivery of our priorities. It enables officers, elected members and partners to effectively work together without the constraints of traditional department silos. We support and invest in our workforce to give them the skills they need to work effectively in their roles, which has been recognised by continued Customer Service Excellence (CSE) re-accreditations. In our latest Staff Survey (2022), 87% of staff said they were proud to work for us.

As an organisation, work is underway to ensure we are operating as effectively as possible – not only to meet current needs, but to meet future ones too. During this financial year we have taken forward the Commercial and Investment Strategy approved in early 2020. This strategy enabled us to establish Fenland Future Ltd (in June 2020), a wholly owned subsidiary, to take forward the development of Council owned landholdings. In addition, the Council has acquired an industrial property in Wisbech (in March 2021) which is leased to the private sector and a residential property in March 2022 which is currently being utilised by our homelessness service. A number of transformation projects, under our 'Council for the Future' agenda, spanning across a variety of service areas, are also changing the way we work to meet emerging needs.

With the cost of living skyrocketing across the board and energy, fuel, food, mortgage rates and rents all rising, it might have been expected that the Council would raise our element of Council Tax too. But instead, members froze the portion of our council tax to lessen the

financial burden on taxpayers – the sixth consecutive year of no rises in our share of the bill – and we have helped people to claim the support they are entitled to.

Here, as we outline our achievements for 2023/24, we're proud to have maintained excellent public services and pushed forward with ambitious plans for the future, while consistently offering our residents a year-on-year, real-terms cut in their Council Tax.

Despite many national and global challenges in recent years, and resulting strains on our finances, the Council has remained innovative, resilient, and steadfast in its determination to improve the lives of Fenland residents. We have continued to ensure the needs of our residents and communities are recognised and responded to, put arrangements in place to secure on-going improvement, delivered vital public services to the highest of standards and, with reduced budgets, provided better value for money each year.

We have supported vulnerable members of our community; led emergency responses and built resilience; prevented and tackled homelessness; helped people to live in good quality, safe housing; worked with the police to prevent and tackle crime and anti-social behaviour; encouraged our residents to live healthier, more active lifestyles; protected and enhanced our parks and green spaces; cleaned streets and dealt with the district's waste and recycling; promoted and lobbied for infrastructure improvements; improved our air quality; secured investment in the district and held numerous community events all across Fenland.

Our Annual Report gives a summary of this work, outlines what we have achieved in the past year and how we have spent the money we receive, and charts progress made against the ambitions and commitments set out in our Business Plan 2023/24.

We have helped provide secure, well managed and affordable housing, ensuring more families have a safe place to call home, and invested in our parks and open spaces, recognising their importance for the wellbeing and enjoyment of all our residents. We also invested in our leisure centres, delivered much-loved community events, and launched a pilot 'Early Help Hub', a bespoke 'one stop shop' of support and advice.

We also successfully secured more funding for Fenland, to deliver thousands of pounds of grant funding for businesses, boost arts, culture and heritage activities, tackle fly-tipping, help reduce youth anti-social behaviour, and much, much more. Our ongoing transformation agenda has continued to be another key area of focus. By further enhancing our online platforms, developing more modern and resilient working practices for staff and improving customer experience, we have made it easier for residents to access the information and support they need, ensured greater efficiency and accessibility, and provided even better value for money.

We hope the report demonstrates the huge breadth of work we undertake with partners and the voluntary sector to make a positive difference to the lives of Fenland residents, and to ensure the district is well prepared for the future.

Partnership Investment in Fenland

We're working hard to attract the crucial external funding needed to unlock Fenland's potential and bolster its prosperity and resilience in the coming years.

Our previous policy of applying for any and all funding opportunities will now have to be tempered by any potential financial liability that the Council could face, particularly in respect of rising capital costs and the new requirement upon the s151 Officer to guarantee that the Council will meet any additional unanticipated costs when applying for some Government funding opportunities.

The diagram shows some of the projects currently in progress across the district thanks to millions of pounds worth of inward investment already secured.

The projects include development and regeneration of key sites, investment to improve transport and digital connectivity, and innovation and technology centres.

The opportunities will help to boost our economy, support new skills opportunities, and create much needed new jobs.

Although many of these funding schemes are focused on our four market towns, our local villages will also benefit, as will neighbouring communities across Cambridgeshire, Norfolk, and Lincolnshire. Improvements to our rural communities are equally as important and are included in our investment work.

Extract from the Council's 2024/25 Business Plan - Key Projects in Fenland



4. GOVERNANCE

Fenland District Council is made up of 43 Councillors, representing 18 wards.

Councillors are elected every four years by local residents to represent their area, make decisions and set priorities for the district.

We operate a Leader and Cabinet style of governance. This involves a Cabinet of 10 Councillors, each with specific responsibilities.

Currently, the Conservative group holds the majority with 35 seats. The remaining 8 seats are made up of 6 Independent Councillors and 2 Liberal Democrat Councillors.

5. OUR PRIORITIES

Our mission as a Council is 'To improve the quality of life for people living in Fenland'

Our Business Plan sets out the priorities we aim to deliver over the next 12 months. These priorities have been developed to address the most important needs of our communities and set a framework for how we will work towards our ambitions for the area and achieve our goal of creating a thriving place to live and visit.

Our core priorities focus on three areas: Communities, Environment and Economy. These priorities primarily focus on the statutory and wide variety of services that we provide day-to-day. In a typical year we empty 3 million bins, clean 210 square miles of town centres and open spaces, answer 60,000 telephone enquiries and determine 1,300 planning applications – and more!

A fourth priority, Quality Organisation, sits alongside everything we do. It aims to ensure that the Council runs effectively, transparently and sustainably. We invest in and support our workforce to ensure they have the skills and resources they need to work to the best of their ability.

Each priority is underpinned by a series of performance indicators, which are used to track progress, measure success, and identify areas for improvement. All performance indicators are reported to all elected Members at our Council meetings. These public reports are summarised to provide end of year performance updates against our priorities in our Annual Report, which is available to download on our website.

Where a priority does not have a linked performance indicator, usually where we work towards objectives with partners, updates will be reported via Portfolio Holder Briefings at Council meetings.

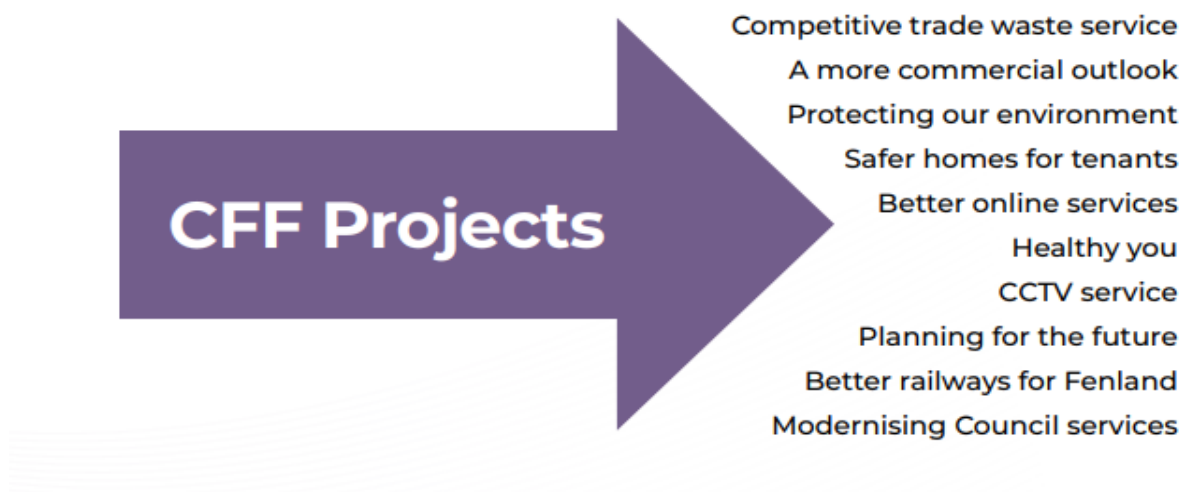
We also have a fifth cross cutting priority: Transformation Agenda. This priority encompasses our ongoing transformation work to improve efficiency and customer experience, drive positive change and ensure the Council is fit for the future.

Summary of Corporate Priorities 2024/25:



6. COUNCIL FOR THE FUTURE

In 2019, we began our Transformation Agenda programme when our Cabinet members selected a number of projects that would help contribute towards our 'Council for the Future' ambitions. Although varied in scope and complexity, these 12 projects tackled areas of particular need in Fenland, and helped to sustainably transform our services whilst ensuring our organisation was fit for the future. Outcomes for each of the projects can be viewed in our 2023/24 Annual Report.



In 2023, at the start of a new term of office following the Local Elections, our members committed to building on the successes of the Transformation Agenda, and to develop a second phase – Transformation Agenda 2.

Spanning across all services within the council, the Transformation Agenda 2 programme ties together all major 'change' initiatives that are looking to improve how the council works and delivers services.

Whether this is reviewing a service, how systems support delivery or how staff are able to conduct their jobs in a more effective and flexible manner, the programme will aim to ensure we are an effective and efficient council for the future.

7. OUR COMMUNITIES

Support vulnerable members of our community

- With many people under financial pressure due to the ongoing cost-of-living crisis, we continued to help those in need of support. Together with our partners, we helped people to claim the financial support they are entitled to, know how to make their homes warmer and cheaper to run, manage debt or know where to turn if they need advice. Work has included additional training for customer services staff, helping them to identify those who may be struggling with the cost of living and equipping them to process applications for financial support, and continued funding for Citizens Advice Rural Cambs, helping ensure they can carry out their activities supporting Fenland residents. We also administered our Council Tax Support Fund for vulnerable households and provided additional support through our Council Tax Reduction scheme and exceptional hardship funds. In October 23, following Storm Babet, we also assisted customers affected by flooding, providing impacted households and businesses with support.
- Our Housing Options team received 2201 requests for homeless advice and assistance (up 7.3% from last year); 1,143 of these approaches were resolved through the advice

provided. 275 households were prevented from becoming homeless through various forms of intervention including (but not limited to) mediation, emotional support, budgeting advice, financial support and assisting with sourcing alternative accommodation.

- Through our Disabled Facilities Grants scheme, the Council provides home adaptation works for elderly, disabled and vulnerable householders to help them continue to live safely and independently in their homes. Last year we assisted 141 households with adaption works. These included the installation of walk-in showers, stairlifts, ramped access facilities and specialist equipment such as person hoists.
- The 16th Pride in Fenland awards was held in March 2024 to celebrate individuals and groups that give selflessly to others. There were a record 117 nominations for 79 different groups and individuals. Brave and selfless children, an octogenarian, who has spent decades running her chapel - and still varnishes the floors herself, and groups and individual volunteers who go to amazing lengths to get food to struggling families, elderly people and the homeless were among those celebrated.
- Our Golden Age project, which helps provide older residents with advice on services and support available to them at events across Fenland, hit a remarkable 20 years of service to the community in 2023. The events were launched in 2003 by the late Cllr Mac Cotterell MBE and have continued to be valuable to residents – and an enduring Council priority – ever since. Over the past year, events have been held in Whittlesey, Christchurch (where our first ever event was held in 2003), Wimblington, March and Parson Drove, attracting over 500 visitors in total. The events were supported by 35 different organisations and providers of care, financial assistance, social activities, health provision and other services for the over 60s. To date, almost 7,500 visitors have attended the Golden Age events.
- The Council recognised the substantial use of bed and breakfast accommodation for families whilst they were being supported through the homelessness process. This type of accommodation is not only unsuitable for families but also incurs significant costs. In response, the Council submitted bids to the Government's Local Authority Housing Fund and successfully secured a grant to contribute towards the purchase of 33 properties. These properties will offer safe and comfortable temporary housing for homeless families while their situations are assessed and addressed. This initiative aligns with the Council's Medium Term Council Strategy, providing both better living conditions for families and cost savings for the Council.

Promote health and wellbeing for all

- In December 2023, we celebrated five years of working in partnership with Freedom Leisure to provide leisure centre services across the district. Despite an extremely challenging few years for the leisure industry with the COVID pandemic, energy cost crisis and cost of living challenges, the partnership has not only ensured that our leisure centres stay open, when the swimming pools elsewhere in the country have closed, but that provision continues to be delivered at reduced cost to the taxpayer (compared with the in-house arrangement prior to the partnership). In 2023/24, there were improvements to the gym changing rooms at George Campbell Leisure Centre in March which has also seen a state-of-the-art Changing Places toilet and reception area improvements completed in May 2024. Major investment to improve energy efficiency at the swimming pool facilities is also planned for 2024/25. Total visits for the year exceeded 500,000 across the four centres and membership has remained stable despite economic pressures on customers. Additionally, customer satisfaction remains above the industry averages.
- Our Active Fenland team successfully secured grant funding from the Integrated Care System and Cambridgeshire County Council Public Health to help people of all ages and back grounds to get more active, more often, and to lead healthier lifestyles. The funding helped to deliver 590 sports and physical activities to Fenland communities, including badminton, running, walking football, table tennis, yoga and strength and balance sessions,

as well as tea dances and 'Love to Move' classes. In 2024, the team will be launching specific Active for Health sessions to encourage inactive and overweight people to become healthier and more active.

- We have continued to invest in our well-used and highly valued parks and open spaces. Together with our contractor Tivoli, we look after more than 135 hectares of parks and open spaces across Fenland. Work in the past year has included the opening of a new community pavilion joint funded by Fenland District Council, Cambridgeshire County Council and the Cambridgeshire and Peterborough Combined Authority, and an extensive play area makeover in Wisbech Park. The team continues to manage our cemeteries and closed cemeteries, maintaining a good service to the local community of these important reflective green spaces.
- With funding from Public Health, we began work on developing the Fenland Early Help Hub, a pilot approach to approve collaborative service delivery across organisations for the benefit of residents. The hub will bring together a network of partners and services including health, housing, benefits, voluntary sector, primary care networks and more to provide a bespoke "one stop shop" of support and advice to individuals or families in their times of need. The objective will be to connect people to help and support earlier to prevent issues escalating and reduce the need for higher cost interventions. Phase 1, due to launch in the summer of 2024, will focus on supporting residents into/back into employment and training – with a view to expanding if future additional funding can be secured.

Work with partners to promote Fenland through culture and heritage

- We have successfully delivered the first round of the new Fenland Culture Fund, granting 19 organisations funding of more than £34,000 to boost arts, culture and heritage activities across the district. Funded projects that have already taken place include art and photography exhibitions, a food and culture festival, remembrance murals, art workshops for students and the purchase of equipment to improve access to creative resources in Fenland. The second round of the grant scheme, funded by the Arts Council England and the Government's UK Shared Prosperity Fund, is due to launch later in 2024.
- We secured £50,000 of funding from the Cambridgeshire and Peterborough Integrated Care System and worked together with Fenland-based 20Twenty Productions, an Arts Council England National Portfolio Organisation, to enable the delivery of the 'Express Yourself' project. The project supports children and young people's health and wellbeing through arts and cultural activity, based on the NHS 'Five Ways to Wellbeing'. So far, the project has positively engaged 200 children and young people across the district and gained fantastic feedback. It has also provided freelance creative opportunities for nine artists and professionals who have delivered the sessions and received training to further their own skills and development. • In partnership with the council's Culture, Arts and Heritage Executive Advisory Committee, we successfully delivered the 2024 Fenland Poet Laureate Awards. The prestigious competition saw a total of 63 entries across the two adult and young poet categories, with an awards ceremony held in March 2024. His Majesty's Deputy Lieutenant of Cambridgeshire, Dan Schumann, who was among the guests at the ceremony, said the creativity and talent shown on the night was "truly remarkable". • We, once again, supported the delivery of March Christmas Market and the Fenland Four Seasons events: March St George's Festival, Chatteris Midsummer Festival, Whittlesey Festival (which returned for the first time since Covid) and Wisbech Christmas Fayre. Thousands of visitors attended, and hundreds of businesses and community groups were able to boost funds with stalls. Town centre footfall tripled on the day of Wisbech Christmas Fayre. A new online booking system for pitches at events was successfully launched at the beginning of 2024.
- The Council's long running commitment to improve Wisbech High Street as part of the National Lottery Heritage-funded Wisbech High Street Project, continued as contractors

began work on developing 24 High Street, which has been a gap in the run of shops for 40 years. Building is expected to be complete by the end of 2024. Architects worked on a plan for 11- 12 High Street, a site also owned by the Council to prevent it being a continued blot on the High Street. The Council is also working closely with owners of fire damaged 5 Market Place

Performance Indicators	Target 2023/24	Performance
Total number of private rented homes where positive action has been taken to address safety issues	250	294
Proportion (%) of households presenting to the Council as homeless whose housing circumstances were resolved through Housing Options work	57%	45%
Number of empty properties brought back into use	50	86
New Homes Bonus achieved as a result of bringing empty homes back into use	£45,000	£109,173
Number of Active Health local sessions per year that improve community health	650	621
Customer feedback across Freedom Leisure facilities in Fenland	30	47
Value of Grants for creativity and culture managed by FDC	£201,000	£199,000

8. OUR ENVIRONMENT

Deliver a high performing refuse, recycling and street cleansing service

- We carried out more than 2.9 million bin collections from across the district, in all weathers, and collected more than 8,450 tonnes of materials for recycling. Cost of living pressures on residents resulted in less general waste and recycling being produced, but the majority of households continued to recycle their waste well – helping to generate more than £318,000 of income to support our services. Customer satisfaction with our Refuse and Recycling and Garden Waste (Brown Bin) services remains high with 94% and 90% respectively. The Garden Waste service has continued to remain popular with subscriptions at an all-time high of over 24,212 in 2023/24.
- We delivered a competitive trade waste service to almost 600 business customers, collecting over 1,260 tonnes of waste, including 133 tonnes of recycling and 98 tonnes of food waste. The service generated more than £522,600 of income to support our services.
- Our Cleansing and Rapid Response team continued to provide the excellent seven-day street sweeping, litter picking and fly-tipping removal service in our towns and villages. Last year they responded to 2,006 service requests from the public, with 93% actioned on the same or next day. Over 1,200 quality inspections were made in areas of high footfall – 97% met cleansing standards first time.

Work with partners and the community on projects that improve the environment and our street scene

- We worked with a number of community environmental volunteering groups, including Street Pride, In Bloom and Friends Of groups, who carried out litter picks, planting and other community projects to help to keep Fenland clean, green and safe for all to enjoy. We once again supported Keep Britain Tidy's national Great British Spring Clean campaign, with 13 Street Pride groups, residents and schools getting involved in the country's biggest environmental clean-up. Benwick Street Pride celebrated its 10th anniversary and scooped a Silver Gilt award in the Anglia In Bloom competition, winning the small village category, while Chatteris In Bloom won the town category with a prestigious Gold award.

- The council also secured funding from the Cambridgeshire Police and Crime Commissioner's Safer Communities Fund to purchase new trolleys and boost Street Pride volunteers' litter picking efforts. Over £37,000 was also awarded to community groups living within the vicinity of wind turbines to improve their local environment. Projects included enhancements to green spaces, water harvesting, installation of compost toilets, switching to LED lighting and upgrading a bowls club to double glazed windows and doors.
- Our Street Scene team spent 4,500 hours out and about in the community, in all weathers, working on various proactive environment and street scene enforcement projects. Their work includes investigating fly-tipping and abandoned vehicles, carrying out littering and dog fouling patrols, enforcing dog control orders, and issuing fines to motorists parked illegally in our car parks. In 2023/24, the team issued 23 Fixed Penalty Notices for waste offences and successfully prosecuted two individuals for fly-tipping, with a combined fine total of £1,540 imposed by the courts. The team also investigated 236 reported abandoned vehicles and issued six car parking fines to drivers parked illegally at March Market Place. The team also successfully secured £3,900 from the Cambridgeshire Police and Crime Commissioner's Safer Communities Fund to tackle fly-tipping through signage, community engagement, waste removal and two new cameras for covert surveillance.

Work with partners to help keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion

- Our shared CCTV service with Peterborough City Council maintained its 100%, round-the-clock service function – operating 24 hours a day, 365 days a year. The service delivered over 4,300 pro-active camera patrols, responded to over 1,100 incidents of crime and disorder across the district and supported our policing partners to make over 150 arrests for offences, helping to protect local communities and make the district safer. The CCTV service also provides the council's 'out of hours' telephone contact services, for example, homelessness, stray and lost dogs, cleansing incidents, dangerous buildings and structures, damaged trees, to name but a few areas. During 2023/24, the CCTV service has responded to over 388 calls for services from our telephone contact service.
- Our Community Support and Community Safety teams successfully secured £84,000 from the Government's UK Shared Prosperity Fund to deliver two projects in Wisbech:
 - £50,000 is being invested in youth provision, working with young people to enhance their life chances and choices. Work is ongoing to March 2025 but projects in 2023/24 included two 'Firebreak' fire service training courses with Cambridgeshire Fire and Rescue Service, football training with Peterborough United's POSH foundation, self-confidence, wellbeing and boxing training with Jordan Gill Next Generation, youth involvement in the development of a physical training programme with Living Sport, music production, coding and dance workshops and more.
 - £34,000 is being invested to help reduce youth anti-social behaviour (ASB). The project is being delivered by Youth of Fenland CIC who completed 26 youth outreach sessions in Wisbech, engaging 347 young people on subjects that concerned them. Opportunities included individual support, referral to young people support services, supporting young carers and better access to education. The funding also supported the expansion of Operation Luscombe, a successful, police-led partnership response to street level ASB in Wisbech. From November 2023 to March 2024 there were 31 police patrols, providing opportunity for 169 individual community engagements, 13 ASB incidents dealt with, and 18 formal enforcement interventions. Enforcement interventions included the seizure of alcohol, cannabis and illegal vapes.
- Our Community Safety team received 247 referrals for anti-social behaviour (ASB) from various sources, including through our online reporting tool as well reports directly from

councillors and partner agencies. Of the cases formally investigated by Community Safety, 60% related to nuisance behaviour, 23% were environmental ASB and 17% were considered to be personally directed at the person reporting. The team is also part of the Fenland Community Safety Partnership (CSP), a statutory group responsible for reducing ASB and crime and the fear of ASB and crime. In 2023/24, the partnership delivered a variety of projects with a focus on domestic abuse, serious organised crime, cybercrime, scams, and hate crime. Activities included community engagement sessions to raise awareness and give people the opportunity to discuss concerns, and training sessions for frontline professionals and volunteers.

- The partnership also worked with the retail sector to reduce shoplifting, linked with local taxi providers to help combat domestic abuse, supported Cambridgeshire Constabulary with their Business Against Abuse rollout in Fenland and worked with the Diverse Communities Forum and Cambridgeshire Constabulary to raise awareness of third party hate crime reporting centres. In addition, the CSP worked closely with the Office of the Police Crime Commissioner (OPCC) to deliver externally funded projects such as Safer Streets initiatives, and to support the OPCC Crime Plan.

Performance Indicators	Target 2023/24	Performance
Rapid or Village Response requests actioned the same or next day	90%	93%
% of inspected streets meeting our cleansing standards	93%	97%
% of collected household waste recycled through the Blue Bin service	28%	26.5%
Customer satisfaction with Refuse and Recycling services	90%	93.6%
Customer satisfaction with Garden Waste service	85%	89.8%
Number of Street Pride, Green Dog Walkers and Friends of Community environmental events supported	204	245
% of local businesses who thought they were supported and treated fairly	95%	100%
% of those asked who are satisfied with Fenland District Council's events	90%	97%

9. OUR ECONOMY

Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland

- The Economic Growth team, Fenland for Business, continued to provide advice and support to numerous businesses, including around funding, skills and training, business premises and research and development. Among the businesses supported were Whittlesey's Rai and Rai Bathrooms, which is deaf-led and provides inclusive employment opportunities, with several deaf team members. And Vita Nova Solutions, in Chatteris, which credits the support received as being a key contributor to its ongoing growth as a local employer. The team also engaged with 59 companies considering Fenland as an inward investment or expansion location, with three successful inward investments, one foreign direct investment from Peru and four expansions.
- The Economic Growth team awarded:
 - £194,910 to eight Fenland businesses through the UK Shared Prosperity Fund. All available funds (for years one and two of the funding award) were distributed and projects delivered by the 31 March 2024 deadline. The funding helped businesses to invest in new technology, diversify their income or create new employment opportunities.

- £75,005 to fifteen businesses through the UK Rural England Prosperity Fund. The funding helped rural businesses to develop new products and facilities that will be of wider benefit to the local economy, including farm businesses looking to diversify income streams).
- Launched three additional grants through the UK Shared Prosperity Fund (year three) in December 2023, with expression of interest applications closing on 6 April 2024.
- For the Investment in Business Fund - 123 expressions of interest were received. Grants requested totalled £2,632,284 with a projected return of investment totalling £4,513,000. Though, only £316,500 is available.
- For Fenland Start-Up Business Support Programme – 26 expressions of interest received.
- Fenland Rural England Prosperity Fund – 20 expressions of interest received.
- The team engaged and informed businesses through their relaunched website, newsletter, social media, in-person meetings and business events held in association with partners such as the Chamber of Commerce, Smart Manufacturing Alliance, the Department for Work and Pensions and Innovate East. They also worked skills organisations to help ensure they link with local businesses and their skills needs, including Cambridgeshire and Peterborough Combined Authority Growth Hub, the College of West Anglia, the North Cambridgeshire Training Centre and Anglia Ruskin University in Peterborough.

Promote and enable housing growth, economic growth and regeneration across Fenland

- 2023/2024 saw a significant uplift in the delivery of affordable dwellings in Fenland in comparison to the previous two years. 16 of the affordable ownership units in 2023/2024 were delivered as part of the First Homes scheme and were the first ones within the district.
- Work continued on plans to develop two new housing schemes on sites formerly owned by the Council – The Elms in Chatteris and Nene Waterfront in Wisbech. The schemes, being developed by the Council's investment arm Fenland Future Ltd, will help to address local housing needs while generating a financial return that can reinvested back into local communities.
- Work continued on projects outlined in our Growing Fenland masterplans, part of the Cambridgeshire and Peterborough Combined Authority (CPCA) strategic Market Town Masterplans. In 2023/24, this included the relocation of Chatteris Museum into new premises (the former Barclays Bank building), improvements to the sports courts at the Manor Leisure Centre in Whittlesey, progress on the March Future High Streets Fund project, and work to develop the case for a Whittlesey Relief Road.
- Our planning team determined 645 major, minor and other planning applications – between 68% and 92% of these were decided on time, depending on application type. The team also dealt with 674 other types of application (such as prior notifications, certificates of lawfulness, discharge of condition, general enquiries, and licensing requests) and received 81 pre-application enquiries, in addition to 'traditional' planning applications. We also received 214 planning enforcement complaints and resolved 143 cases. During 2023/24, the team also implemented efficiency improvements to planning processes as part of the council's ongoing transformation work.
- Work continued on March town centre's multi-million pound regeneration, a programme of inter-related schemes being delivered by various partners to transform and futureproof the town centre. Highlights of 2023/24 include:

- Completion of the Market March Place improvements scheme.
- Purchase of the former Barclays Bank in Broad Street, to prevent it falling into disrepair and secure the site for future development.
- Start of work on the Broad Street scheme in June 2023, including transformation of the road layout and new public realm area. The scheme is due for completion in October 2024.
- Specialist removal of historic Grade II Listed fountain for careful storage, ready for specialist repair and reinstatement once Broad Street works are complete.
- Redevelopment of partially derelict and one of March's oldest Conservation Area buildings, 26 Market Place, into retail and residential use, with support from the regeneration project's grant scheme.
- Grant funding investment into March Dental, now a flagship business on Broad Street.
- Demolition of old toilet block to enable redevelopment of the riverside and further progress on Broad Street.
- Design and costing of a new toilet block will be built in Grays Lane.
- Increase in car parking spaces in the City Road car park, on the site of the old recycling centre.
- Increase in the number of taxi bays within the town centre.

Promote and lobby for infrastructure improvements across the district

- Supported by Cambridgeshire and Peterborough Combined Authority funding, work continues to improve transport connectivity in Fenland. Highlights in 2023/24 include:
 - Progress on the Fenland Railway Station Masterplans project including the opening Manea Station car park. The car park, designed to serve the station's current demand and accommodate future growth, was opened as rail journeys from the station increased to over 21,000 a year for the first time.
 - Securing £3million for a programme of enhancements at Whittlesea Station (to be spent between April 2024 and March 2027). An Outline Business Case and option development work will form the first phase of work in 2024/2025.
 - Contractor appointed for the Whittlesey Relief Road project, as part of the town's Growing Fenland masterplan. Work on an Outline Business Case will begin evidencing the need for the relief road which would help to improve journey reliability, reduce congestion, and increase capacity for new housing as well as improve air quality and road safety conditions.
 - A number of scheme recommendations from our Fenland Cycling, Walking and Mobility Aid Improvement Strategy were completed. These included lining and signage improvements across March, as part of the March Area Transport Strategy, and improved footpaths and bus stops on the A605, Whittlesey, as part of the new Aldi supermarket and residential development.

- The Hereward Community Rail Partnership, managed by Fenland District Council in partnership with train operators, railway user groups, station adoption groups and local residents, continued work to promote and enhance the Hereward railway line and its

Performance Indicators	Target 2023/24	Performance
% of major planning applications determined in 13 weeks	70%	92.3%
% of minor applications determined in 8 weeks	70%	67%
% of other applications determined in 8 weeks	80%	86%
% occupancy of our Business Premises estate	90%	94.2%
% occupancy Wisbech Yacht Harbour	95%	95%

stations at Peterborough, Whittlesea, March, Manea and Ely. Highlights included regular 'Meet the Manager' events, securing funding for Manea walking and cycling map and a series of mini maps, and developing materials to promote the railway line including a drone video.

10. QUALITY ORGANISATION

- We collected over £68.3million in Council Tax and £24.7million in Business Rates. This plays a major part in funding the key services we provide to the community. Over 85% of the council tax collected is also passed onto the Police, Fire Service, County and Parish Councils – see the 'Money Matters' section for more information.
- We continued to roll out our ongoing transformation agenda programme to optimise our workforce, improve services and customer experience and make it even easier for people to interact with the Council. Phase 1 and 2 of the programme is on track to deliver over £1m savings over the medium term and has not only helped develop more modern and resilient working practices for staff, but also improve customer experience. The MyFenland team also answered more than 50,800 phone calls and resolved 99% of customer queries at the first point of call. We also received 6,653 payments via PayPoint, totalling over £850,000.
- Our website saw over 335,000 visits and received over 21,750 online form submissions across 49 different topics. The front page of the website was regularly updated with the latest news, events and consultations to maintain and develop user engagement. As part of our ongoing work to improve our digital services and user journeys, we also expanded our suite of online forms, with a new bulky waste form and updates to our suite of environmental services. The forms enable residents to apply for services or submit information online 24/7, and automatically transfer information received directly to teams on the ground and into back-office systems – saving hours of resource in processing time.
- Our Social Media channels continue to thrive, with 8,850 followers on X (formerly Twitter), 7,700 on Facebook, and 1,670 on LinkedIn. Over the past year, we have utilised these platforms to help engage and inform residents and businesses alike, with council news, events, campaigns, service updates and awareness, and consultations. We also use the channels to promote our online services and customer self-service forms and advocate behaviour change to tackle issues such as fly-tipping and dog fouling and improve recycling rates. We have also increased our use of video content to further develop our online engagement.
- The Licensing team issued 520 licences and dealt with 123 service requests for a variety of licensable services including Taxi, Premises, Alcohol, Scrap Metal and Animal Licensing, to help ensure such businesses are well managed and operating safely and legally. As part of

the Responsible Authority Officer group, the team also worked with internal and external partners to deliver multi-agency enforcement days within the district. 16 Quality Organisation Infographic TBC

- We consulted with residents, stakeholders and partners about a wide range of topics to help us understand local people's priorities and shape our service. Consultations included asking for views on our draft Budget and Business Plan and plans to extend Public Spaces Protection Orders (PSPOs) to help tackle issues associated with irresponsible dog ownership, such as dog fouling, and anti-social behaviour and street drinking in Wisbech. We also carried out regular satisfaction surveys for our green and blue bin service, garden waste service and street cleansing. In November 2023, our Environmental Health team also undertook a new initiative to engage with residents by asking them to suggest sites for air quality testing.
- We were recredited with the Government's prestigious Customer Service Excellence (CSE) award last year. The CSE standard serves as a national quality mark, recognising organisations in both the public and private sectors that embody a genuine customer-centric culture and strive for continuous improvement. The independent assessor also bestowed the Council with CSE 'Compliance Plus' accreditation in six areas, recognising its adherence to best practices.
- Our Environmental Health team has delivered a wide range of services:
 - Supported hundreds of food businesses to ensure compliance with a wide range of regulatory requirements. Given advice and undertaken inspections at more than 350 business premises, ensuring the highest of standards can be achieved. A large number of these businesses received a food hygiene rating of 5, the highest award possible under the national scheme. In 2023, we commenced a series of social media campaigns supporting those premises who receive the highest ratings.
 - Investigated more than 1,800 reports of noise or other environmental problems that may be affecting residents, the majority of these being resolved informally.
 - Carried out a review of air quality testing monitoring sites, informed by public consultation. The work included the identification of four new testing locations from residents, the relocation of 13 NO2 placements and locations that residents raised ongoing concerns about being retained. Work with the Combined Authority also saw the installation of three new air quality monitors across Whittlesey and Wisbech, with funding bids submitted for a further monitor in Whittlesey.
 - With the reopening of Port of Sutton Bridge, our international responsibility for Ship Sanitation Inspections recommenced at the beginning of 2024, with regained focus going into the next year. We are designated by the World Health Association to provide a port health function to international and domestic ships that access our ports. 17 Quality Organisation Infographic TBC
 - We inspected 32 industrial processes, ranging from incinerators to maggot breeding facilities, seeing the application for one new process and the variation of four existing permits.
 - Assisted UK Health Security Agency (UKHSA) with infectious disease outbreaks including salmonella, norovirus, campylobacter and cryptosporidium, including proactive sampling of high-risk food products as part of a national sampling programme.
 - Working with the Integrated Care Partnership, we introduced a new referral process for households suffering with environmental hazards such as rodents, bed bugs and other public health pests.

- Continued to support and advise those businesses licensed to undertake skin piercing, including tattooing, acupuncture, Botox and eyebrow microblading.

Performance Indicators	Target 2023/24	Performance
% of customer queries resolved at the first point of contact	90%	99%
% of customers satisfied by our service	90%	97.94%
% of contact centre calls answered within 20 seconds	46.5%	43.96%
% of contact centre calls handled	80%	83.46%
Days taken to process Housing Benefit new claims and changes	8.0 days	7.37 days
Days taken to process Council Tax Support new claims and changes	9.0 days	9.52 days
% of Council tax collected	95.72%	99.40%
Council Tax net collection fund receipts	£68,755,817	£68,341,134
% of NNDR Collected	96.79%	96.58%
NNDR net collection fund receipts	£24,779,458	£25,460,126
Number of online forms submitted via FDC website	21,000	21,848

11. FINANCIAL PERFORMANCE

The 2023/24 Revenue Budget Process

The Revenue Budget for 2023/24 was prepared against a background of meeting the Council's Corporate Plan objectives whilst continuing to face significant financial pressures. A balanced budget was produced that included a deliverable level of savings and income, provided for investment in key services and funding from general reserves. This was achieved through a budget strategy that resulted in:

- the delivery of savings through the service transformation review process;
- making efficiencies through specific budget reviews and contract renewals;
- maximising new and existing income streams;
- recognising cost pressures and making decisions on budget changes where necessary; and
- strategic use of general reserves

Council approved a net revenue budget for 2023/24 of £15.733m (£15.729m plus £0.004m transfer to reserves) at its meeting on 20 February 2023. Council also approved the Fees and Charges proposals that support delivery of the revenue budget, the Treasury Management Strategy and Capital Programme and funding for 2023/24- 2025/26.

Council Tax

At its meeting on 20 February 2023 Council resolved to reduce its element of Council Tax by 2% in the 2023/24 financial year. The County Council increase for 2023/24 included 3% for the Adult Social Care precept (£44.09) and 1.99% on the general council tax (£29.17), giving a total increase of 4.99% (£73.26). For 2023/24, the Police and Crime Commissioner was allowed to increase council tax by up to £15.00 on a Band D property. The actual increase is £14.94 (5.80%). The Fire Authority increased theirs by 6.60% (£4.95) and Cambridgeshire and Peterborough Combined Authority agreed a precept for the first time in 2023/24, resulting in a council tax level of £12.00 on a Band D property.

The calculation of the 2023/24 Tax-Base resulted in an increase of 395 in Band D equivalent properties (as shown in the table below). The increase in Band D equivalent properties reflects both an increase in properties built and a reduction in the number of people claiming Council Tax Support.

The comparison of Council Tax levels and Tax Base from 2021/22 to 2023/24 is shown below:

Band D Council Tax by authority	2021/22 £	2022/23 £	2023/24 £
Fenland District Council	260.46	260.46	255.24
Cambs. County Council	1,399.77	1,469.61	1,542.87
Cambs. Police & Crime Commissioner	247.59	257.58	272.52
Cambs. Fire Authority	73.53	74.97	79.92
Cambridgeshire & Peterborough Combined Authority	0	0	12.00
	1,981.35	2,062.62	2,162.55
Parish Councils (Average)	48.05	48.48	51.17
Total average Band D Council Tax	2,029.40	2,111.10	2,213.72
Total average increase	56.56 (2.87%)	81.70 (3.96%)	102.62 (4.86%)
Council Tax Base			
Number of Band D equivalent dwellings	30,143	30,664	31,059

Revenue Spending

For 2023/24, the Council agreed an original budget of net spending on services of £15.733m and then revised it in February 2024 to £16.391m. This sum was to be financed in part by Government Grant together with the Council's share of Business Rates, with the remainder being raised through Council Tax.

In February 2024 the Council's year end position was estimated as a deficit of £548,352. It is important to note that this figure was based on projections as at the end of December 2023 and the report to Council also noted that there were still many uncertainties around the year-end position, particularly around projected income levels, government grants for new burdens and the projected support required by Freedom Leisure.

Following the closure process, the full position shows a net deficit of £212,425, an improvement of £335,927 compared to the previous projection. The net deficit of £212,425 represents 1.33% of the net expenditure of £16.016m and compares with an under-spend of £799,924 in 2022/23.

Together with the projected deficit of £548,352 (as detailed in the budget report to Cabinet and Council on 26 February 2024), the reduction in deficit of -£335,927 brings the total deficit in 2023/24 to £212,425. This has been funded from the Budget Equalisation Reserve in accordance with the decision made by Council at their meeting on 9th January 2020 which established this reserve and approved that any underspend/deficit at financial year-end be transferred to this reserve. As at 31 March 2024, this reserve has a balance of £1,654,142.

As a result of continuing prudent financial management together with better than expected income received, the Council is in an improved position, compared to the projections in February 2024, to deal with the significant ongoing financial challenges in 2024/25 and over the medium term.

The Council's reserves will be reviewed again as part of the 2025/26 budget process during the Autumn of 2024.

FENLAND DISTRICT COUNCIL			
Summary of Revenue Estimates			
	Projected 2023/24 £	Outturn 2023/24 £	Variation compared with Projected £
Service Summary			
Growth & Infrastructure	1,441,865	1,166,341	-275,524
Communities, Environment, Leisure & Planning	4,701,947	4,655,782	-46,165
Resources & Customer Services	9,953,820	9,970,374	16,554
NET COST OF GENERAL FUND SERVICES	16,097,632	15,792,497	-305,135
Corporate Items			
Internal Drainage Board Levies	1,903,750	1,903,751	1
Internal Drainage Board Levies Grant	-177,280	-177,281	-1
Contributions to(+)/from(-) Earmarked Reserves	64,734	246,130	181,396
Contribution from(-) Business Rates Reserve	-211,048	-250,478	-39,430
Bad Debts Provision	80,000	62,531	-17,469
RTB/VAT Sharing Income	-20,000	-151,872	-131,872
Financing Charges - <i>Interest on External Borrowings</i>	504,450	485,266	-19,184
Financing Charges - <i>Minimum Revenue Provision</i>	383,989	383,989	0
Investment Income and Property Funds	-1,115,000	-1,158,663	-43,663
New Homes Bonus	-369,245	-369,245	0
Services Grant	-149,720	-149,720	0
Core Spending Power 3% Guarantee Grant	-600,957	-600,957	0
Corporate Adjustments	293,673	223,451	-70,222
Net Expenditure after use of balances/reserves	16,391,305	16,015,948	-375,357
Core Funding			
Revenue Support Grant	-173,414	-173,414	0
Business Rates - Income due in Year			
Business Rates Funding	-10,557,996	-10,557,996	0
Tariff Payment to Government	7,243,731	7,243,731	0
Renewable Energy Rates Retained	-2,076,700	-2,076,700	0
Business Rates Pool - FDC Share of Benefit	-450,000	-505,595	-55,595
Business Rates S31 Grants due in year	-3,028,030	-3,184,480	-156,450
Business Rates Levy due in year	1,034,013	1,285,488	251,475
Business Rates Levy Account Surplus allocation	-31,046	-31,046	0
	-7,866,028	-7,826,598	39,430
Business Rates Collection Fund Deficit(+)	211,048	211,048	0
Council Tax Collection Fund Deficit(+)/Surplus(-)	-87,064	-87,064	0
Council Tax	-7,927,495	-7,927,495	0
Business Rates and Council Tax Funding	-15,842,953	-15,803,523	39,430
Shortfall(+)	548,352	212,425	-335,927
<i>Shortfall at year-end funded from Budget Equalisation Reserve</i>			

The shortfall reduced by £0.336m compared with the revised budget due principally to the following reasons:

			APPENDIX A(ii)	
Summary of Revenue Provisional Out-turn 2023/24 - Main Variances			Over(+) / Under spend (-)	
Service Area	Description		£000	£000
<u>One-Off Variations</u>				
Fees and Charges	Income variations across a variety of services			
	Enforcement Fees (Housing Standards)		-20	
	Marine Services		-15	
	Planning & Pre-App Fees		110	
	Waste Services - bulky waste and recycling		-45	
	Trade Waste		-24	
	Planning Policy		-21	
				-15
Other Income/Costs				
	Investment Income and property funds			-44
	RTB/VAT Sharing arrangement with Clarion			-132
	Higher contribution to ARP costs mainly due to lower Enforcement Fees			75
	Lower Gate Fees - Recycling			-34
	Planning Appeal Costs			20
	Higher Legal Fees, of which:			53
	- Wisbech Incinerator Appeal costs in 2023/24 (£88k)			
	- Lower Household Waste fees - MRF Contract (-£31k)			
	Lower Bad Debts Provision			-17
	Sub-Total One-Off Variations			-94
<u>Service Base Variations</u>				
Employee Costs	Variance across a variety of services mainly resulting from vacancies		-67	
Premises Costs	Lower Repair & Maintenance costs across a variety of services		-181	
	Lower Utilities costs across a variety of services		-23	
Transport Costs	Lower car allowance & mileage costs across a variety of services		-13	
	Lower vehicles/vessel maintenance costs		-15	
Supplies and Services	Homelessness - higher accommodation costs		60	
Third Party Payments	Net impact of Housing Benefit subsidy claim and overpayments		14	
Capitl Financing Costs	Lower Interest Paid		-19	
Other variations	Other cost/income variations		2	
	Sub-Total Service Base Variations			-242
	Reduction in Deficit			-336
Projected Deficit 2023-24 at Revised Estimate (Cabinet/Council February 2024)				548
Net Deficit 2023-24	Transfer from Budget Equalisation Reserve			212

Budget Monitoring

Revenue and capital budget monitoring information is reported throughout the year to Corporate Management Team and Heads of Service. Cabinet Portfolio Holders are also provided financial monitoring information regularly throughout the year and provided to Cabinet at specific times during the year. In addition, treasury management performance is reported to Cabinet and Council with reviews undertaken by the Audit and Risk Management Committee.

Capital Spending and Funding

In 2023/24 the Council spent £15.847m on capital projects, which included Revenue Expenditure Funded from Capital under Statute (grants and loans to private sector home owners and support for community development), compared with the original budget of £17.716m and a revised budget of £22.023m.

The main items of capital expenditure in the year were the purchases of Local Authority Housing Fund properties (£5.844m), investment in Regeneration programmes including High Street, Wisbech (£1.479m), March Future High Street works (£1.577m), Loans to Future Fenland Ltd (£1.300m), Wisbech Port Structural works (£1,178m), construction of the Wisbech Park Pavilion (£976k), replacement of Council vehicles (£307k), replacement of Sewage Treatment Works (£225k) and investment in ICT infrastructure and software linked to the Council's transformation agenda (£224k). This expenditure was financed by capital grants, capital receipts and revenue contributions. Capital receipts of £282k (net of costs) were realised in 2023/24 (2022/23: £390k).

Grants of £1.327m were paid to individuals in the District who qualified for a Private Sector Renewal Grant/Disabled Facilities Grant. These grants are funded from money the Council receives from Central Government via Cambridgeshire County Council as part of the national Better Care Fund arrangements.

Revenue Balances

Set out in notes 24 and 25 to the core financial statements are the Council's reserves. As at 31 March 2024, the Council's uncommitted General Fund Balance stood at £2m and the total Earmarked Reserves balance stood at £10.270m.

Reserves are required to cover a number of potential unforeseen eventualities and risks of additional expenditure being required over and above that allowed for within budgets.

Provisions and Contingencies

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2023/24 and earlier financial years in their proportionate share. Therefore, a provision of £0.920m (Fenland's share) has been recognised for the best estimate of the amount that businesses are potentially due a refund, as at 31 March 2024.

Treasury Management

The Local Government Act 2003 gave councils the freedom to determine how much they borrow for investment in new capital projects, subject to a regulation that such borrowing complies with the 'Prudential Code for Capital Finance in Local Authorities'. The Prudential Code looks to ensure affordability, prudence and sustainability in relation to determined borrowing limits. The Council determined the required Prudential Code indicators and Treasury Management Strategy as part of the budget process for 2023/24. No new borrowing was undertaken in 2023/24 and all investment activities were undertaken in accordance with the approved strategy.

The total external loan debt was £7.8m at the year-end, unchanged from the previous year. Short-Term Investments (i.e. between 3-12 months) at the year-end amounted to £11.7m (£19m at 31st March 2023).

Pension Liabilities

As at 31 March 2024, the value of the scheme assets exceeded the liabilities by £3.177m compared with a net liability of £8.265m at 31 March 2023. The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The net asset/liability has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the scheme mean that the financial position of the Council remains healthy. The surplus/deficit on the local government scheme will determine the value of the Council's future contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The Council anticipates paying £2.144m contributions to the scheme in 2024/25. In addition, an up-front payment of £2.651m was paid in April 2023 in respect of lump sums due for the 3-year period 2023/24 - 2025/26. This will be reflected in the pension liability in the Balance Sheet in those years to take account of the up-front payment. The weighted average duration of the defined benefit obligation for scheme members is 18 years.

Further information relating to the assets, liabilities, income and expenditure of the Council's pension scheme is detailed at note 35 to the financial statements.

Significant Transactions

The actuarial valuation of the Council's Local Government Pension Scheme liabilities and pension reserve shown on the Balance Sheet has reversed to an asset of £3.177m from a liability of £8.265m at 31 March 2023. This reflects the valuation received from the Council's actuary which included updated assumptions relating to the pension increase rate, the salary increase rate and the discount rate used.

Pension fund assets are valued separately but form part of the net pension liability disclosed on the Balance Sheet. Pension fund assets attributable to the Council increased in value by £11.442m. The assumptions used are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in note 35 of the core financial statements.

The Council engages Wilks Head and Eve to undertake valuations of the Council's asset base in accordance with the requirements set out in the CIPFA Code of Accounting Practice and the professional standards of the Royal Institute of Chartered Surveyors. All assets are formally re-valued at least every five years and an annual review is undertaken to ensure there has been no significant movement in the value of the Council's assets since they were last subject to formal valuation. Further details are given in notes 16 and 25 of the core financial statements. Decreases in the value of some of the Council's assets led to revaluation losses of £5.506m being recognised in the revaluation reserve. These losses were offset by upward movements and disposals in the value of other assets totalling £2.112m leading to a net credit to the revaluation reserve of £3.394m.

12. MEDIUM TERM FINANCIAL STRATEGY 2024/25 – 2028/29

This Council, in common with most other local authorities, faces an ongoing difficult position in the medium term due to a range of pressures including providing statutory services, ongoing pressures caused by maintaining and developing sources of income through fees and charges

whilst managing the impact on revenue and capital budget of delivering against the Council's strategic priorities.

There is still considerable uncertainty around the estimates for 2024/25 and the forecasts for the medium term. Currently there are a number of 'unknowns' which could both positively and negatively impact on the forecasts including:

Risks associated with the MTFS forecasts:

- The ongoing impact of the Finance Settlements on 2024/25 and the medium term;
- Impact of potential changes to the New Home Bonus methodology and allocations from April 2025;
- Impact of the longer-term changes to the Business Rates Retention system from April 2025;
- Impact of pay awards higher or lower than currently allowed for in the MTFS (4% increase included for 2024/25 and 2% per annum from 2025/26 onwards);
- Impact of potential additional costs and income of the government's waste strategy particularly in relation to Food Waste and the Extended Producer Responsibility scheme for managing packaging waste;
- Impact on income streams being greater than anticipated due to external factors such as Port Income;
- Impact of the current review of Port operations and the future liability of the quay at Wisbech Port;
- Continuing impact of homelessness temporary accommodation costs in 2024/25 and the medium term and the impact on recovery of housing benefit subsidy;
- Potential for additional support for the Leisure Management contactor in 2025/26 as a result of the energy costs crisis;
- Impact of increases in Fees and Charges (where feasible) on the 2024/25 estimates and MTFS;
- Impact of service developments eg. Car Parking Enforcement (CPE);
- Revenue impact of funding new capital schemes not currently included in the capital programme;
- Potential impact of the Council's future transformation programme with associated savings. Further detailed work is required to quantify the extent of these savings;
- Potential positive impact over the MTFS of implementing the outcomes from the Accommodation Strategy;
- Review of the recharge of staff time to the LATCO (Fenland Future Ltd) to quantify potential revenue savings. Currently recharges of £125k in 2024/25 onwards have been assumed in the MTFS;
- Potential net benefits from FFL of loan interest and dividends from future developments over and above already included in the MTFS generating revenue income;
- Commercial and Investment Strategy and future potential positive returns to the Council;
- Review of the General Fund Balance and Earmarked Reserves to ensure they align with the future requirements of the Council.

Whatever impact the above issues may have however, there will remain a significant structural deficit for the Council to address over the medium term.

The forecasts for the years 2025/26 – 2028/29 are provisional at this stage and should be considered with extreme caution. Future announcements and consultation outcomes will also determine government policy and therefore the funding in the future years. In addition, the

forecasts are dependent on permanently maintaining the savings already identified through the My Fenland transformation initiative and the current TA2 programme.

Business Rates Retention Reform, Fair Funding Review and changes to the New Homes Bonus could have a significant impact on the Council's forecast resources over the term of the MTFS. Further to the risks associated with these externally determined funding streams the Council should also ensure that income budgets are achieved, and new income streams considered and implemented for medium to long term sustainability in combination with any operational and transformational benefits that the Council realises. The use of general reserves to support revenue expenditure adds to the overall risks to the Council as such reserves can only be used once but the cumulative impact of such use will continue to be felt into the future.

			(Council Tax income level constant 2024/25 onwards)			
Medium Term Financial Strategy	Projected 2023/24 £000	Estimate 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Forecast 2027/28 £000	Forecast 2028/29 £000
Expenditure						
Service Expenditure/Income						
Gross Service Expenditure	29,669	29,404	29,141	29,421	29,964	30,355
Gross Service Income	-13,383	-12,243	-11,869	-12,067	-12,375	-12,692
Vacancy Factor (1.5%)	0	-230	-235	-238	-244	-250
Transformation Programme - additional savings	0	-225	-306	-339	-372	-372
Total Net Service Expenditure	16,286	16,766	16,731	16,777	16,973	17,041
Corporate Items						
Corporate Expenditure/Savings						
Internal Drainage Board Levies	1,904	2,099	2,162	2,226	2,293	2,362
Internal Drainage Board Levies Grant	-177	-177	0	0	0	0
Financing Charges - Interest on External Borrowing	534	906	1,025	1,185	1,360	1,360
Financing Charges - MRP Current Capital Programme	384	588	674	676	750	800
	2,645	3,416	3,861	4,087	4,403	4,522
Corporate Income Items						
Contribution to(+)/from(-) Earmarked Reserves	65	-653	-90	118	39	125
Contribution to(+)/from(-) Business Rates Reserve	-211	0	0	0	0	0
RTB/VAT Sharing Income	-20	-20	-20	-20	-20	-20
Investment and Property Fund Income	-1,255	-795	-945	-1,145	-1,345	-1,145
New Homes Bonus	-369	-442	-442	-442	-442	-442
CSP Guarantee Grant	-601	-789	-654	-654	-654	-654
Services Grant	-150	-26	-24	-24	-24	-24
Contribution to/from(-) Budget Equalisation Reserve	-548	3	0	0	0	0
	-3,069	-2,722	-2,175	-2,167	-2,446	-2,160
Total Corporate Items	-444	694	1,686	1,920	1,957	2,362
Gross Service/Corporate Expenditure	32,314	32,365	32,461	32,931	33,751	34,255
Gross Service/Corporate Income	-16,472	-14,965	-14,044	-14,234	-14,821	-14,852
Net Budget Requirement	15,842	17,400	18,417	18,697	18,930	19,403
Funding - RSG, Business Rates & Council Tax						
Revenue Support Grant	-173	-185	-185	-185	-185	-185
Business Rates						
Business Rates Baseline Funding	-10,558	-11,177	-12,047	-12,105	-12,467	-12,693
Tariff Payment to Government	7,244	7,554	7,683	7,813	7,946	8,081
Renewable Energy Rates Retained	-2,077	-1,476	-1,595	-1,598	-1,601	-1,610
Business Rates Pool - FDC Share of Benefit	-450	-300	-300	-300	-300	-300
Business Rates S31 Grants due in year	-3,028	-3,167	-2,555	-2,598	-2,642	-2,687
Business Rates Levy due in year	1,034	745	764	703	793	813
Business Rates Levy Account Surplus Allocation	-31	0	0	0	0	0
Business Rates Collection Fund Deficit/Surplus(-)	211	-1,292	0	0	0	0
Total Business Rates Funding	-7,655	-9,113	-8,050	-8,085	-8,271	-8,396
Council Tax						
Council Tax Collection Fund Surplus(-)/Deficit	-87	-58	-50	-50	-50	-50
Council Tax (Constant level 2024/25 onwards)	-7,927	-8,044	-8,044	-8,044	-8,044	-8,044
Total Council Tax Funding	-8,014	-8,102	-8,094	-8,094	-8,094	-8,094
Total Funding - RSG/Business Rates/Council Tax	-15,842	-17,400	-16,329	-16,364	-16,550	-16,675
Surplus(-)/Shortfall(+)	0	0	+2,088	+2,333	+2,380	+2,728

Business Rates Reform – 2025/26 onwards

No major changes will take place until 2025/26 at least. At that time, it is likely that the Baseline Funding Level of all Councils will be reset with all 'growth' income being taken into account nationally and redistributed in the new system. In the estimate for 2024/25 and the medium term forecasts, around £1.4m of business rates above the Council's Baseline Funding Level is being retained. Under a baseline reset, this would mean that initially the additional £1.4m business rates income would be removed and redistributed. What remains unclear, is how much of this £1.4m will be returned to the Council as part of its recalculated Baseline Funding Level.

In theory therefore, the Council could lose all of this additional £1.4m in the absolute worst case scenario. However, this is unlikely and would create significant volatility within future funding allocations nationally, which the government does not wish to see. There will also undoubtedly be some kind of transitional arrangements which would also limit the extent of any gains and losses in funding arising from the new system.

Although it is extremely difficult to exemplify the impact of this redistribution, in broad terms, if the Council were to lose 50% of its growth income then this would add a further £700k per annum from 2025/26 to the current forecast MTFS shortfalls. A 20% loss of growth income would add a further £280k per annum to the current shortfalls.

In addition, the current system of retaining 100% of business rates from businesses generating Renewable Energy (estimated £1.476m in 2024/25) and the benefits from current pooling arrangements (estimated £300k in 2024/25) could also be reviewed and amended.

Council for the Future (CFF)

During 2022/23, our Cabinet members selected a number of projects to contribute towards our 'Council for the Future' agenda. These projects have a variety of aims; from tackling areas of particular need within Fenland, to sustainably transforming services and our organisation to be fit for the future. Although these are influenced by external factors, the aim is to have a programme of projects completed by the end of the current Council leadership term in 2023. Projects vary in scope and complexity, with some requiring close partnership working with external organisations and changes in policies before their aims can be delivered. Progress of these projects to date are detailed in Section 6 above of this narrative report.

Transformation Agenda 2 (TA2)

In 2023, at the start of a new term of office following the Local Elections, our members committed to building on the successes of the Transformation Agenda, and to develop a second phase – Transformation Agenda 2.

Spanning across all services within the council, the Transformation Agenda 2 programme ties together all major 'change' initiatives that are looking to improve how the council works and delivers services.

Whether this is reviewing a service, how systems support delivery or how staff are able to conduct their jobs in a more effective and flexible manner, the programme will aim to ensure we are an effective and efficient council for the future

During 2023, the approach, timescales and resources associated with reviewing all Council Services has been agreed and these will take place over the next two years. Savings from the TA2 programme are expected to start feeding into the Council's budget during 2024/25.

Combined Authority

This Council is a constituent authority of the Cambridgeshire and Peterborough Combined Authority (CPCA) which was formally established following the Mayoral election in May 2017. The devolution deal for the CPCA includes a new £20m fund for the next 30 years (£600m) to support economic growth, development of local infrastructure and jobs. In addition, a new

£100m housing fund is to be invested over the next five years to build more homes in Cambridgeshire and Peterborough including affordable, rent and shared ownership.

The Council has continued to work closely with Combined Authority to secure investment in the District. During the 2023/24 financial year, the work on the Manea Station Regeneration Programme, to enhance transport infrastructure across the District, was completed. The Combined Authority has also committed funding towards the March Future High Street project which is due to complete later in 2024/25. The Council has also received grant money from the Combined Authority for the UK Shared Prosperity Fund which provides grants to support businesses to grow and provide employment and prosperity to benefit all of Fenland.

13. EXPLANATION OF THE FINANCIAL STATEMENTS

The Council's financial statements for the year 2023/24 are set out on pages 29 to 109. They consist of:

- the **Movement in Reserves Statement** – shows how the movement in reserves in the Balance Sheet is reconciled to the Comprehensive Income and Expenditure Account Deficit and what adjustments are required to be charged to the General Fund Balance for Council Tax setting purposes;
- the **Comprehensive Income and Expenditure Statement (CIES)**– a summary of the resources generated and consumed by the Council;
- the **Balance Sheet** - setting out the Council's financial position as at 31 March 2024;
- the **Cash Flow Statement** - which summarises the Council's inflows and outflows of cash for revenue and capital transactions for the year with third parties;
- the **Expenditure and Funding Analysis** – a summary of annual expenditure used and funded by the Council together with the adjustments required between funding and accounting basis to reconcile with the CIES;
- the **Collection Fund** – is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non – Domestic Rates (NNDR) and its distribution to precepting bodies.

The accounts referred to above are supported by **Accounting Policies**, which are in note 1 to the financial statements.

14. FURTHER INFORMATION

Further information about these accounts is available from the Chief Accountant, Fenland Hall, County Road, March, Cambridgeshire, PE15 8NQ.

This document forms part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts.

15. CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the financial statements set out on pages 29 to 109 present a true and fair view of the financial position of Fenland District Council at 31 March 2024 and its income and expenditure for the year then ended.

Signed:

Peter Catchpole

Chief Finance Officer

26 February 2025

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the statement of accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council'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 Chief Finance Officer has:

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

The Chief Finance 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.

Signed:

Peter Catchpole

Chief Finance Officer

26 February 2025

CORE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

2022/23	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022	2,000	12,339	0	9,279	23,618	6,831	30,449
Movement in reserves							
Surplus on Provision of Services	(10,998)	0	0	0	(10,998)	0	(10,998)
Other Comprehensive Expenditure and Income	0	0	0	0	0	48,712	48,712
Total Comprehensive Expenditure and Income	(10,998)	0	0	0	(10,998)	48,712	37,714
Adjustments between accounting basis and funding basis under regulation (note 7)	9,784	0	0	(5,426)	4,358	(4,358)	0
Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves							
Transfers to / (from) Earmarked Reserves (note 8)	1,214	(1,214)	0	0	0	0	0
Increase/(Decrease) in 2022/23	0	(1,214)	0	(5,426)	(6,640)	44,354	37,714
Balance at 31 March 2023 carried forward	2,000	11,125	0	3,853	16,978	51,185	68,163

2023/24	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023	2,000	11,125	0	3,853	16,978	51,185	68,163
Movement in reserves							
Surplus on Provision of Services	5,489	0	0	0	5,489	0	5,489
Other Comprehensive Expenditure and Income	0	0	0	0	0	6,228	6,228
Total Comprehensive Expenditure and Income	5,489	0	0	0	5,489	6,228	11,717
Adjustments between accounting basis and funding basis under regulation (note 7)	(6,343)	0	0	914	(5,429)	5,429	0
Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves	(854)	0	0	914	60	11,657	11,717
Transfers to / (from) Earmarked Reserves (note 8)	854	(854)	0	0	0	0	0
Increase/(Decrease) in 2023/24	0	(854)	0	914	60	11,657	11,717
Balance at 31 March 2024 carried forward	2,000	10,270	0	4,767	17,038	62,842	79,880

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure 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. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23				2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
3,889	(2,225)	1,664	Growth and Infrastructure	4,962	(1,290)	3,672
21,234	(8,908)	12,326	Communities, Environment, Leisure and Planning	18,339	(10,467)	7,871
37,354	(29,429)	7,925	Resources and Customer Services	30,102	(22,269)	7,834
62,477	(40,562)	21,915	Cost of Services	53,403	(34,026)	19,377
		3,699	Other operating expenditure (note 9)			3,031
		4,290	Financing and investment income and expenditure (note 10)			(783)
	(18,906)		Taxation and non-specific grant income (note 11)			(27,113)
	10,998		(Surplus)/Deficit on Provision of Services			(5,489)
	(6,090)		(Surplus)/Deficit on revaluation of property, plant and equipment assets (note 25)			3,326
	(42,622)		Re-measurement of net defined benefit liability/ (asset) (note 35)			(9,554)
	(48,712)		Other Comprehensive Income and Expenditure			(6,228)
	(37,714)		Total Comprehensive Income and Expenditure			(11,717)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date 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 usable 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 that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2023		Note	31 March 2024
£000			£000
55,757	Property, Plant and Equipment	14	59,369
5,416	Infrastructure	15	7,091
5,960	Investment Property	16	6,012
59	Intangible Assets		108
3,450	Long Term Investments	18	3,251
447	Long Term Debtors		1,822
0	Defined Benefit Pension Asset	35	3,177
71,089	Long Term Assets		80,830
5,016	Short Term Investments	18	0
82	Inventories		84
9,501	Short Term Debtors	20	6,481
14,037	Cash and Cash Equivalents	29	11,660
28,636	Current Assets		18,225
(35)	Short Term Borrowing	18	(36)
(23)	Short Term Finance Lease Liability	34	0
(11,194)	Short Term Creditors	21	(8,667)
(2,329)	Receipts in Advance	22	(1,752)
(1,916)	Provisions	23	(920)
(15,497)	Current Liabilities		(11,375)
(7,800)	Long Term Borrowing	18	(7,800)
0	Finance Lease Liability	34	0
(8,265)	Defined Benefit Pension Liability	35	0
(16,065)	Long Term Liabilities		(7,800)
68,163	Net Assets/(Liabilities)		79,880
(16,978)	Usable Reserves	24	(17,038)
(51,185)	Unusable Reserves	25	(62,842)
(68,163)	Total Reserves		(79,880)

The notes on page 37 to 103 form part of the financial statements.

Signed:

Chief Finance Officer 26 February 2025

THE CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents 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.

2022/23 £000		2023/24 £000
(10,998)	Net (deficit)/surplus on the provision of services	5,489
3,709	Adjust net deficit on the provision of services for non-cash movements (note 26)	(1,575)
(4,520)	Adjust for items included in the net deficit on the provision of services that are investing and financing activities (note 27)	(4,245)
(11,809)	Net cash flows from Operating Activities	(332)
4,593	Investing Activities (note 27)	(1,352)
318	Financing Activities (note 28)	(693)
(6,898)	Net increase/(decrease) in cash and cash equivalents	(2,377)
20,935	Cash and cash equivalents at the beginning of the reporting period (note 29)	14,037
14,037	Cash and cash equivalents at the end of the reporting period (note 29)	11,660

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis (EFA) is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Council's Outturn Report to the CIES. The EFA shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by Local Council's in comparison with those resources consumed or earned by Council's in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23				2023/24		
Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis (Note 7)	Net Expenditure in the CIES		Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis (Note 7)	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
1,158	466	1,624	Growth and Infrastructure	1,166	2,504	3,670
3,906	8,420	12,326	Communities, Environment, Leisure and Planning	4,656	3,216	7,872
9,769	(1,804)	7,965	Resources and Customer Services	10,035	(2,201)	7,834
14,833	7,082	21,915	Net Cost of Services	15,857	3,519	19,376
(14,833)	3,916	(10,917)	Other Income and Expenditure	(15,857)	(9,008)	(24,865)
0	10,998	10,998	(Surplus) or Deficit	0	(5,489)	(5,489)
2,000			Opening General Fund Balance	2,000		
0			Add/(Less) Surplus/(Deficit) on General Fund in Year	0		
2,000			Closing General Fund Balance at 31st March	2,000		

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NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

i. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and Service Reporting Code of Practice 2023/24, supported by International Financial Reporting Standards (IFRS). Policies have been consistently applied except for the policy in relation to heritage assets where some of the measurement rules are relaxed (details are provided in paragraph xi below).

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

ii. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- 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 supplied, received and their consumption, they are carried as inventories on the Balance Sheet. Exceptions to this principle include utility bills, maintenance contracts and other similar quarterly payments, which are charged at the date of billing rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments are accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Grants paid or payable to third parties by the Council are recognised in the Comprehensive Income and Expenditure account if the Council is acting as principal to the transaction. Where the Council is acting as the agent of another organisation when paying a grant, the Council does not account for the grant paid or payable or the funding received to award the grant in the Comprehensive Income and Expenditure account.

- 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 there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown that are repayable on demand and form an integral part of the Council's cash management.

iv. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. 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.

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, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

v. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation/amortisation attributable to the assets used by the relevant service.
- Revaluation and Impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written-off.

- vi.** The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. COUNCIL TAX AND NON – DOMESTIC RATES

The Council as billing authority, act as an agent, collecting Council Tax and Non-domestic Rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principal, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

viii. EMPLOYEE BENEFITS

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave, paid sick leave and non-monetary benefits for current employees and are recognised as an expense in the year in which employees render service to the Council.

Termination

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave, paid sick leave and non-monetary benefits for current employees and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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 in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of these benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or the pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Cambridgeshire County Council pension scheme 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 earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.85% (based on the yields of the constituents of the IBoxx £ Corporates AA index and the Council's weighted average duration).
- The assets of Cambridgeshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

quoted securities – current bid price

unquoted securities – professional estimate

unitised securities – current bid price

property – market value

- The change in the net pension's liability is analysed into the following components:

Service cost comprising:

current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the

period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

the return on plan assets – excluding amounts included in net interest on the net defined liability (asset) – charged to the Pensions Reserve as other Comprehensive Income and Expenditure.

actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pension Reserves as Other Comprehensive Income and expenditure.

Contributions paid to the Cambridgeshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions limit the Council to raising Council Tax to cover the amounts payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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.

ix. FAIR VALUE MEASUREMENT

The Council measures some of its non- financial assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

x. 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 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 Liabilities

Financial liabilities are initially measured at fair value and are subsequently carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in 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. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal 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 and 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 of 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.

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), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost with the exception of the Council's investment in pooled property funds which is measured at fair value through profit or loss. Further detail is provided below.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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 authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to private individuals at nil interest and the loans form a charge on the individual's properties. This means that market rates of interest have not been charged and these loans are classed as "soft loans". When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at the real effective rate of interest with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain 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.

Any gains or losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an

instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price; and
- Other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date;
- Level 2 inputs – inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly; and
- Level 3 inputs – unobservable inputs for the asset.

Any gains or losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. Where fair value cannot be measured reliably, the instrument is measured at cost (less any impairment losses).

xi. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are credited to the Comprehensive Income and Expenditure Statement only when conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have yet to be satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or condition is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant is yet to be used to finance capital expenditure, it is

posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xii. HERITAGE ASSETS

Heritage assets are held by the Council principally for their contribution to knowledge or culture. The heritage assets held by this Council are monuments, war memorials, public clocks, civic regalia and operational historic buildings in cemeteries.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The historical cemetery buildings are operational assets accounted for at depreciated replacement cost within Property, Plant and Equipment in the Balance Sheet.

The remaining heritage assets are not recognised in the financial statements as no information is available on the cost.

The Council is of the view that obtaining valuations for these assets would involve a disproportionate cost in comparison to the benefits that would be provided to the users of the Council's financial statement. These assets are recorded in the asset register of the Council and detailed records are kept on each asset.

xiii. INFRASTRUCTURE ASSETS

Infrastructure assets include sewage treatment works, the port quay, footpaths, street lighting and roads.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Additions and enhancements are recorded at cost and have increased the balance. These have been recorded in the Council's fixed asset register as an individual asset. The infrastructure balance has been reduced annually by depreciation. This has been calculated using the Council's depreciation policy.

Depreciation

Depreciation is provided on the parts of the infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts

over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network and non highways infrastructure is assessed by the Highways, Sewage Works and Port Quay Engineers and using industry standards where applicable and vary depending on the asset classification.

Infrastructure Type	Useful Life
Sewage Treatment Works	20 years
Port Quay and Nene Waterfront	40 years
Foot Paths and Roads	30 years
Street Lighting	15 years

Disposals and Derecognition

When a component of the network is disposed of, decommissioned, or replaced, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

xiv. INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are initially measured at cost. Amounts are only revalued where the current value of the assets held by the Council can be determined by reference to an active market. In practice no intangible assets held by the Council meet this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired; any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xv. INVENTORIES

Inventories are valued at latest price, with an allowance made for obsolete and slow moving items. While this is a departure from the requirements of the Code of Practice on Local Authority Accounting and IAS 2, which require inventories to be shown at the lower of cost and net realisable value, the effect of the different treatment is not material.

xvi. INVESTMENT PROPERTY

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvii. 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 element 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 a finance lease are 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 the lessor. Indirect costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and

- a finance charge (debited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases are 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).

The Council is not required to raise Council Tax to cover depreciation, revaluation or impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, generally meaning that rentals are charged when they become payable.

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, 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, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xviii. OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

xix. PROPERTY, PLANT AND EQUIPMENT

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred. Assets valued at less than £10,000 are not normally recognised in the Balance Sheet. The exception to this principal relates to land holdings which may have a current value of less than £10,000

but where they meet the Assets Held for Sale criteria. The total value of such assets does not materially affect the Property, Plant and Equipment disclosure note.

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
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Surplus assets – the current value measurement basis is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year- end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains or credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, the loss is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service revenue line(s) in the Comprehensive income and Expenditure Statement.

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

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 this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service revenue line(s) in the Comprehensive income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided on Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and Community Assets) and assets that are not yet available for use (i.e. Assets Under Construction).

Depreciation is calculated on the following bases:

Buildings – straight-line allocation over the useful life of the property as estimated by the valuer.

- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the balance sheet, as advised by a suitably qualified officer.

Where an item of Property, Plant and Equipment has major components with different estimated useful lives and whose cost is significant in relation to the total cost of the item, 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 charged on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

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 cost 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 recognised in the Surplus or Deficit on Provision of Services. 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.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Disposal proceeds 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). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xx. PROVISIONS

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

xxi. CONTINGENT LIABILITIES

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. 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.

Contingent liabilities are not recognized in the Balance Sheet but disclosed in a note to the accounts.

xxii. CONTINGENT ASSETS

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxiii. RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

xxiv. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset (e.g. renovation grants) has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

xxv. VALUE ADDED TAX (VAT)

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.

The Council has complied with the Code of Practice on Local Authority Accounting, with the exception of its inventory policy as stated above. Despite this departure from the code, management has concluded that the accounts present a true and fair view of the Council's financial position, financial performance and cash flows.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

Under the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) the Council is required to disclose information setting out the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2023/24 Code:

- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.

The Council does not anticipate these changes will have a material impact on its financial statements.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in note 1 to the financial statements, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the financial statements are:

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1st April 2013, the Council is liable for successful appeals against business rates charged to businesses in 2023/24 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31st March 2024. The estimate has been calculated using the latest Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31st March 2024. The Council's share of the balance of business rate appeals provisions held at this date amounted to £0.920m. This is a reduction of £0.990m from the previous year.

Investment Properties

The Council acquired a commercial property in Wisbech during the 2020/21 financial year. The property is leased to a commercial tenant on a long-term lease. Having obtained and reviewed an independent valuation of the property, the Council is satisfied that the property should be accounted for as an investment property as the Council's residual interest in the property exceeds the value of the Council's net investment in the lease. Had this not been the case the property would have been de-recognised as at 31 March 2024 and a long-term debtor reflecting the value of the Council's net investment in the lease would have been reflected in the Balance Sheet instead.

Group Accounts

The Council established a wholly-owned subsidiary, Fenland Future Limited ('the company') in June 2020. The Council owns 100% of the company's share capital. During the 2023/24 financial year the company incurred expenditure consistent with its business plan approved by the Council's Investment Board in March 2023. The company did not generate any turnover from its activities during 2023/24.

As at 31 March 2024 the company had exchanged contracts to acquire land to the value of £0.2m and these transactions are provided as part of the related party transactions note to these financial statements (note 32).

These transactions were not deemed to be material at the time of these draft accounts and based upon the information above regarding 2023/24 transactions recognised by the company and its Balance Sheet as at 31 March 2024 the Council has not prepared Group Accounts.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The financial statements contain estimated figures that are based on assumptions made by the Council about the future or that 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 following items in the Council's Balance Sheet as at 31 March 2024 for which there is a significant risk of material adjustments in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Depreciation and amortisation are provided for Property, Plant and Equipment and Intangible assets respectively. This enables the assets to be written down to their residual value over their estimated useful lives and show an appropriate cost of the use of the asset in the Comprehensive Income and Expenditure Statement.</p> <p>Management judgement is used to determine the useful economic lives of the Plant and Equipment. The Council's valuers provide estimates for the useful life of property assets.</p> <p>The methodology for valuing properties at Depreciated Replacement Cost (DRC), e.g. Leisure Centres, includes an adjustment for obsolescence as deemed reasonable by the Council's valuers and management.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £8.1k for every year that useful life is reduced.</p> <p>A reduction of 10% in the value of assets valued on the basis of Existing-Use-Value and Fair Value would reduce the carrying value of Investment Property by £601,000 and the value of Property, Plant Equipment by £3.25m. An increase would result in an upward increase by the same amount.</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 and expected returns on pension fund assets. A firm of consulting 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 can be measured. For example:</p> <p>(i) a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £1.981m</p> <p>(ii) a 1 year increase in member life expectancy would result in an increase in the pension liability of £4.253m</p> <p>(iii) a 0.1% increase in the salary increase rate would result in an increase in the pension liability of £0.075m</p> <p>(iv) a 0.1% increase in the pension increase rate would result in an increase in the pension liability of £1.943m</p> <p>However, the assumptions interact in complex ways, so care should be taken when looking at changes in one variable in isolation.</p>

5. EXPENDITURE AND FUNDING ADJUSTMENTS ANALYSIS

Adjustments between Funding and Accounting Basis 2023/24	Adjustments for Capital Purposes (Note i) £000	Net Change for the Pensions Adjustment (Note ii) £000	Other Differences (Note iii) £000	Total Adjustments £000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts				
Growth and Infrastructure	1,932	(17)	(347)	1,568
Communities, Environment, Leisure and Planning	1,691	(278)	1,802	3,215
Resources and Customer Services	233	(173)	(2,262)	(2,202)
Net Cost of Services	3,856	(468)	(807)	2,581
Other Income and Expenditure from the Expenditure and Funding Analysis	(8,860)	310	480	(8,071)
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Surplus on the Provision of Services	(5,004)	(158)	(327)	(5,489)

Adjustments between Funding and Accounting Basis 2022/23	Adjustments for Capital Purposes (Note i) £000	Net Change for the Pensions Adjustment (Note ii) £000	Other Differences (Note iii) £000	Total Adjustments £000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts				
Growth and Infrastructure	1,339	72	(945)	466
Communities, Environment, Leisure and Planning	6,733	1,210	477	8,420
Resources and Customer Services	69	347	(2,220)	(1,804)
Net Cost of Services	8,141	1,629	(2,688)	7,082
Other Income and Expenditure from the Expenditure and Funding Analysis	1,244	1,446	1,226	3,916
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Surplus on the Provision of Services	9,385	3,075	(1,462)	10,998

Note (i): Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

Other Operating Expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and Investment Income and Expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and Non-Specific Grant Income and Expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions of for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or where conditions attached to the grant were satisfied in the year.

Note (ii): Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

For Services – this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

For **Financing and Investment Income and Expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Note (iii): Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

This includes changes relating to the Taxation and Non-Specific Grant Income and Expenditure line in the Comprehensive Income and Expenditure Account. This includes the difference between what is chargeable under statutory regulations for Council Tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

Entries included in this column of the above note also identify the impact of internal recharges which are recognised in the year-end position, in accordance with relevant guidance, but do not form part of the outturn position which is presented to management during the year and at the year-end.

Segmental Income

Fees, charges and other service income is analysed by segment as follows:

	2023/24	2022/23
	£000	£000
Growth and Infrastructure	(264)	(405)
Communities, Environment, Leisure and Planning	(5,407)	(5,265)
Resources and Customer Services	(442)	(246)
Financing and Investment Income	(2,251)	(2,360)
Total Fees, charges and other service income	(8,364)	(8,276)

6. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

	2023/24 £000	2022/23 £000
<u>Expenditure/Income</u>		
<u>Expenditure</u>		
Employee Benefits Expenses	15,412	17,136
Other Service Expenses	34,174	38,600
Depreciation, Revaluation, Amortisation and Impairment	3,213	3,622
Interest Payments	683	1,102
Precepts and Levies	4,450	3,781
Gain on the Disposal of Assets	0	505
Total Expenditure	57,932	64,746
Fees, Charges and Other Service Income	(8,364)	(8,276)
Interest and Investment Income	(1,176)	(737)
Income from Council Tax and Non-Domestic Rates	(14,743)	(14,289)
Government Grants, Reimbursements and Other Contributions	(38,853)	(30,446)
Gain on the Disposal of Assets	(285)	0
Total Income	(63,421)	(53,748)
Surplus on Provision of Services	(5,489)	10,998

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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. 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.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from 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 yet to be applied for these purposes at the year-end.

Capital Grants Unapplied Account

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/ or the financial year in which this can take place.

2023/24	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation of non-current assets	1,677	0	0	(1,677)
Deficit arising from revaluation and impairment of Property, Plant and Equipment	2,821	0	0	(2,821)
Movements in the market value of Investment Properties	(52)	0	0	52
Amortisation of intangible assets	17	0	0	(17)
Capital grants and contributions that have been applied to capital financing	(9,185)	0	0	9,185
Revenue expenditure funded from capital under statute	1,795	0	0	(1,795)
Disposals	283	0	0	(283)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(384)	0	0	384
Capital expenditure charged against General Fund Balance	(637)	0	0	637
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(282)	282	0	0
Use of Capital Receipts Reserve to finance new Capital expenditure	0	(282)	0	282
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(1,638)	0	1,638	0
Capital Grants Unapplied applied to Financing of Capital Expenditure	0	0	(724)	724
Capital Grants Due to Be Repaid	0	0	0	0

2023/24	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Pooled Investments Fund Adjustment Account:				
Movement in the fair value of Pooled Funds credited to the Comprehensive Income and Expenditure Statement	200	0	0	(200)
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in	(6)	0	0	6
Adjustments primarily involving the LGPS Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,577	0	0	(2,577)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,736)	0	0	2,736
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(772)	0	0	772
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	(21)	0	0	21
Total Adjustments	(6,343)	0	914	5,429

2022/23	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation of non-current assets	1,795	0	0	(1,795)
Deficit arising from revaluation and impairment of Property, Plant and Equipment	922	0	0	(922)
Movements in the market value of Investment Properties	1,492	0	0	(1,492)
Amortisation of intangible assets	18	0	0	(18)
Capital grants and contributions that have been applied to capital financing	(3,599)	0	0	3,599
Revenue expenditure funded from capital under statute	6,483	0	0	(6,483)
Disposals	290	0	0	(290)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(406)	0	0	406
Capital expenditure charged against General Fund Balance	(50)	0	0	50
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	(391)	391	0	0
Use of Capital Receipts Reserve to finance new Capital expenditure	0	(391)	00	391
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(754)	0	754	0
Capital Grants Unapplied applied to Financing of Capital Expenditure	0	0	(4,446)	4,446
Capital Grants Due to Be Repaid	1,734	0	(1,734)	0

2022/23	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Pooled Investments Fund Adjustment Account:				
Movement in the fair value of Pooled Funds credited to the Comprehensive Income and Expenditure Statement	616	0	0	(616)
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in	(8)	0	0	8
Adjustments primarily involving the LGPS Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	5,698	0	0	(5,698)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,624)	0	0	2,624
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(1,360)	0	0	1,360
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	(72)	0	0	72
Total Adjustments	9,784	0	(5,426)	(4,358)

8. TRANSFERS (TO)/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund Balance in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in 2023/24.

	Note	Balance at 1 April 2022	Movements in year		Balance at 31 March 2023	Movements in year		Balance at 31 March 2024
		£000	Receipts £000	Applied £000	£000	Receipts £000	Applied £000	£000
Travellers Sites	1	388	60	0	448	31	0	479
Maintenance -Station Road, Whittlesey	2	8	2	0	10	3	0	13
CCTV	3	31	10	0	41	10	0	51
Management of Change Reserve	4	495	0	(47)	448	0	(214)	234
Specific Grants Reserve	5	1,239	684	(456)	1,467	944	(648)	1,763
Local Government Resource Review	6	2,016	110	(1,075)	1,051	0	(251)	800
Capital Contribution Reserve	7	135	0	(4)	131	0	(15)	116
Port – Buoy Maintenance	8	147	8	(8)	147	0	(1)	146
Repairs & Maintenance Reserve	9	545	160	0	705	0	(46)	659
Wisbech High St HLF Reserve	10	52	24	(24)	52	0	(2)	50
Solid Wall Remediation	11	100	0	0	100	0	0	100
Street Lighting	12	47	19	0	66	19	0	85
Investment Strategy Reserve	13	1,340	0	0	1,340	0	0	1,340
Budget Equalisation Reserve	14	1,066	800	0	1,866	0	(212)	1,654
Planning Reserve	15	283	161	(118)	326	10	0	336
Election Reserve	16	60	135	0	195	0	(83)	112
Covid Outbreak Management Fund	17	443	0	(253)	190	0	(190)	0
Council Tax Hardship Fund	18	4	0	(4)	0	0	0	0
Pilots Development Training	19	24	1	(1)	24	0	(12)	12
Council Tax Energy Rebate	20	217	0	(214)	3	0	(3)	0
Cambridgeshire Horizons Reserve	21	3,699	0	(1,184)	2,515	0	(195)	2,320
Total		12,339	2,174	(3,388)	11,125	1,017	(1,872)	10,270

Notes

1. The Travellers Sites Reserve is used to fund future maintenance programmes.
2. The Station Road, Whittlesey Reserve was set up in 2004/05 to finance future maintenance costs in relation to the un-adopted estate road. Contributions are received annually from the Companies who have purchased the freehold of individual sites.
3. CCTV Reserve is to provide for future plant and equipment requirements.
4. The Management of Change Reserve was established for the effective management of any organisational changes required to meet the Council's future priorities.
5. Specific grants received in year but not spent. Balance available to fund specific spending commitments in future years.
6. The Local Government Resource Review Reserve was established to assist the Council in delivering the localisation of council tax support and business rates retention from 2013/14. Transfers to and from this reserve in 2022/23 reflect the impact of the significant grants received by the Council to fund the award of additional business rate relief awarded to businesses. The impact of awarding this relief is reflected in the Collection Fund. The transfer from this reserve in 2023/24 has been used to mitigate the impact of recognising the Council's share of the Collection Fund deficit in the General Fund, together with variations to business rates S31 grant and levy due in the year.
7. The Capital Contributions Reserve was set-up to provide funding for future capital schemes.
8. The Port Buoy Maintenance Reserve was established to provide funding for future buoy maintenance to windfarms.
9. The Repairs and Maintenance Reserve was established in 2016/17 to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets.
10. The Wisbech High Street Heritage Lottery Fund Reserve was established in 2017/18 to facilitate work on grant-funded projects on buildings located in Wisbech High Street.
11. The Solid Wall Remediation Reserve has been established in 2018/19 to fund potential costs linked to solid wall installations in the District.
12. The Street Lighting Reserve has been established in 2018/9 to fund future repairs and maintenance relating to street lighting.
13. The Investment Strategy Reserve was established following a meeting of Cabinet held in January 2020. The purpose of the reserve is to enable the Council to take forward projects approved in accordance with the Council's Commercial and Investment Strategy.
14. The Budget Equalisation Reserve was established in January 2020. The purpose of the reserve is to hold surpluses achieved in previous financial years so that these are available to cover deficits returned in future years should the Council wish to do so.
15. The Planning Reserve was established in January 2020 using balances held previously in the Local Plan Reserve and the Neighbourhood Planning Reserve.

16. The Elections Reserve was established in 2020/21 to fund the cost of future District Council elections.
17. The Covid Outbreak Management Fund holds money received from government to support the council in controlling and managing covid outbreaks. The remaining balance was paid out over the course of the 2023/24 financial year.
18. The Council Tax Hardship Fund reserve holds money received from government to assist Council Taxpayers experiencing hardship linked to the Covid 19 pandemic. Most of the balance carried forward at 1 April 2021 was distributed by the Council during the 2021/22 financial year. There was a small balance at 1 April 2022 which was distributed in the 2022/23 financial year.
19. The Pilots Development Training reserve holds money to be utilised in future years to fund the training of maritime pilots to fulfil the authority's statutory functions.
20. The Council Tax Energy Rebate reserve was set up in the 2021/22 financial year. It contains funds received from government for the purpose of making payments, on a discretionary basis, to households impacted by the increase in energy prices in accordance with a policy introduced by central government in February 2022. The small balance at 31 March 2023 represents the underspend of the funding received and was repaid to the government in the 2023/24 financial year.
21. The Cambridgeshire Horizons reserve was set up in the 2021/22 after the Council received a distribution from Cambridgeshire Horizons Limited. In March 2023 the council repaid it's A14 contribution as a single lump sum and utilised £1.008m of this reserve to fund the contribution.

9. OTHER OPERATING EXPENDITURE

	2023/24 £000	2022/23 £000
Parish Council Precepts	1,589	1,486
Drainage Board Levies	1,726	1,708
Loss/(Gain) on the Disposal of Non-Current Assets	(284)	505
Total	3,031	3,699

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2023/24 £000	2022/23 £000
Surplus on Trading Accounts	(488)	1,224
Interest payable and similar charges	683	1,102
Interest on the net defined pension liability	340	1,301
Interest receivable and similar income	(1,176)	(737)
Income and expenditure in relation to investment properties and changes in their fair value	(142)	1,400
Total	(783)	4,290

11. TAXATION AND NON-SPECIFIC GRANT INCOME

	2023/24 £000	2022/23 £000
Council Tax income	(9,562)	(9,526)
Net share of business rate income	(4,431)	(4,356)
Non-ring-fenced Government grants	(4,478)	(4,137)
Capital grants and contributions	(8,642)	(887)
Total	(27,113)	(18,906)

12. MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the Council during the year. Full details can be found on the Council's website. Details of payments to individual members are published annually in a local newspaper and on the Council's website.

	2023/24	2022/23
	£000	£000
Allowances	426	347
Expenses	8	7
Total	434	354

13. EXTERNAL AUDIT COSTS

In 2023/24 Fenland District Council incurred the following fees relating to external audit and inspection:

	2023/24	2022/23
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor	168	58
Fees payable for the certification of grant claims and returns	37	15
Fees payable to the Cabinet Office in respect of services provided – National Fraud Initiative	0	3
Total Audit Costs	205	76

The final fees for external audit services and grant certification work undertaken in relation to the 2021/22 final year were agreed after the 2022/23 accounts had been published and the 2022/23 fees are at the time of writing not finalised. The amounts disclosed in the 2023/24 column above include additional fees of £30,158 in respect of external audit service relating to 2021/22 and an estimated reduction of £9,980 in respect of external services relating to the 2022/23 financial year.

The total amount disclosed in the 2023/24 column in respect of fees payable for the certification of grant claims includes additional fees of £6,000 and £8,000 respectively for 2021/22 and 2022/23 financial years. The 2022/23 estimate is based on the EY engagement letter.

14. PROPERTY, PLANT AND EQUIPMENT

Movements in 2023/24:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Asset Under Construction	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1 April 2023	46,001	19,596	2,304	1,389	3,471	72,761
Additions	6,400	577	4,071	71	17	11,136
Revaluation Surplus/(Deficit) recognised in the Revaluation Reserve	(3,230)	0	0	0	(2)	(3,232)
Revaluation Surplus/(Deficit) recognised in the Deficit on the Provision of Services	(2,335)	0	0	0	(5)	(2,340)
Transfers	2,330	0	(2,807)	0	0	(477)
Disposals	0	0	0	0	(308)	(308)
At 31 March 2024	49,166	20,173	3,568	1,460	3,173	77,540
Accumulated Depreciation and Impairment						
At 1 April 2023	(919)	(15,535)	0	0	(550)	(17,004)
Depreciation charge	(507)	(845)	0	0	0	(1,352)
Impairments	(318)	0	0	0	0	(318)
Depreciation charge to the Revaluation Reserve	0	0	0	0	0	0
Depreciation charge written out to the Revaluation Reserve	503	0	0	0	0	503
Depreciation charge written out in respect of Disposals	0	0	0	0	0	0
At 31 March 2024	(1,241)	(16,380)	0	0	(550)	(18,171)
Net Book Value						
At 31 March 2024	47,925	3,793	3,568	1,460	2,623	59,369
At 31 March 2023	45,082	4,061	2,304	1,389	2,921	55,757

Comparative Movements in 2022/23:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Asset Under Construction	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1 April 2022	40,289	18,866	1,444	1,389	3,790	65,778
Additions	1,055	730	916	0	0	2,701
Revaluation Surplus/(Deficit) recognised in the Revaluation Reserve	5,767	0	0	0	(29)	5,738
Revaluation Surplus/(Deficit) recognised in the Deficit on the Provision of Services	(316)	0	0	0	0	(316)
Transfers	(794)	0	0	0	0	(794)
Disposals	0	0	0	0	(290)	(290)
At 31 March 2023	46,001	19,596	2,360	1,389	3,471	72,817
Accumulated Depreciation and Impairment						
At 1 April 2022	(754)	(14,568)	0	0	0	(15,322)
Depreciation charge	(517)	(967)	0	0	0	(1,484)
Impairments	0	0	(56)	0	(550)	(606)
Depreciation charge to the Revaluation Reserve	0	0	0	0	0	0
Depreciation charge written out to the Revaluation Reserve	352	0	0	0	0	352
Depreciation charge written out in respect of Disposals	0	0	0	0	0	0
At 31 March 2023	(919)	(15,535)	(56)	0	(550)	(17,060)
Net Book Value						
At 31 March 2023	45,082	4,061	2,304	1,389	2,921	55,757
At 31 March 2022	39,535	4,298	1,444	1,389	3,790	50,456

Fair Value Hierarchy

All the Council's surplus assets and investment properties have been assessed as Level 2 on the fair value hierarchy for valuation purposes (see accounting policy note 1 viii for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Surplus Assets and Investment Properties

The fair value of surplus assets and investment properties have been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for surplus assets or investment properties.

Highest and Best Use

In ascertaining the fair value of the Council's surplus assets and investment properties the ultimate aim is to arrive at the notional 'Highest and Best use value' for the asset either as a stand-alone asset or in combination with other assets within the principal market whilst ensuring that any alternative use is physically, legally and financially possible.

This has been achieved, for these purposes, by comparing the 'current use' of the asset to the notional 'alternative use' based on potential redevelopment on a land value basis for the site(s).

Valuation Process for Investment Properties

The Council's investment properties have been valued as at 31 March 2024 by Wilks Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Management obtained a market review from Wilks Head & Eve in May 2024. This indicated that relevant market data indicated that the value of the Council's Investment Properties was unlikely to have increased by a material amount between 1 April 2023 on 31 March 2024. Management has reviewed in detail the valuations provided in respect of the investment properties recognised in the Council's Balance Sheet and made an appropriate allowance to reflect anticipated changes in the value of each asset. The increases applied range from 0% to 15%.

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings – Up to 57 years
- Vehicles, Plant, Furniture & Equipment – 5 - 20 years
- Infrastructure – Up to 40 years

Capital Commitments

At 31 March 2024 the Council had contractual capital commitments of £3.203m (31 March 2023 £6.716m).

Revaluations

A full re-valuation of all assets valued at current value or fair value was undertaken as at 31 March 2024. All assets required to be valued at current value are re-valued at least every 5 years. The Council also instructs its valuers to undertake an annual valuation, as at 1st April each year of all assets considered to be materially significant in the context of the Council's overall property portfolio. This includes all assets valued on the basis of fair value in accordance with IFRS13.

All valuations were carried out externally by Wilks Head & Eve in accordance with the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuations is set out in the accounting policies, note 1 of the financial statements.

Additionally, the Council instructs its valuers annually to undertake a market review of all land and property assets, to ensure that the carrying value of those assets is not materially different from their fair value at the end of the reporting period.

The following table analyses the Council's Property, Plant and Equipment according to when it was last revalued. It includes those assets held at historical cost valuation in accordance with the requirements of the CIPFA Code of Accounting Practice. All other assets have been revalued in accordance with the process explained above.

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Infrastructure Assets £000	Total £000
Valued at historical cost	0	3,793	1,460	0	7,091	12,344
Valued at current/fair value as at:						
31 March 2024	47,925	0	0	2,623	0	50,548
Total	47,925	3,793	1,460	2,623	7,091	62,892

15. HIGHWAYS INFRASTRUCTURE

In accordance with the temporary relief offered by the update to the CIPFA Code on highway infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits means that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits means that gross costs and accumulated depreciation are not measured accurately and would not provide the basis for users of the financial statements to take economic or other decisions relating to the infrastructure assets.

	2023/24	2022/23
	£000	£000
Balance at start of the year	5,416	5,439
Transfers	477	0
Additions	1,523	289
Depreciation	(325)	(312)
Balance at end of the year	7,091	5,416

16. INVESTMENT PROPERTY

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2023/24	2022/23
	£000	£000
Rental income from investment property	(90)	(93)
Loss/(Gain) on revaluation of investment property	(52)	1,492
Net (Gain)/Loss	(142)	1,399

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or carry out repairs, maintenance or enhancement. The following table summarises the movement in the fair value of investment properties over the year:

	2023/24	2022/23
	£000	£000
Balance at start of year	5,960	6,658
Transfers from Property, Plant and Equipment	0	794
Additions	10	0
Impairment	(10)	0
Net gain/(loss) from fair value adjustments	52	(1,492)
Balance at end of the year	6,012	5,960

Fair Value Hierarchy

All the Council's investment properties have been assessed as Level 2 on the fair value hierarchy for valuation purposes (see accounting policy note 1 viii and note 14 to the core financial statements for an explanation of the fair value levels).

17. FINANCIAL INSTRUMENTS

Categories of financial instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Carrying amount	
	31 March 2024 £000	31 March 2023 £000
Financial liabilities (Measured at Amortised Cost)		
Long Term Liabilities	(7,800)	(7,800)
Short Term Borrowings	(36)	(35)
Creditors	(3,829)	(5,396)
	(11,665)	(13,231)
Financial Assets (Fair Value Through Profit & loss)		
Long Term Investments (Measured at Amortised Cost)	3,251	3,450
Debtors	6,811	8,429
Cash & Cash Equivalents	11,660	14,037
Investments	0	5,016
	21,722	30,932

Income, expense, gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Liabilities Amortised Cost	Financial Assets		Total 31 March 2024
	£000	Amortised Cost £000	Fair Value Through Profit & Loss £000	£000
Loss from change in fair value	0	0	200	200
Interest Income – soft loans	0	(12)	0	(12)
Interest and Investment Income	0	(1,034)	0	(1,034)
Distribution Income	0	0	(130)	(130)
Increase in allowance for expected credit losses	0	63	0	63
Interest payable and similar charges	498	0	0	498
Net Gain for year	498	(983)	70	(415)

	Financial Liabilities Amortised Cost	Financial Assets Amortised Cost	Fair Value Through Profit & Loss	Total 31 March 2023
	£000	£000	£000	£000
Loss from change in fair value	0	0	616	616
Interest Income – soft loans	0	(11)	0	(11)
Interest and Investment Income	0	(597)	0	(597)
Distribution Income	0	0	(129)	(129)
Increase in allowance for expected credit losses	0	291	0	291
Interest payable and similar charges	498	0	0	498
Net loss for year	498	(317)	487	668

Realised and unrealised gains and losses, interest and other items of income and expense are accounted for in the financial year to which they relate and are shown at actual value paid or received.

The increase in the allowance for expected credit losses reflects the additional amount required in the year which is chargeable to the Comprehensive Income and Expenditure Statement.

18. FAIR VALUE OF ASSETS AND LIABILITIES

Units held within pooled investment funds are measured at fair value in the balance sheet on a recurring basis with reference to unadjusted quoted prices in active markets for identical units.

For financial liabilities and financial assets (loans and receivables) which are carried in the Balance Sheet at amortised cost. Their Fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (level 2 on the fair value hierarchy, see accounting policy note 1 viii), using the following assumptions:

- 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 the fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- For loans from the Public Works Loan Board (PWLb), new borrowing rates have been applied from the PWLB to provide fair value disclosures at the balance sheet date. As an alternative, the Debt Management Office provides a fair value valuation under PWLB debt redemption procedures calculated without undertaking a repayment or transfer.
- For other market debt, PWLB (new certainty) prevailing market rates have been applied to provide the fair value disclosures at the balance sheet date.

As at 31 March 2024 the Council held £18.471m financial assets and £11.665m liabilities for which level 3 valuations will not apply. All the financial assets, excluding investments in pooled funds, are classed as loans and receivables and held within Notice Accounts.

The financial liabilities are held with PWLB and market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, for all long-term liabilities we have used a financial model valuation provided by Link Asset Services. This valuation applies the net present value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses new borrowing rates to discount the future cash flows. In accordance with advice received from Link Asset Services the fair value of all financial instruments classified as being short-term in the balance sheet has been assumed to be the same as the book value.

	Carrying Amount 31 March 2024	Fair Value 31 March 2024	Carrying Amount 31 March 2023	Fair Value 31 March 2023
	£000	£000	£000	£000
Financial liabilities				
Long Term Liabilities	(7,800)	(8,187)	(7,800)	(8,658)
Short Term Borrowing	(36)	(36)	(35)	(35)
Creditors	(3,829)	(3,829)	(5,396)	(5,396)
	<u>(11,665)</u>	<u>(12,052)</u>	<u>(13,231)</u>	<u>(14,089)</u>
Financial Assets				
Long Term Investment	3,251	3,251	3,450	3,450
Total Debtors	6,811	6,811	8,429	8,429
Cash & Cash Equivalents	11,660	11,660	14,037	14,037
Investments	0	0	5,016	5,016
	<u>21,722</u>	<u>21,722</u>	<u>30,932</u>	<u>30,932</u>
Total	10,057	9,670	17,701	16,843

The fair value of long-term liabilities are greater than the carrying amount due to the Council's portfolio of loans consisting of a number of fixed rate loans, where the interest payable is higher than the rates available for similar loans at the Balance Sheet date. The fair value of creditors is taken to be the invoiced amount.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. As a result of its PWLB commitments for fixed rate loans a comparison of the terms of these loans with the new borrowing rates available from the PWLB has been used to calculate the fair value. If a value is calculated on this basis, the carrying amount of £4.533m would be valued at £5.212m. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £0.947m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £5.480m.

This redemption charge is a supplementary measure of the fair value of the PWLB loans of £5.480m. It measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB

redemption interest rates. The difference between the carrying amount and the fair value, measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

19. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Council as a result of factors such as changes in interest rates movements.

How the Council Manages These Risks

The Council's overall risk management programme focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

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

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. In addition, the Investment strategy also limits maximum amounts and time limits to be deposited in respect of each financial institution. Additional selection criteria are also applied after this initial criteria is applied. Full details of the Investment Strategy can be found on the Council's website.

Deposits are not made with banks and financial institutions unless they meet the minimum criteria laid out within the creditworthiness service provided by Capita Asset Services (see Annual Investment Strategy). A maximum of £5m is allowed to be invested (£10m with the Council's approved bank) within any one approved institution for up to 5 years. Unlimited overnight investments levels are allowed with the Council's approved bank.

At 31 March 2024 there was a maximum of £5m with approved counterparties and a maximum of 2 times this limit may be invested in total with counterparties belonging to the same group.

In light of the above investment strategy, the Council considers that it has taken all reasonable steps to reduce to a minimum any exposure to credit risks in relation to investments at 31 March 2024 and that any residual risk cannot be quantified.

The following table shows the original sums of investments at 31 March analysed by the nature of financial institution and remaining period to maturity.

31 March 2024	Maturity Bands			Total
	Less than 3 Months	3 Months to 6 Months	6 Months to 1 year	
	£000	£000	£000	
Banks	5,000	0	0	5,000
Building Societies	0	0	0	0
Local Authorities	6,000	0	0	6,000
	11,000	0	0	11,000

31 March 2023	Maturity Bands			Total
	Less than 3 Months	3 Months to 6 Months	6 Months to 1 year	
	£000	£000	£000	
Banks	4,100	5,000	0	9,100
Building Societies	7,000	0	0	7,000
Local Authorities	3,000	0	0	3,000
	14,100	5,000	0	19,100

In addition to the above, the Council has investments in financial assets held at fair value through profit and loss, as detailed at note 18, which do not have a defined maturity date.

The simplified approach is used to determine the provision for expected credit losses for trade debtors. A matrix is used to determine the appropriate level of provision. The likelihood of a debtor not fulfilling their obligations is assessed based on the Council's experience of securing payment in previous financial years for debt where the credit period had been exceeded adjusted to reflect the Council's understanding of how economic trends expected to prevail over the medium-term may impact on the prospect of the Council securing the payments due.

For financial assets not classified as a trade debtor, the provision for expected credit losses is based upon an assessment of the extent to which credit risk associated with individual assets has increased since initial recognition. The following factors are taken into account:

- the Council normally only allows counterparties credit of 14 days. If this period has been exceeded without contact from the counterparty this is likely to be indicative of an increase in the credit risk associated with the financial asset;
- the Council permits some customers to pay off their outstanding balance in instalments. If two or more instalments have been missed this is likely to be indicative of an increase in the credit risk associated with the financial asset; and
- the Council regularly reviews outstanding balances to determine if circumstances have arisen which make the debt eligible for write-off in accordance with the Council's policy on write-offs. Write-offs are approved promptly and arrangements are in place to ensure outstanding proposals for write-off are actioned prior to each Balance Sheet date.

The changes in the loss allowance during the year analysed according to the method using to calculate the expected credit loss is shown in the table below:

	12-Month Expected Credit Losses	Lifetime Expected Credit Losses – Not Credit Impaired	Lifetime Expected Credit Losses – Simplified Approach	Total
	£000	£000	£000	£000
Opening Balance at 1 April 2023	897	200	228	1,325
New Financial Assets Originated or Purchased	0	0	0	0
Amounts Written Off	0	0	(14)	(14)
Changes in Model/ Risk Parameters	0	0	122	122
As at 31 March 2024	897	200	336	1,433

	12-Month Expected Credit Losses	Lifetime Expected Credit Losses – Not Credit Impaired	Lifetime Expected Credit Losses – Simplified Approach	Total
	£000	£000	£000	£000
Opening Balance at 1 April 2022	616	200	187	1,003
New Financial Assets Originated or Purchased	281	0	0	281
Amounts Written Off	0	0	(23)	(23)
Changes in Model/ Risk Parameters	0	0	64	64
As at 31 March 2023	897	200	228	1,325

The Council has the following exposure to credit risk:

Basis for Calculation of Expected Credit Loss	Gross Carrying Amount 31 March 2024 £000	Gross Carrying Amount 31 March 2023 £000
12-Month Expected Credit Losses	4,583	5,456
Lifetime Expected Credit Losses – Not Credit Impaired	200	200
Lifetime Expected Credit Losses – Simplified Approach	2,028	2,773

Liquidity Risk

As the Council has ready access to borrowings from the PWLB, it does not face any significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council recognises that if it were to sell the units it holds in property funds typically there would be a delay before the Council was able to receive the associated cash as it would usually be necessary to identify a purchaser on the secondary markets. This has not been assessed as a significant risk as the Council considers its investment in property funds to be a long-term investment and, as explained above, the Council has ready access to PWLB to fund its immediate liquidity needs.

All financial liabilities are due within one year, apart from long term borrowings. The maturity analysis of long-term borrowing is as follows:

	31 March 2024	31 March 2023
	£000	£000
Between 0 and 5 years	2,000	0
Between 5 and 10 years	2,500	4,500
Between 29 and 30 years	3,300	0
Between 30 and 35 years	0	3,300
Total	7,800	7,800

*All trade and other payables are due to be paid in less than one year.

Market Risk

The Council has placed funds in two pooled property funds. The valuation of each property fund is updated at least quarterly in accordance with independent professional valuations of the property assets held by each fund. The valuation of property depends on market conditions and consequently the value of the Council's holding is subject to increase or decrease. The value of the fund does not necessarily impact on the returns the Council receives as returns are based on rents collected by managers of the property fund. Those rents reflect lease agreements and the terms on which rent reviews and/or early termination of leases are available to tenants will vary according to the detail set out in each lease agreement. The fund manager has responsibility for balancing the level of risk to which its investors are exposed taking account of a range of considerations including the degree of exposure to different sectors of the property market, types of tenants and the length of unexpired leases.

The Council intends to retain its investment in pooled property funds over the long-term. This reduces the risk that the Council might receive a smaller amount than it originally invested when the units held are sold as the Council has sufficient flexibility to determine when to exit the market based on forecast market conditions and advice from its external treasury advisors.

The Council is exposed to minimal risk in respect of adverse interest rate movements in its investments. This is because fixed rate investments are of less than one year in duration and the changes to fair value will be minimal. The Council does, however, utilise "call accounts" for short term deposits and the interest rate on these accounts move in line with the bank base rate. In general terms, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

The Council's treasury management officers play a pro-active role in assessing interest rate exposure that feeds into the Council's annual budget setting process and which is used to revise budget projections as necessary during the financial year. The assessment procedures indicate that if interest rates were one percentage point higher, with all other variables held constant, the effect in 2023/24 would have been interest foregone of £49,000 (£63,000 in 2022/23).

The impact of a one percentage point fall in interest rates would be the reverse of the net effect identified in the table above. The Code of Practice on Local Authority Accounting 2022/23 suggests a sensitivity analysis of one percentage point.

20. SHORT TERM DEBTORS

	31 March 2024 £000	31 March 2023 £000
Central Government bodies	841	793
Trade Receivables	2,359	2,972
Other	3,281	5,736
Total	6,481	9,501

Each line item is presented net of a provision for expected credit losses. Details of the Council's approach to determining the level of provision required is explained in note 19 to the financial statements.

21. SHORT TERM CREDITORS

	31 March 2024 £000	31 March 2023 £000
Central Government bodies	3,206	5,226
Trade	2,632	1,706
Other entities and individuals	2,829	4,262
Total	8,667	11,194

The Council has received a number of developer's contributions that have yet to be recognised as income as they have conditions attached to them that require the monies to be returned to the giver if not used as prescribed. This liability is included within the 'Other Entities and Individuals' category in the table above at a value of £1,042,630 (2022/23 £1,926,747).

22. RECEIPTS IN ADVANCE

	31 March 2024 £000	31 March 2023 £000
Central Government Bodies	0	823
Council Tax receipts in advance	230	263
Business Rates receipts in advance	537	431
Trade	97	42
Garden Waste receipts in advance	888	770
Other	0	0
Total	1,752	2,329

23. PROVISIONS

	31 March 2024 £000	31 March 2023 £000
Balance at 1 April	1,916	2,292
Additional Provision	0	62
Utilised in Year	(996)	(438)
Balance at 31 March	920	1,916

Included within Provisions are amounts set aside to meet potential future liabilities for Business Rates Appeals and amounts set aside in respect of exit packages associated with decisions taken by the Council prior to 31 March 2024.

24. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and notes 7 and 8 of the financial statements.

25. UNUSABLE RESERVES

	31 March 2024 £000	31 March 2023 £000
Capital Adjustment Account	37,630	32,891
Revaluation Reserve	23,246	26,640
Financial Instruments Adjustment Account	(255)	(261)
Pensions Reserve LGPS	1,448	(8,265)
Collection Fund Adjustment Account	1,861	1,089
Pooled Funds Adjustment Account	(750)	(550)
Accumulated Absences Account	(338)	(359)
Total	62,842	51,185

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 of the financial statements provide details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2023/24 £000	2022/23 £000
Balance at 1 April	32,891	33,716
Charges for depreciation of non-current assets	(1,677)	(1,796)
(Deficit)/Surplus arising from revaluation and impairment of Property, Plant and Equipment	(3,000)	(872)
Amortisation of intangible assets	(17)	(18)
Revenue expenditure funded from capital under statute	(1,795)	(6,483)
Adjusting amounts written out of the Revaluation Reserve	995	959
Use of the Capital Receipts Reserve to finance new capital expenditure	282	390
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	8,461	3,599
Application of grants to capital financing from the Capital Grants Unapplied Account	724	4,446
Transfer from Revaluation Reserve in respect of Non-Current assets transfers and assets sold or scrapped	(307)	(14)
Statutory provision for the financing of capital investment charged against the General Fund Balance	383	406
Capital expenditure charged against the General Fund Balance	637	50
Movements in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement	52	(1,492)
Balance at 31 March	37,630	32,891

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2023/24 £000	2022/23 £000
Balance at 1 April	26,640	21,834
Upward revaluation of assets	2,787	6,712
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(5,575)	(671)
Surplus on revaluation of non-current assets not posted to the Surplus on the Provision of Services	(2,788)	6,040
Difference between fair value depreciation and historical cost depreciation	(342)	(165)
Accumulated gains on assets transferred, sold or scrapped	(264)	(276)
Revaluation Reserve written off on transfer to Investment	0	(754)
Amount written off to the Capital Adjustment Account	(606)	(1,235)
Balance at 31 March	23,246	26,640

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2023/24 £000	2022/23 £000
Balance at 1 April	(261)	(270)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	6	9
Balance at 31 March	(255)	(261)

Pension Reserve – Local Government Pension Scheme

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require a benefit earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2023/24 £000	2022/23 £000
Balance at 1 April	(8,265)	(47,813)
Re-measurements of the net defined benefit liability	9,554	42,622
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,577)	(5,698)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,736	2,624
Balance at 31 March	1,448	(8,265)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2023/24 £000	2022/23 £000
Balance at 1 April	1,089	(271)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	772	1,360
Balance at 31 March	1,861	1,089

Pooled Fund Adjustment Account

In accordance with accounting standards, movements in the fair value of the Council's interest in pooled investment funds are required to be recognised in the Council's Comprehensive Income and Expenditure Account. However, statutory requirements mean that any increase or decrease in the fair value cannot be recognised as part of the General Fund balance. Consequently, the Pooled Fund Adjustment Account balance reflects the difference between the cost to the Council of acquiring its interest in pooled investment funds and their fair value as reflected in the Council's Balance Sheet.

	2023/24 £000	2022/23 £000
Balance at 1 April	(550)	65
Increases/(decreases) in fair value recognised in the Comprehensive Income and Expenditure reversed to the Pooled Fund Adjustment Account in accordance with statutory requirements	(200)	(615)
Balance at 31 March	(750)	(550)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2023/24 £000	£000	2022/23 £000	£000
Balance at 1 April	(359)		(430)	
Settlement or cancellation of accrual made at the end of the preceding year	359		430	
Amounts accrued at the end of the current year	(338)		(359)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(338)			(359)
Balance at 31 March		(338)		(359)

26. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

- a) Adjust net deficit on the provision of services for non-cash movements.

	2023/24 £000	2022/23 £000
Depreciation	1,677	1,796
Impairment & downward/upward revaluations	2,679	871
Amortisation	17	18
Increase/(decrease) in impairment for bad debts (operational debtors)	0	897
Increase/(decrease) in Creditors	(5,567)	(5,386)
(Increase)/decrease in Debtors	520	313
Decrease/(Increase) in inventories	(2)	16
Movement in pension liability	(159)	4,052
Contribution to/(from) provisions	(997)	375
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	307	14
Movement in fair value of investment properties	(52)	1,492
Other non-cash transactions	2	(747)
	(1,575)	3,709

- b) Adjust for items included in the net deficit on the provision of services that are investing and financing activities.

	2023/24 £000	2022/23 £000
Capital grants credited to the deficit on the provisions of services	(3,990)	(4,130)
Proceeds from the sale of property, plant and equipment and repayment of loans	(308)	(390)
	(4,245)	(4,520)

- c) Interest received and interest paid included in cash flow from operating activities

	2023/24 £000	2022/23 £000
Interest received	1,067	676
Interest paid	(483)	(1,103)
	584	(427)

27. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2023/24 £000	2022/23 £000
Purchase of property, plant and equipment, investment property and intangible assets	(11,910)	(4,529)
Purchase of short-term investments	0	0
Purchase of long-term investments	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets and repayment of grants and loans	255	376
Proceeds from short-term investments	0	5,000
Other payments for investing activities	0	0
Other receipts from investing activities	10,303	3,746
Net cash (outflow)/inflows from investing activities	(1,352)	4,593

28. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2023/24 £000	2022/23 £000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(23)	(83)
Other (payments)/receipts for financing activities	(670)	401
Net cash (outflow)/inflows from investing activities	(693)	318

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 April 2023 £000	Financing Cash Flows £000	31 March 2024 £000
Long Term Borrowing	7,800	0	7,800
Lease Liabilities	23	0	0
Total Liabilities from financing activities	7,823	0	7,800

29. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2024 £000	31 March 2023 £000
Cash held by the Council	11,119	14,180
Bank Current Accounts	541	(143)
Total Cash and Cash Equivalents	11,660	14,037

30. EMPLOYEES' REMUNERATION

The following table sets out the remuneration disclosures for senior officers who received more than £50,000 per year.

Senior Officers Remuneration

Name/Officer	Year	Gross Salary	Benefits in Kind (e.g. car allowance)	Total Remuneration (excl. Pension contributions)	Employer's Pension Contributions	Total Remuneration (incl. pension contributions)
		£	£	£	£	£
Chief Executive	2023/24	160,213	2,000	162,213	28,197	190,410
	2022/23	154,594	2,000	156,594	26,836	183,430
Corporate Director and Chief Finance Officer	2023/24	96,704	9,450	106,154	15,575	121,729
	2022/23	93,433	9,450	102,883	14,811	117,694
Corporate Director and Monitoring Officer	2023/24	96,704	9,450	106,154	17,020	123,174
	2022/23	*55,768	9,450	65,218	16,275	81,493
Assistant Director (Communities)	2023/24	75,493	6,729	82,222	13,287	95,509
	2022/23	71,463	6,478	77,941	12,435	90,376
Assistant Director (Transformation)	2023/24	75,493	6,729	82,222	13,287	95,509
	2022/23	71,463	6,478	77,941	12,435	90,376
Assistant Director (Statutory)	2023/24	75,493	6,729	82,222	13,287	95,509
	2022/23	71,463	6,478	77,941	12,435	90,376

*The Corporate Director and Monitoring Officer returned from maternity leave on 5th September 2022. Their annualised salary was £93,433.

The numbers of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 are shown in the table below.

Remuneration Band	2023/24 Total	2022/23 Total
£50,000 - £54,999	5	4
£55,000 - £59,999	5	9
£60,000 - £64,999	9	6
£65,000 - £69,999	5	3
£70,000 - £74,999	5	3
£75,000 - £79,999	0	4
£80,000 - £84,999	3	0

£100,000 - £104,999	0	1
£105,000 - £109,999	2	0
£155,000 - £159,999	0	1
£160,000 - £164,999	1	0

The band changes from 2022/23 to 2023/24 are due to pay progression within individual's terms and conditions, and the nationally agreed cost of living increases.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The exit packages arose from a programme of service staffing reviews.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
							£000	£000
£0 - £20,000	0	2	0	0	0	2	0	19
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
Total	0	2	0	0	0	2	0	19
Total cost included in Comprehensive Income and Expenditure							0	19

31. GRANT INCOME

The Council credited the following significant grants and contributions to the Comprehensive Income and Expenditure Statement in 2023/24:

	2023/24 £000	2022/23 £000
Credited to Taxation and Non-Specific Grant Income		
Net Share of Business Rate Income	4,431	4,356
New Homes Bonus Grant	369	824
Capital Grants and Contributions	8,642	887
Business Rate Reliefs Funded by Government	3,184	2,888
Service Grant	324	256
Lower Tier Services Grant	0	169
Service & Funding Guarantee	601	0
Total	17,551	9,380
Credited to Services		
Housing Benefit Subsidy	19,914	19,606
Capital Grants and Contributions	1,448	1,751
Housing Benefits/Local Council Tax Support Admin	248	381
NNDR Cost of Collection	156	116
Homelessness Prevention	915	822
New Burdens Grant	224	365
Other	1,594	1,147
Total	24,497	24,189

32. RELATED PARTIES

The Council is required to disclose material transactions with related parties – 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 or might have secured the ability to limit another party's ability to bargain freely with the Council. No material related party transaction balances remain outstanding at year end.

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing

benefits). Grants received from Government departments are set out in note 6 Expenditure and Income Analysed by Nature, to the core financial statements.

Members

A number of elected members are also members of Cambridgeshire County Council, Town and Parish Councils and have an interest in voluntary organisations that are grant aided by the Council.

Entities Controlled or Significantly Influenced by the Council

The Anglia Revenue Partnership (ARP) Joint Committee was set up to deliver the Housing Benefit, Council Tax and Business Rates service for Breckland Council and Forest Heath District Council. East Cambridgeshire District Council joined the partnership on 1 April 2007 and formally joined the Joint Committee in October 2010. St Edmundsbury Council joined the new Joint Committee on 1 April 2011. Waveney District Council, Fenland District Council and Suffolk Coastal joined the partnership on 1 April 2014. With effect from 1st April 2019, following the mergers of Forest Heath and St Edmundsbury Councils (to form West Suffolk) and Waveney and Suffolk Coastal Councils (East Suffolk), ARP now consists of 5 partner authorities. The five authorities hold equal voting rights but shares in costs and surpluses arising from the arrangement are based on an agreed share which is reviewed annually.

This Council's share for 2023/24 was 13.46%. This Council's share of partnership transactions and balances are included within the relevant lines within the accounts.

The Council established a wholly owned subsidiary, trading as Fenland Future Limited, in June 2020. Arrangements exist whereby the Council provides services to Fenland Future Limited which enable Fenland Future Limited to undertake activities connected to its business plan and the Council's Commercial and Investment Strategy.

The Council did not owe any monies to Fenland Future Limited as at 31 March 2024. There is no expenditure recognised in the Council's accounts in respect of amounts paid to Fenland Future Limited.

33. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure 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 it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2023/24 £000	2022/23 £000
Opening Capital Financing Requirement	8,052	7,456
<i>Capital investment (as reported in notes 14-16)</i>		
Property, Plant and Equipment and Intangibles	11,213	2,688
Infrastructure	1,523	289
<i>Capital expenditure charged to Comprehensive Income and Expenditure Statement</i>		
Revenue Expenditure Funded from Capital under Statute	1,795	6,483
Loans to Fenland Future Ltd	1,300	0
Other Loans	16	0
Sources of finance		
Capital receipts	(282)	(390)
Government grants and other contributions	(9,125)	(8,045)
Sums set aside from revenue:		
Direct revenue contributions	(637)	(50)
Minimum Revenue Provision (MRP)	(384)	(406)
Closing Capital Financing Requirement	13,471	8,052
Explanation of movements in year		
Capital Expenditure Funded from Internal Borrowing	5,803	1,002
MRP charge to Revenue	(384)	(406)
Increase/(decrease) in Capital Financing Requirement	5,419	596

34. LEASES

Council as Lessee

Finance Leases

The Council did have a number of vehicles under finance leases, but these have now finished.

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the assets acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding.

The minimum lease payments are made up of the following amounts:

	2023/24 £000	2022/23 £000
Finance lease liabilities (net present value of minimum lease payments):		
• current	0	23
• non-current	0	0
Finance costs payable in future years	0	1
Minimum lease payments	0	24

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2024 £000	31 March 2023 £000	31 March 2024 £000	31 March 2023 £000
Not later than one year	0	23	0	23
Later than one year and not later than five years	0	0	0	0
Later Than 5 Years	0	0	0	0
	0	23	0	23

Operating Leases - Land and Buildings

The Council leases fifteen properties for homeless families.

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

	31 March 2024 £000	31 March 2023 £000
Not later than one year	110	61
Later than one year and not later than five years	415	328
	525	389

Lease payments for 2023/24 amounted to £77,499 (2022/23: £55,654).

Council as Lessor

Operating Leases

The Council leases out land and property under operating leases for the purposes of provision of community (sports facilities) and economic development services.

Additionally, the Council entered into a long-term lease with a commercial tenant during the 2020/21 financial year.

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

	31 March 2024 £000	31 March 2023 £000
Not later than one year	363	332
Later than one year and not later than five years	1,267	1,199
Later than five years	4,827	4,543
	6,457	6,074

35. DEFINED BENEFIT PENSION SCHEMES

(i) The Local Government Pension Scheme

Participation in pension scheme

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the following pension scheme:

- The Local Government Pension Scheme for civilian employees, administered by Cambridgeshire County Council – this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

	Local Government Pension Scheme	
Comprehensive Income and Expenditure Statement	2023/24	2022/23
	£000	£000
<i>Cost of Services:</i>		
• Current service cost	2,237	4,397
• Past Service Cost (including curtailments)	0	0
<i>Financing and Investment Income and Expenditure</i>		
• Interest income on scheme assets	(4,662)	(2,717)
• Interest cost on defined benefit obligation	5,002	4,018
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	2,577	5,698
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding the amount included in the net interest expense)	(6,293)	5,204
• Actuarial gains and losses arising on changes in demographic assumptions	(570)	(842)
• Actuarial gains and losses arising on changes in financial assumptions	(6,169)	(55,486)
• Other	3,478	8,502
<i>Total Remeasurement (Gains)/Losses</i>	(9,554)	(42,622)
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	(6,977)	(36,924)
<i>Movement in Reserves Statement:</i>		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	159	(3,074)
<i>Actual amount charged against General Fund Balance for pensions in the year:</i>		
• Employers' contributions payable to scheme	4,465	1,646

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions are charged across all service headings in the Net Cost of Services in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme	
	2023/24	2022/23
	£000	£000
Opening fair value of scheme assets	97,774	101,157
Effect of Settlements	0	0
Interest income	4,662	2,717
Remeasurement gain/(loss):		
• The return on plan assets, excluding the amount included in the net interest expense	6,293	(5,204)
• Other experience		
Contributions from employer	4,465	1,646
Contributions from employees into the scheme	664	624
Benefits paid	(4,367)	(3,166)
Closing fair value of scheme assets	109,491	97,774

Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2023/234	2022/23
	£000	£000
Opening balance at 1 April	(106,039)	(147,992)
Current service cost	(2,237)	(4,397)
Past service cost (including curtailments)	0	0
Interest cost	(5,002)	(4,018)
Contributions from scheme participants	(664)	(624)
Re-measurement gains and (losses):		
• Actuarial gains/losses arising from changes In demographic assumptions	570	842
• Actuarial gains/losses arising from changes in financial assumptions	6,169	55,486
• Other experience	(3,478)	(8,502)
Benefits paid	4,367	3,166
Closing balance at 31 March	(106,314)	(106,039)

Local Government Pension Scheme assets comprised:

Asset Category	Fair Value of Scheme Assets							
	2023/24				2022/23			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets
Equity Securities:								
Consumer Manufacturing	1,248	0	1,248	1%	0	0	0	0%
Energy/Utilities	1,278	0	1,278	1%	0	0	0	0%
Financial Instit.	132	0	132	0%	0	0	0	0%
Health & Care	1,218	0	1,218	1%	0	0	0	0%
ICT	1,026	0	1,026	1%	0	0	0	0%
Other	2,404	0	2,404	2%	0	0	0	0%
Debt Securities:								
UK Gov't	0	9,309	9,309	9%	0	3,309	3,309	3%
Private Equity:								
All	0	13,344	13,344	12%	0	12,133	12,133	12%
Real Estate:								
UK Property	0	8,845	8,845	8%	0	6,387	6,387	7%
Investment Funds and Unit Trusts:								
Equities	0	44,632	44,632	41%	0	54,021	54,021	55%
Bonds	0	15,714	15,714	14%	0	10,556	10,556	11%
Infrastructure	0	7,850	7,850	7%	0	8,596	8,596	9%
Derivatives:								
Foreign Exch.	0	1	1	0%	0	0	0	0%
Other	0	0	0	0%	0	410	410	0%
Cash and Cash Equivalents:								
All	2,377	0	2,377	2%	2,362	0	2,362	1%
TOTALS	9,797	99,694	109,491	100%	2,362	95,412	97,774	100%

Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme	
	2023/24	2022/23
	£000	£000
Present value of funded liabilities	(105,496)	(105,203)
Present value of unfunded liabilities	(818)	(836)
Fair value of plan assets	109,491	97,774
Net asset/(liability) arising from defined benefit obligation	3,177	(8,265)

Basis for Estimating Assets and Liabilities

Liabilities 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, etc. The County Council Fund's liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2023/24	2022/23
<i>Longevity at 65 for current pensioners</i>		
Men	21.4 years	21.5 years
Women	24.2 years	24.4 years
<i>Longevity at 65 for future pensioners</i>		
Men	22.4 years	22.6 years
Women	25.6 years	25.8 years
Rate of increase in pensions	2.75%	2.95%
Rate of increase in salaries	3.25%	3.45%
Rate for discounting scheme liabilities	4.85%	4.75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2022/23.

Change in assumptions at 31 March 2024	Approximate % increase to Employer Liability	Approximate Monetary Amount £000
0.1% decrease in real discount rate	2%	1,981
1 year increase in member life expectancy	4%	4,253
0.1% increase in the salary increase rate	0%	75
0.1% increase in the pension increase rate	2%	1,943

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has arranged a strategy with the scheme's actuary to achieve an appropriate funding level over the period until 31 March 2026.

The latest triennial valuation has been completed as at 31 March 2022.

The scheme has taken into account the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

Allowances for full Guaranteed Minimum Pensions (GMP) indexation and for the potential impact of the McCloud judgement were included by the actuary in the closing balance sheet position as at 31 March 2020 and these have been rolled forward and included in the liabilities as at 31 March 2023 and 31 March 2024.

As at 31 March 2024, the value of the scheme assets exceeded the liabilities by £3.177m compared with a net liability of £8.265m at 31 March 2023. The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The net asset/liability has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the scheme mean that the financial position of the Council remains healthy. The surplus/deficit on the local government scheme will determine the value of the Council's future contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The Council anticipates paying £2.144m contributions to the scheme in 2024/25. In addition, an up-front payment of £2.651m was paid in April 2023 in respect of lump sums due for the 3-year period 2023/24 - 2025/26. This will be reflected in the pension liability in the Balance Sheet in those years to take account of the up-front payment. The weighted average duration of the defined benefit obligation for scheme members is 18 years.

Further information relating to the Cambridgeshire County Council Pension Fund can be found in Cambridgeshire County Council's Pensions Fund Annual Report, which is available from the Chief Finance Officer, Local Government Shared Services, 1 Angel Square, Angel Street, Northampton, NN1 1ED.

36. CONTINGENT LIABILITIES

Material contingent liabilities are not recognised within the accounts as an item of expenditure or income but are required to be disclosed in a note to the financial statements.

Stock Transfer

As part of the stock transfer agreement completed on 5 November 2007, the Council gave Roddons HA (now Clarion) certain warranties in relation to transferring staff, property and environmental pollution. This is to ensure that there are no matters in connection with the land or property transferring that could cause the housing association financial or other loss. The Council has given warranties both to the association and separately to the association's funders. This is standard practice for all stock transfers. The duration of the various warranties in the contract are up to 30 years from completion.

The potential amounts the Council could be liable for under these warranties are unquantifiable. However, the risks associated with the warranties are considered low and therefore are not expected to have a material impact on the Council's accounts.

Pilots' National Pension Fund (PNPF)

In February 2018, the Council paid to the PNPF the amount due as a result of the Council triggering a Section 75 (of the Pensions Act 1995) debt whereby the Council ceased to employ any active members of the PNPF. Provision for this payment was made in the 2016/17 accounts. Following payment of this liability, the Council is not required to make any further annual deficit payments to the PNPF and the Council no longer needs to recognise any liability to the PNPF in its Balance Sheet (the deficit was written out of the balance sheet in the 2016/17 accounts).

Although the Council has repaid its S75 debt liability, it will not be released as a Participating Body under PNPF rules. The PNPF has confirmed, however, that they have no present intention of making any additional contribution demands on the Council under PNPF rules.

The potential amounts the Council could be liable for in the future are unquantifiable and the risks associated with this obligation are considered low and therefore are not expected to have a material impact on the Council's accounts.

Pension Contingent Liabilities

Leisure Centres Management Contract

The Council has entered into a 15-year management contract for its leisure centres with Freedom Leisure Ltd. The contract began on 4 December 2018 and all staff involved in the operation of the centres have been TUPE transferred to Freedom Leisure. The Council has given certain guarantees in relation to the pension rights of the transferred staff for the duration of the contract.

The potential amounts the Council could be liable for under these guarantees are unquantifiable. However, the risks associated with the guarantees are considered low and therefore are not expected to have a material impact on the Council's accounts.

37. GOING CONCERN

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate for the going concern period to 31 October 2025, management of the Council has undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting. Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31 March 2024	£2.000m	£10.270m

The 2023/24 Statements reported that the General Fund and Earmarked Reserve position has a balance of £2.000 million and £10.270 million respectively as at 31 March 2024. Our expected General Fund and Earmarked Reserve position as at 31st March 2025, are a predicted balance of £2.000 million in the General Fund and £11.731 million in other Earmarked Reserves. [Figures from the 2024/25 budget approved by Full Council on the 26 February 2024.] The General Fund balance is forecast to remain at our target balance of £2 million. In addition, the Council has significant earmarked reserves as set out above. These reserves could be utilised if there was a short-term deterioration in the Council's financial health. Reserve balances are subject to regular review and where no longer required for their original purpose Cabinet can re-designate reserves as necessary. If the General Fund balance did fall below the minimum level set, that balance would be directly increased from Earmarked Reserves from the 1 April 2025.

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of external borrowing other than to support the capital programme which is consistent with our plans and normal practice.

The key assumptions within this forecast include ongoing savings as part of the corporate-wide transformation programme, a full years' worth of Management Fee being received from the Leisure Management contractor in 2024/25 following two years of pandemic related support from the Council and additional provision to recognise the continuing high demand for the homelessness and rough sleeper's service. The Council also provided support for the Leisure Management contractor to mitigate the impact of significant energy cost increases during 2022/23 and 2023/24. The transformation work programme is ongoing and expanding to cover all services provided by the Council. It is Management's judgment that significant additional savings can be realised before the end of March 2025. We have, however, developed an alternative scenario whereby the savings are not achieved and/or additional costs relating to Leisure and homelessness are incurred. If these scenarios were to transpire, management's view is that the above projections would not be materially affected although some re-designation of uncommitted earmarked reserves might be required. Detailed cash-flow forecasting indicates that liquidity would be maintained in all conceivable scenarios.

The Council has in previous years underspent its budget at year-end but the Council's provisional General Fund position is a net deficit of £212,425 for the financial year 2023/24. This is however, an improvement of £335,927 compared to the projected deficit of £548,352 as reported to Council in February 2024.

The deficit of £212,425 will be funded from the Budget Equalisation Reserve in accordance with the decision made by Council at their meeting on 9th January 2020

which established this reserve and approved that any underspend/deficit at financial year-end be transferred to this reserve. As at 31 March 2024, this reserve has a balance of £1,654,142.

In addition, the Council at its' meeting on 17 July 2023 agreed to re-position the MTFS by keeping the amount of Council Tax raised at the 2023/24 level rather than the previously adopted 0% increase, while recognising that the Council continues to face significant financial challenges and uncertainties that may not allow this ambition to be met.

On this basis, the Council has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period up to 25 February 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.

38. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 26 February 2025. This is the date up to which events after the balance sheet have been considered. Management has assessed whether any events have occurred after the Balance Sheet date which might need to be disclosed as non-adjusting events within the notes to the financial statements. No such events have been identified.

THE COLLECTION FUND

Total 2022/23 £000		Note	Council Tax 2023/24 £000	NNDR 2023/24 £000	Total 2023/24 £000
INCOME					
65,727	Council Tax Receivable	2	70,098	0	70,098
0	S13A1C transfer from General Fund		0	0	0
24,590	Business Rates Receivable	3	0	29,947	29,947
90,317	Total Income		70,098	29,947	100,045
EXPENDITURE					
Precepts, Demands and Shares:					
11,650	Central Government		0	13,197	13,197
18,793	Fenland District Council		9,517	10,558	20,075
47,161	Cambridgeshire County Council		47,920	2,376	50,296
7,899	Cambs. Police & Crime Commissioner		8,464	0	8,464
2,532	Cambridgeshire Fire Authority		2,482	264	2,746
0	Cambs & P'boro Combined Authority		373	0	373
88,035			68,756	26,395	95,151
Distribution of Previous Year Surplus /(Deficit):					
(2,294)	Central Government		0	(264)	(264)
(1,792)	Fenland District Council		87	(211)	(124)
(208)	Cambridgeshire County Council		431	(47)	384
37	Cambs. Police & Crime Commissioner		76	0	76
(35)	Cambridgeshire Fire Authority		22	(5)	17
(4,292)			616	(527)	89
Charges to Collection Fund:					
119	Cost of Collection Allowance		0	121	121
0	Interest Charges to the Collection Fund		0	19	19
136	Increase in Bad Debts Provision	4	1,009	436	1,445
156	Increase/(Reduction) in Provision for Appeals	5	0	(1,584)	(1,584)
1,440	Renewable Energy Retention		0	1,430	1,430
1,851			1,009	422	1,431
85,594	Total Expenditure		70,381	26,290	96,671
(4,723)	(Surplus)/Deficit for the Year		283	(3,657)	(3,374)
COLLECTION FUND BALANCE					
3,656	(Surplus)/Deficit b/fwd at 1 April		(695)	(372)	(1,067)
(4,723)	(Surplus)/Deficit for the year (as above)		283	(3,657)	(3,374)
(1,067)	(Surplus)/Deficit c/fwd at 31 March	6	(412)	(4,029)	(4,441)

NOTES TO THE COLLECTION FUND ACCOUNTS

1. GENERAL

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government.

2. COUNCIL TAXPAYERS

Council Tax income is derived from charges raised according to the value of residential properties, which have been classified into 8 valuation bands using estimated valuations as at 1 April 1991. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Cambridgeshire County Council, Cambridgeshire Police Authority, Cambridgeshire Fire Authority, Cambridgeshire and Peterborough Combined Authority and the Council for the forthcoming year and dividing this figure by the Council Tax base of 31,059 in 2023/24 (2022/23: 30,664). The increase in Council Tax base in 2023/24 is a result of a combination of new builds and lower numbers of Council Tax Support claimants.

The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent adjusted for discounts etc. This basic amount of tax for a Band D property (average of £2,214 for 2023/24 compared to £2,111 for 2022/23) is then multiplied by the proportion specified for the particular Band (after adjusting for individual Parish Council precepts) to give an individual amount due.

Council Tax bills were based on the following proportions for Bands A to H:

	Total Dwellings No.	Equivalent Dwellings after Discounts, Reliefs, Exemptions & LCTS No.	Ratio to Band D	Band D Equivalent Dwellings
Band A	17,257	11,948	6/9	7,965
Band B	12,723	10,333	7/9	8,037
Band C	8,813	7,661	8/9	6,810
Band D	4,760	4,342	1	4,342
Band E	2,410	2,214	11/9	2,706
Band F	669	627	13/9	906
Band G	179	159	15/9	265
Band H	26	14	18/9	28
	<u>46,837</u>	<u>37,298</u>		<u>31,059</u>

Income receivable from Council Taxpayers in 2023/24 was £70.098m (£65.727m in 2022/23).

3. NATIONAL NON-DOMESTIC RATES (NNDR)

The Council collects NNDR for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme, which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Fenland, the local share is 40%. The remainder is distributed to Central Government (50%), Cambridgeshire County Council (9%) and Cambridgeshire Fire Authority (1%).

The business rates share payable for 2023/24 were estimated before the start of the financial year as £13.197m to Central Government, £2.376m to Cambridgeshire County Council, £0.264m to Cambridgeshire Fire Authority and £10.558m to Fenland District Council. These sums have been paid in 2023/24 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority, identifying the expected level of retained business rates and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities and payable to Central Government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. In this respect, Fenland paid a tariff to the government of £7.244m in 2023/24 (£6.027m in 2022/23) which is charged to the General Fund.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates appeals outstanding as at 31 March 2024. As such, authorities are required to make a provision for these amounts. The total calculated provision resulted in the charge to the Collection Fund for 2023/24 reducing by £1.584m.

As part of the government's response to assist businesses during the coronavirus pandemic, business rate relief has been available for retail, leisure and hospitality properties, nursery education properties and to those businesses affected by the pandemic but not able to access other government business rates support. Total relief given in 2021/22 as a result of these specific measures was £2.769m which reduced the total NNDR income due by the same amount. In 2022/23 further reliefs were provided for these properties (except nursery properties) but at a reduced level and totalled 2.407m. Further reliefs were provided for certain retail properties in 2023/24 amounting to £1.414m.

The government reimburses local authorities for their share of the additional relief given through S31 Grant to ensure they are no worse off as a result of government's decisions.

Business Rates Pooling Arrangement 2023/24

The Council joined with the County Council, Peterborough City Council, Fire Authority, East Cambridgeshire and South Cambridgeshire District Councils became part of a pooling arrangement for business rates for the first time in 2020/21 and this has continued for each year since, including 2023/24.

The benefit of being in a pool is that authorities will not be liable for levy payments to the government on their business rates growth. (The levy is set at 50% of the growth above the baseline level set by government). Instead, the combined levy payments of the pool are shared amongst the pooled authorities by a mutually agreed method. This is based on where the growth has originated from with an appropriate share allocated to the County

Council and Fire Authority. The pool is administered by South Cambridgeshire District Council on behalf of the pooled authorities.

For 2023/24, the combined levy payments amounted to £8.305m (Fenland's levy was £1.285m) and this Council's pool share was £0.506m. The levy and pool share are charged to the revenue account and are not part of the Collection Fund.

4. PROVISION FOR NON-PAYMENT OF COUNCIL TAX AND NNDR

The Collection Fund account provides for bad debts on arrears on the basis of prior years' experience and current years collection rates.

Council Tax Bad Debts Provision

2022/23 £000		2023/24 £000
3,561	Balance at 1 April	3,795
(391)	Write-offs during year for previous years	(521)
625	Increase in provision during year	1,009
3,795	Balance at 31 March	4,283

The Council's proportion of this provision at 31 March 2024 is £565,152 (£528,199 at 31 March 2023).

Non- Domestic Rates Bad Debts Provision

2022/23 £000		2023/24 £000
2,727	Balance at 1 April	2,133
(105)	Write-offs during year for previous years	(130)
(489)	Increase in provision during year	436
2,133	Balance at 31 March	2,439

The Council's proportion of this provision at 31 March 2024 is £975,343 (£853,100 at 31 March 2023).

5. PROVISION FOR APPEALS – NON-DOMESTIC RATES

The Collection Fund account also provides for provision for appeals against rateable values set by the Valuation Office Agency (VOA) which has not been settled as at 31 March 2023.

2022/23 £000		2023/24 £000
5,684	Balance at 1 April	4,775
(1,065)	Write-offs during year for previous years	(892)
156	Increase/(Reduction) in provision during year	(1,584)
4,775	Balance at 31 March	2,299

The Council's proportion of this provision at 31 March 2024 is £919,816 (£1,910,030 at 31 March 2023).

6. DEFICIT/ (SURPLUS) ON COLLECTION FUND

Council Tax Collection Fund

The surplus of £412,578 at 31 March 2024 (£695,350 surplus at 31 March 2023), which related to Council Tax, will be reimbursed in subsequent financial years to Cambridgeshire County Council, Cambridgeshire Police and Fire Authorities, Cambridgeshire & Peterborough Combined Authority and the Council in proportion to their shares of the total Council Tax raised.

This Council's share of the surplus, £57,143 is reported within the Collection Fund Adjustment Account.

The total Council Tax Collection Fund (surplus) is therefore shared as follows:

	31 March 2023	31 March 2024
	£000	£000
Fenland District Council	(98)	(57)
Cambridgeshire County Council	(487)	(288)
Cambridgeshire Police & Crime Commissioner	(86)	(51)
Cambridgeshire Fire Authority	(24)	(15)
Cambs & Peterborough Combined Authority	0	(2)
Total (Surplus)	(695)	(413)

Non-Domestic Rates Collection Fund

The surplus of £4,029,493 at 31 March 2024 (371,737 surplus at 31 March 2023), which related to Business Rates, will be reimbursed in subsequent financial years by Cambridgeshire County Council, Cambridgeshire Fire Authority, Central Government and the Council in proportion to their shares of business rates income.

This Council's share of the surplus £1,611,797 is reported within the Collection Fund Adjustment Account.

The total Non-Domestic Rates Collection Fund (surplus) is therefore shared as follows:

	31 March 2023	31 March 2024
	£000	£000
Fenland District Council	(149)	(1,612)
Cambridgeshire County Council	(33)	(362)
Cambridgeshire Fire Authority	(4)	(40)
Central Government	(186)	(2,015)
Total Deficit/(Surplus)	(372)	(4,029)

Collection Fund Adjustment Account

The proportion of the Fund owed to Fenland DC and represented by the Collection Fund Adjustment Account is as follows:

	31 March 2023 £000	Movement in Year £000	31 March 2024 £000
Council Tax	(98)	41	(57)
NNDR - Renewable Energy	(842)	650	(192)
NNDR - Core	(149)	(1,463)	(1,612)
TOTAL COLLECTION FUND ADJUSTMENT ACCOUNT	(1,089)	(772)	(1,861)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FENLAND DISTRICT COUNCIL

GLOSSARY OF TERMS

ACCOUNTING PERIOD

The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

ACCOUNTING POLICIES

Define the process whereby transactions and other events are reflected in financial statements.

ACCRUALS

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the Balance Sheet date.

AMORTISATION

A measure of the consumption of the value of intangible assets, based on the remaining economic life.

BAD DEBT

Debts whose repayment is known to be impossible or unlikely.

BUDGET

A statement defining the Council's policies over a specified period of time in terms of finance.

BILLING AUTHORITY

A local authority responsible for collecting the Council Tax and non-domestic rates i.e. District Councils, Metropolitan Districts, London Boroughs, the City of London and Unitary Councils.

CAPITAL CHARGES

Charges made to service revenue accounts based on the value of the assets they use and comprises depreciation over the useful life of the asset.

CAPITAL EXPENDITURE

Expenditure on new assets such as land and buildings, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

CAPITAL FINANCING COSTS

The annual cost of borrowing (principal repayments and interest charges), leasing charges and other costs of funding capital expenditure.

CAPITAL RECEIPTS

The proceeds from the disposal of land or other assets.

COLLECTION FUND

Accounts required to be kept by the Council to record all income collected from local taxpayers, showing how this is passed on to other local authorities and Government organisations.

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples are parks and historic buildings.

CONTINGENT LIABILITIES

Potential liabilities which are either dependant on a future event or cannot be readily estimated.

CREDITORS

Amounts owed by the Council at 31 March for goods received or services rendered but not yet paid for.

CURRENT ASSETS

Assets which can be expected to be consumed or realised during the next accounting period.

CURRENT LIABILITIES

Amounts which will become due or could be called upon during the next accounting period.

DEBT MANAGEMENT OFFICE

An Executive Agency of Her Majesty's Treasury responsible for debt and cash management for the UK Government including lending to local authorities.

DEBTORS

Amounts owed by the Council which are collectable or outstanding at 31 March.

DEPRECIATION

A notional charge representing the extent to which an asset has been worn out or used up during the year.

DERECOGNITION

The term used for the removal of an asset or liability from the Balance Sheet.

EFFECTIVE RATE OF INTEREST

The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the Balance Sheet at initial measurement.

FAIR VALUE

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

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

FINANCIAL ASSET

A right to future economic benefits controlled by the Council. Examples include bank deposits, investments, trade debtors and loans receivable.

FINANCIAL LIABILITY

An obligation to transfer economic benefits controlled by the Council. Examples include borrowings, financial guarantees and amounts owed to trade creditors.

FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

GENERAL FUND

The main revenue fund of the Council. Day to day spending on services is met from the fund.

HERITAGE ASSETS

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture.

GOVERNMENT GRANTS

Payments by central Government towards Council expenditure. They may be specific, for example Housing Benefit subsidy, or general such as Revenue Support Grant.

IMPAIRMENT

The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the Balance Sheet.

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)

A reference to the accounting treatments that companies globally would generally be expected to apply in the preparation of their financial statements.

MINIMUM REVENUE PROVISION

The minimum amount which must be charged to the Council's revenue account each year and set aside for debt repayment as required by the Local Government and Housing Act 1989.

NON-CURRENT ASSETS

Assets which can be expected to be of use or benefit the Council in providing service for more than one accounting period.

OPERATING LEASES

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

OUTTURN

Refers to actual income and expenditure or balances as opposed to budget amounts.

PRECEPT

The levy made on a billing authority by a Precepting Authority, requiring collection of income from Council's Taxpayers on their behalf.

PRECEPTING AUTHORITIES

Those authorities which are not Billing Authorities i.e. do not collect Council Tax and non-domestic rate. County Council are "major precepting authorities" and parish, community and Town Councils are "local precepting authorities".

PROVISIONS AND RESERVES

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred but the amounts or the dates on which they arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or "balances") which every authority must maintain as a matter of prudence.

PUBLIC WORKS LOAN BOARD

A central Government agency which provides long and short term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.

REVENUE EXPENDITURE

Spending on day to day items including employees' pay, premises costs and supplies and services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's Council Tax.

REVENUE SUPPORT GRANT

A grant paid by central Government in aid of Council's services.

THE CODE

The Code of Practice on Local Authority Accounting in the United Kingdom. This specifies the principals and practices of accounting required to give a 'true and fair' view of the financial position and transactions of a local authority.

ABBREVIATIONS USED IN THE ACCOUNTS

ARP	Anglia Revenue Partnerships
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CSE	Customer Service Excellence
DWP	Department for Work and Pensions
FDC-CSR	Fenland District Council Comprehensive Spending Review
HMOs	Houses in Multiple Occupations
IFRS	International Financial Reporting Standard
IMD	Index of Multiple Deprivations
LEP	Local Enterprise Partnership
MRP	Minimum Revenue Provision
MTFF	Medium Term Financial Forecast
NNDR	National Non-domestic Rates
PNPF	Pilots' National Pension Fund
PWLB	Public Works Loan Board
LGA	Local Government Association
LGPS	Local Government Pension Scheme
IAS	International Accounting Standards

FENLAND DISTRICT COUNCIL

2023-24 ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

Fenland District Council (FDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively, providing value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, FDC is responsible for putting in place proper arrangements for the governance of its affairs, and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk.

FDC has approved and adopted a 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 on our website at www.fenland.gov.uk or can be obtained from the Chief Finance Officer. This statement explains how FDC has complied with the Code and also meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement (AGS).

2. Definition of Corporate Governance

Corporate Governance generally refers to the processes by which an organisation is directed, controlled, led, and held to account.

Good Governance in the public sector means “achieving the intended outcomes while acting in the public interest at all times”.

In undertaking all Council work, and exercising community leadership responsibilities, the Council will have regard for the four principles of good corporate governance.

- Openness
- Inclusivity
- Integrity
- Accountability

3. The Governance Framework

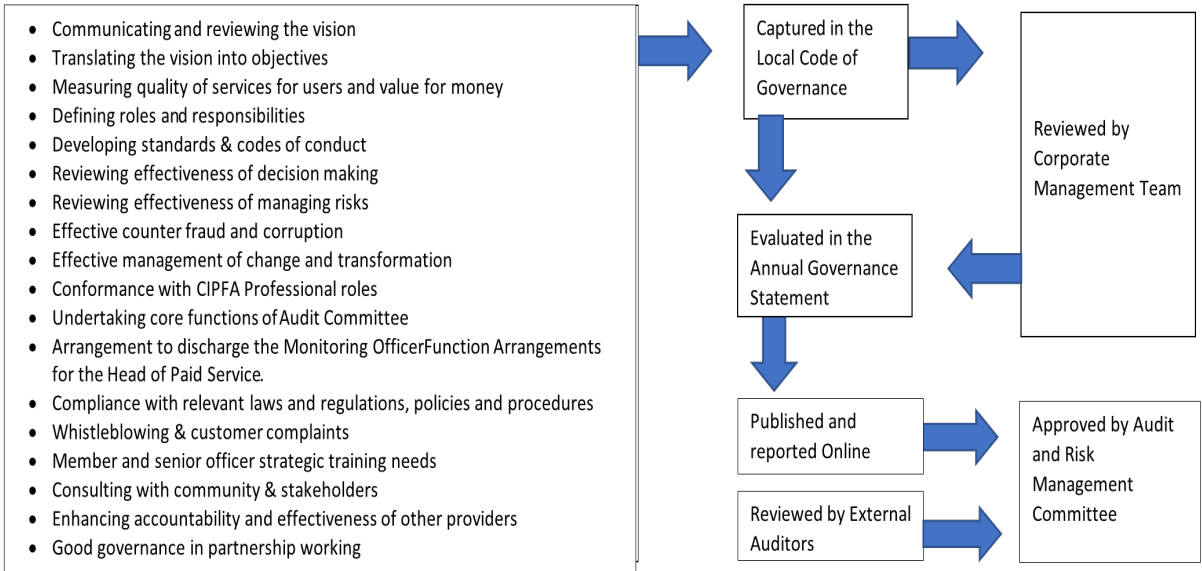
Our governance framework comprises the culture, values, systems, and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice, and management processes.

The Council has a responsibility for ensuring a sound system of governance to meet statutory requirements requiring public authorities to adhere to proper practices in reviewing the effectiveness of their system of internal control and preparing an AGS.

This AGS meets that requirement and sets out brief details of the arrangements that the Council has in place regarding the key systems and processes comprising the Council’s governance framework, which incorporates the Local Code of Governance adopted by the Council covering six themes, underpinned by the supporting principles contained within the “CIPFA/SOLACE Framework for delivering good governance in Local Government (2016 Edition)”.

Elements of the Framework

The key elements of the systems and processes that comprise the authority’s governance arrangements are as follows:



The Governance Framework for 2023-24 supports the Council’s aims and objectives. which are published on our website in the Business Plan. The vision states:

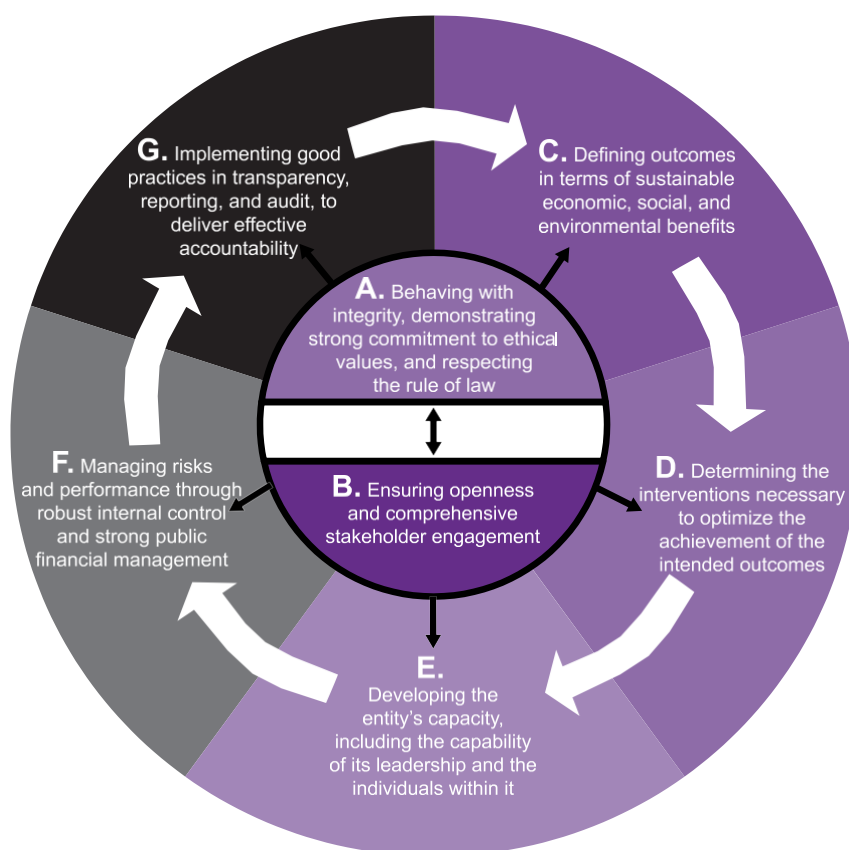
“The outcomes we focus on, the actions we’ll deliver through working collaboratively with our partners and communities are what change people’s lives for the better and for the long-term. They help to improve opportunities for everyone and make Fenland an even better place to live, work and raise a family.”

The Business Plan sets outs our Priority Areas with specific and measurable actions. Performance against the Business Plan is published in the Annual report and is available on the website.

Local Code of Governance

We are responsible for ensuring that there is a sound system of governance which incorporates the systems of internal control.

The governance framework is recorded in our Local Code of Governance, which is underpinned by the 7 principles of good governance as set out in CIPFA / SOLACE publication ‘Delivering Good Governance in Local Government Framework 2016’. The principles are:



Roles and Responsibilities

Governance Structures	Roles and Responsibilities
Council	The Council agrees the budget and policy framework, such as the Business Plan, Medium Term Financial Strategy, including the General Fund Budget and Council Tax levels and the Commercial and Investment Strategy. Further details are published on our website.
Cabinet	The Cabinet is the Council's principal decision-making body, charged with implementing the budget and policy framework agreed by the Council. Further details are published on our website.
Corporate Management Team (CMT)	The management team structure includes a CMT of a Chief Executive, Corporate Directors and Assistant Directors and is supported by an operational Management Team. Both teams consider policy formulation and future planning.
Audit and Risk Management Committee (ARMC)	<p>The ARMC plays a vital role in overseeing and promoting good governance, ensuring accountability, and reviewing how things are done. It provides an assurance role to the Council by examining areas such as audit, risk, internal control, anti-fraud, and financial accountability.</p> <p>The ARMC exists to challenge the way things are being done, making sure the right processes are in place. It works closely with Internal Audit and Senior Management to continually improve the governance, risk, and control environment. Meeting details and minutes are published on the website.</p>
Conduct Committee	The Conduct Committee is in place to promote and maintain high standards of conduct by all members. It reviews formal complaints,

	ensures compliance with requirements for ethical standards, provides advice on conduct matters and maintains a framework for identifying and implementing new legislative requirements upon the Council.
Overview and Scrutiny Committee	The Overview and Scrutiny Committee monitors the performance of the Leader and Cabinet and scrutinises services and policies throughout the district. This may be services directly provided by the Council or services provided through partnership working arrangements and makes recommendations for improvement. Meeting details and minutes are published on the website.

Other Review and Assurance Mechanisms

Management have helped to review the Local Code of Governance and inform the AGS. In addition, assurances can be provided from other sources, as detailed below:

Head of Internal Audit Opinion

The Head of Internal Audit provides an independent opinion on the overall adequacy of the effectiveness of the Council's governance, risk management and control (GRC) arrangements and the extent to which the Council can rely on it. This has been considered in the development of the AGS.

The Internal Audit Annual Report was presented to the Audit and Risk Management Committee in July 2024. This report outlined the key findings of the audit work undertaken during 2023-24 and other sources of assurance that were used to support the Annual Audit Opinion, including any areas of significant weakness in the control environment.

From the audit reviews undertaken, no areas were identified where it was considered that, if the risks highlighted materialised, would have a major impact on the organisation. In each instance where it has been identified that the control environment was not strong enough or was not complied with sufficiently to prevent risks to the organisation, recommendations have been issued to further improve the system of internal control and compliance. The implementation of the actions is followed up by Internal Audit and is reported to the ARMC.

It is the opinion of the Head of Internal Audit that, considering all available evidence, adequate assurance can be given over the adequacy and effectiveness of the Council's overall internal control risk and governance arrangements during the financial year 2023-24.

External Audit

The externally appointed auditors, Ernst & Young, issued their annual audit results report in September 2023 which provided an unqualified opinion on the 2021-22 statement of accounts and the Council's arrangements to secure economy, efficiency, and effectiveness in its use of resources. The report praised the management and staff of the Council, and reflected positively on the co-operation, quality of working papers and timeliness of provision of information.

The Council continues to demonstrate compliance against the Customer Service Excellence standard, the UK Government's national standard for excellence in customer service. The

standard demonstrates our culture and behaviours, and that we engage with customers and partners, and deliver effective use of resources.

4. Review of effectiveness

FDC has responsibility for conducting, at least annually, a review of the effectiveness of its GRC arrangements. The review of effectiveness is informed by the work of the CMT and Management within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

As well as the annual review, the GRC arrangements are maintained and reviewed by a series of comprehensive processes throughout the year. The following actions and processes have been applied in maintaining and reviewing the effectiveness of the system of internal control over the last twelve months:

Principle	Review of effectiveness for the 2023-24 Financial Year
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.	<ul style="list-style-type: none"> • Codes of Conduct for Council Members, with revised guidance procedures in place. All members are required to sign and registration of interest with 28 days of acceptance of office and all Council meetings require a declaration of interest to be disclosed. • Staff codes of conduct, capability and disciplinary procedures, anti-fraud and corruption policy, Whistleblowing policy, anti-money laundering policy, Values statement, and competency framework. • Training is provided for Members to support them in their roles, and they are encouraged to attend training including on Equality, Diversity and Inclusion. • Specific legal and regulatory requirements and/or Standards and Codes of Practice are maintained by staff for membership of relevant professional bodies, including continuing professional development, e.g., Port Health, Food Safety and Health & Safety regulation with relevant CPD hours documented. • Up to date register of gifts and hospitality • Complaints Complements or Comments policy • The Constitution, including terms of reference for committees, and compliance requirements with relevant laws. • Compliance with CIPFA's statement on the role of the Chief Finance Officer • Monitoring Officer provision • Recording of legal advice provided • Statutory guidance is followed. • The Overview and Scrutiny Panel established a Task and Finish group to undertake a comprehensive review of the Council's key performance indicators with reference to the strategic priorities set out in the Business Plan.. The results of the group were presented, and accepted by Cabinet, as part of the consultation of the Business Pan 2024-25.
B. Ensuring openness and comprehensive stakeholder engagement.	<ul style="list-style-type: none"> • The Council's policies and governance framework are published on the Council's website including: <ul style="list-style-type: none"> – The Constitution – The Council's Business Plan – Annual Report – Agenda and reports for all meetings within the Council's decision-making framework – Cabinet work programme – Annual budget & Medium-Term Financial Forecast

- Fees and Charges
- Pay Policy and Gender Pay Gap Statements
- Record of Executive Decisions
- Information required under the Transparency Code
- Annual Statement of Accounts

- The Council regularly carry out consultations on major policy initiatives which is conducted in an open way with all consultations available on the Council's website.
- Equality position statement reinforces how we will publish information to demonstrate compliance with the equality duty.
- The Council has an up-to-date Freedom of Information Act 2000 publication scheme in place on its website with links to information and guidance for stakeholders.
- The Council publicised all news and events on our website and social media, shared with all local news outlets and with Town and Parish Councils, to inform the community and businesses of the work and services carried out by the Council. In June 2023, the Council launched an online Fenlander newsletter that highlights all the key news stories and events from the month.
- Contracts are managed with a partnership approach and decisions are made in an open and transparent way, including open book accounting processes
- The Council has a consultation strategy and a communications strategy and uses channels such as the website and community hubs to consult on activities relevant to the community including planning, licensing, policy, and development. Examples of significant consultation exercises carried out during 2022/23 included:
 - Draft Business Plan & Budget
 - Community Survey – Alcohol PSPO renewal
 - Statement of Community Involvement
 - Review of Members AllowancesHousing Enforcement
 - March Railway Station Redevelopment
 - Annual Customer Satisfaction SurveyPolling District Review
- The Council adopted the Local Plan on 8 May 2014, which involved participation from numerous stakeholders and is currently under review. Details are published on the Council's website including a draft Local Plan.
- Customer Service Excellence (CSE) accreditation
- A scheme is in place within the Council's Constitution to have public participation at Member meeting. Therefore, meetings of the Council and

	its Committees are open to members of the public to attend, with agendas and minutes being publicly available on the Council's website. Also, Committee meetings can now be viewed on You tube to engage with stakeholders via different mediums.
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.	<ul style="list-style-type: none"> • The Corporate Planning Framework of the Council ensures the delivery of services and projects to improve quality of life for Fenland residents. Partners, through the Fenland Strategic Partnership, meet and establish priorities for delivery to address the statutory duty of promoting the well-being of the district. • The Council, through its Business Plan establishes its objectives by consultation with its key partners and the public as well as with reference to statutory duties, local needs, and national priorities. The Business Plan communicates the Council's vision of its purpose and intended outcomes for citizens and service users. • The Business Plan has corporate priorities which are then cascaded down to team priorities. Achievement of corporate priorities is monitored regularly via the performance monitoring framework and monitoring reports to Portfolio Holders, the Overview and Scrutiny Committee and Full Council. Progress against intended outcomes is reported in the Council's Annual Report. • Option appraisals are undertaken for all key decisions and are a standard part of the operations. • An active review of Service Plans is carried out during the year by Senior Management. • Service quality is measured via customer communication channels and by measurement of performance indicators. • The Council also approved the Economic Growth Strategy Refresh for 2022-2025 • The Council has adopted and implemented the Local Plan 2014-2034. Details are published on the Council's website. Consultation was undertaken, and a proactive role was undertaken to engage as many residents and stakeholders as possible. Feedback from the consultation informed the submission of the Local Plan. Social, environmental and economic evidence was obtained to inform the development of the Local Plan, which is being revised and should be completed by Spring 2024. • The Council has commenced a review of homelessness to update our Homelessness and rough sleeping action plan strategy for approval this financial year. • The Council has a Carbon Reduction and Climate Adaptation Plan, which was approved by Cabinet and Council in December 2022. The key aims are: <ul style="list-style-type: none"> • Reducing the Council's Energy & Fuel use - Projects relating to the internal day to day running of the Councils services. These contribute the 'Council for the Future' agenda by ensuring that service delivery processes are continually refined to reduce energy and fuel use and to ensure that the Council's operational accommodation is able to meet changing business and working needs.

	<ul style="list-style-type: none"> • Supporting homes to reduce energy use and encourage active travel - Ensuring homes are warm, cheap to heat, comfortable and healthy places in which to live, encouraging active travel and transport options across Fenland#. • Building resilience - Ensuring Communities remain resilient and thrive. • Protecting our Environment - Work closely with all sections of the community to maintain and enhance the district. • Further monitoring and reporting.
D. Determining the interventions necessary to optimise the achievement of the intended outcomes.	<ul style="list-style-type: none"> • Although in a healthy financial position, the Council still faces continuing financial challenges over the medium term, resulting from changes to central government funding. The Medium-Term Financial Strategy presented to Council in February 2024 highlighted the need for further savings of £2,728k up to 2028/29. • The development of the Commercial and Investment Strategy has the potential to generate additional significant returns over the medium term, through the trading company Fenland Future Ltd (FFL). <p>To ease pressure on the impacts of emergency interim accommodation on Council budgets and to reduce the time spent by families in B&B the Council has secured grant funding with top up FDC funding to purchase 33 properties to help provide a broader range of temporary accommodation for our homelessness households. Also a procurement process to encourage best value on the costs charged for emergency interim accommodation.</p> <ul style="list-style-type: none"> • Cabinet also considered reports and proposals regarding the council Transformation programme to ensure continued achievement of outcomes through the efficient use of resources and improvements to service delivery. • The Overview & Scrutiny Committee considers the effective delivery of Council priorities and recommends interventions and remedies as appropriate. O&S are consulted on major issues pre- implementation e.g., budget, business plan, major policy changes (garden waste charging). It then provides a review role especially on major partnerships such as ARP, Freedom, Clarion. Other internal changes through portfolio holder updates that go to O&S. • Consideration of alternative courses of action for all decision making is undertaken. • The Assistant Director of Legal & Governance is engaged in wider discussions with client teams on options for resourcing larger legal projects and higher profile actions to ensure these are resourced as efficiently as possible e.g., making use of the EM Lawshare framework discounted rates; considering alternatives to prosecution; considering the terms of a Public Space Protection Order; resourcing and managing appropriate external legal support for the projects.
E. Developing the authority's capacity, including the capability of its leadership and	<ul style="list-style-type: none"> • The Human Resource team lead on the development of the workforce planning and organisational development and training plan, supported by annual service planning. Within this each service undertakes an annual succession planning process to ensure the development and nurturing of future skills and knowledge. • The Council has a clear scheme of delegation contained within the standing orders and financial regulations which are reviewed by the Monitoring officer to ensure compliance. These are embodied in the Constitution.

<p>individuals within it.</p>	<ul style="list-style-type: none"> • Staff and members have access to induction programmes and training courses to support and develop their roles, which also include personal development plans that are reviewed at least annually. • The Council has approved practices and protocols for the management and processing of data ensuring that training is routinely updated to reflect current and evolving requirements. • Both the Leader and the Chief Executive have clearly defined and distinctive leadership roles, who provide a check and balance for each other responsibility and have established an effective relationship to maintain effective communication. • The Council, where possible, collaborates with other authorities to share information and best practice and third parties, e.g., Hampshire & Isle of Wight Chief Executive group and subsequent groups. • CMT actively carries out reviews of their services and plans during the year. • The Council regularly makes use of ‘benchmarking’ exercises and other research to support corporate priorities and work. • The Council’s constitution defines the statutory and distinctive roles of the Leader and other Councillors and sets out to whom decision making powers are delegated. • The Member Development Group maintains a programme for Member training and development and the Council has secured the Charter for Member Development.
<p>F. Managing risks and performance through robust internal control and strong financial management</p>	<ul style="list-style-type: none"> • Cabinet and the Audit and Risk Committee considered the 2021/22 financial statements and the Council’s corporate objectives, performance indicators and Corporate Risk Register • The Council has a Risk Management Strategy that has enabled the monitoring of risk within projects, Service Plans, performance management, financial planning, policy setting and decision making. The Council has a balanced risk appetite that allows new ideas to be explored and encourages innovation. The Risk Management Framework enables risks to be escalated to an appropriate authority in the organisation to be managed. The Risk Management Strategy is reviewed annually by Audit and Risk Management Committee. The Council has a Risk Management Group who are responsible for highlighting, assessing risks and applying a Red, Amber, Green (RAG) status to risks for consideration by the Corporate Management Team and ultimately by the Audit and Risk Management Committee, which is done three times a year. <ul style="list-style-type: none"> • The Council has established a new Corporate Governance Group (CGG) with appropriate terms of reference to enable the Council to deliver its priorities and objectives in an effective manner by ensuring effective governance, decision making, risk management and compliance with Fenland District Council’s Constitution and associated policies. The CGG has responsibility to escalate in a timely

	<p>manner significant issues that have impacted or could impact the delivery of priorities and objectives to the Corporate Management Team (CMT) or Management Team (MT) and, as appropriate, the Audit & Risk Management Committee (ARMC).</p> <ul style="list-style-type: none"> • The Council has a Port Marine Safety Code to manage potential major risks related to Marine Services. It is linked to the Council's Business Continuity Plan as referenced above and is also regularly updated. A Port Management Group is responsible for monitoring and managing safety issues and a Duty Holder and Designated Person is appointed to review the safety management system and associated risks. • The Councils Overview and Scrutiny Committee received performance reports on Housing Enforcement Policy, Creativity & Culture Strategy, Commercial Investment Strategy and Investment Board, Customer Complaints (3c's) process, Business Plan, Budget Report, Fees & Charges and Corporate Priorities of Communities, Planning and Transformation & Communications. They also welcomed partnership updates from Public Health, Clarion Housing, Wisbech Rail update and CPCA Growth Service & Impact on Economic Development in Fenland. • Internal Audit provides a risk-based audit plan and reports on the effectiveness of risk management to the Audit and Risk Management Committee. Internal Audit also provides an annual opinion on the effectiveness of the Council's governance, risk management and internal control environment. This assurance is obtained from involvement with relevant governance, risk management and internal review groups and outcomes from audit reviews carried out within the year. • The Audit and Risk Management Committee adopted new terms of reference in 2020/21 and produce an annual report demonstrating compliance with best practice guidance. • ICT Disaster Recovery and business continuity plans have been reviewed, updated and documented in the Service Plans. • ICT follows End User Device (EUD) guidance issued by National Cyber Security Centre (NCSC) when implementing security solutions and endpoint operating systems. Council IT infrastructure is audited annually, and results passed to NCSC for review and further guidance on actions to take to maintain compliance (including annual PSN assessment). ICT also received a certificate of assurance relating to NCSC Cyber Essentials Plus Scheme in October 2023. • Effective arrangements are in place for the safe collection, storage, use and sharing of data with other bodies, including processes to safeguard personal data in line with GDPR requirements. The Council has a Data Protection Officer with resilience provided via a s.113 Agreement with Peterborough City Council.
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	<ul style="list-style-type: none"> • The Council received an unqualified opinion on the Statement of Accounts for 2021/22, which were approved in September 2023. • Agendas and minutes of Committee meetings are publicly available on the Council's website and Committee meetings, where possible, are open to the public for contribution and attendance. • An Overview and Scrutiny Committee is in place to monitor and review performance, review and/or scrutinise decisions proposed to be made, review policy and strategy with a view to securing continuous improvement. • The Council is mostly compliant with the Local Government Transparency Code. The Council has commenced a programme to ensure

compliance with all the mandatory publication requirements of the code. The Corporate Management Team own the elements of the code which are specific to their services while the Corporate Governance group have oversight.

- On the Council's website there is a Freedom of Information Act page to enable members of the public to have access to all recorded information held by the Council.
- Decisions are recorded and published on the Council's website.
- As part of the Councils transformation programme, more forms have become available on the website and an increase in use has demonstrated the success of this project.
- The Annual report has been refreshed and is now more readable and understandable to our stakeholders. This report includes information on performance, value for money and the stewardship of resources.
- The Annual Governance Statement is discussed and owned by the Council's Management Team and is discussed with both officers and members periodically throughout the year.
- The Council has an effective Internal Audit function that provides assurance and makes recommendations to improve performance. The function conforms with the CIPFA statement on the Role of the Head of Internal Audit and the Public Sector Internal Audit Standards.
- The Council has approved the Public Sector Audit Appointments Ltd to appoint external auditors on our behalf for 2023/24 onwards.

Further Improvements from the AGS 2021-22:

Governance Issue	Action	Lead Officer	Target Date
Principle F: Managing risks and performance through robust internal control and strong financial management .	<p>The Council has a Code of Procurement and Procurement Strategy which reflects current national practice. This is kept under regular review with significant changes expected in 2023 when a fuller and more detailed review will be performed before reporting the outcome formally to members for approval.</p> <p><i>Update: New legislation will be implemented in 2024. The Procurement Manager is keeping track of the legislative changes and will be working with officers and members to produce a revised Procurement Strategy and Code for approval by Full Council on 30th September 2024. Updates will be provided via What's Breaking and training will be provided on any new requirements in readiness for the new legislation coming into force in October 2024.</i></p>	Amy Brown, Assistant Director of Legal & Governance	<p>31 March 2023</p> <p><i>30 September 2024</i></p>

Further Improvements from the AGS 2022-23:

Governance Issue	Action	Lead Officer	Target Date
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values , and respecting the rule of the law	<p>The Council is undertaking a full review of internal policies to develop a Corporate Policy Register. All documents will be displayed on either the Intranet or Website. Decision to be made by CMT.</p> <p><i>Update: A Corporate Policy Register was developed from the 2023-24 Team Service Plans which includes policy name, service, date implemented, review date, sign-off</i></p>	David Wright, Head of Policy & Communications	31 March 2024

	<p><i>process, and where the policy is published.</i></p> <p><i>A new webpage was developed to include all current external facing policies: Policies and Strategies - Fenland District Council . We are currently working on centralising all internal facing policies on the intranet.</i></p>		Completed
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Further Improvements from the AGS 2023-24:

Governance Issue	Action	Lead Officer	Target Date
Principle F: Managing risks and performance through robust internal control and strong financial management	The CGG is working on Assurance Mapping to assist with strengthening the governance framework in the Council. It aims to ensure that the Council can demonstrate adequate assurance over the given year to complement the assurance work conducted by the Internal Audit function.	Peter Catchpole, Corporate Director & s151 Officer	31 December 2024

5. Conclusion

Having completed the processes set out above to review the effectiveness of the Council's governance framework, we are satisfied that we have sufficient assurance regarding the effectiveness of the framework in place and the governance issues identified are as set out above. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

6. Certification

As Leader and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council's governance framework, by the Audit and Risk Committee. Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within Fenland District Council to ensure effective internal control is maintained. We are also satisfied that there are no significant governance issues during 2023-24.

Signed:

Peter Catchpole
Corporate Director and Chief Finance Officer


Signed:

Paul Medd
Chief Executive

Signed:

Councillor Chris Boden
Leader, Fenland District Council

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Agenda Item No:	7	
Committee:	Audit and Risk Management Committee	
Date:	25 February 2025	
Report Title:	Letter of Representation	

Cover sheet:

1 Purpose / Summary

To agree the format and content of the Letter of Representation provided to the independent external auditor (EY) at the conclusion of the audit of the 2023/24 Statement of Accounts.

2 Key issues

- Written representation provides an acknowledgement of our responsibilities in relation to the Statement of Accounts.
- The letter required by the independent external auditor is attached.
- The letter requires signing by the Chairman of this Committee and the Council's Chief Finance Officer and will be dated on the proposed audit opinion date (date to be advised by EY).

3 Recommendations

- It is recommended that members approve the content and form of the Letter of Representation to be signed by the Chairman of this Committee and the Council's Chief Finance Officer.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Cllr Chris Boden, Leader and Portfolio Holder for Finance
Report Originator(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Contact Officer(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Background Paper(s)	

Debbie Hanson
EY LLP
One Cambridge Square
Cambridge
CB4 0EA

Peter Catchpole
Tel 01354 622201
e-mail: pcatchpole@fenland.gov.uk

26 February 2025

Dear Debbie,

**Fenland District Council – 2023/24 Financial Year
Letter of Representation**

This letter of representations is provided in connection with your audit of the financial statements of Fenland District Council for the year ended 31 March 2024.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council's financial position of Fenland District Council as of 31 March 2024 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.¹
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to

Form 410GL(R) GPS – Single entity Local Authority (13 November 2024)

above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, that are free from material misstatement, whether due to fraud or error.²
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.
6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

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

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial improprieties;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.³
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Council and committees, Audit and Risk Management Committee, Cabinet and Council held through 2023/24 year to the most recent meeting on the following date 27 January 2025.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the March 2024 end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.
6. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
7. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
8. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

³ ISA (UK) 580.11(a), ISA (UK) 210.6(b)(iii)

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

E. Going Concern

1. Note 37 to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information.
2. We confirm that the content contained within the other information is consistent with the financial statements.
3. We confirm that the Annual Governance Statement for 2023/24 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2023/24 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered including the impact resulting from the commitments made by the Council and reflected in the financial statements.

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral to the financial statements. All assets to which the Council has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the Council's Asset Valuations and the Pension Fund and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

K. Estimates

1. We confirm that the significant judgments made in making the asset valuations and pension valuations accounting estimate have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the asset valuations and pension valuations.
3. We confirm that the significant assumptions used in making the asset valuations and pension valuations appropriately reflect our intent and ability to carry out [describe the specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation are complete and are reasonable in the context of Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.
5. We confirm that appropriate specialized skills or expertise has been applied in making the asset valuations and pension valuations.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

L. Retirement benefits

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

M. Reserves

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

N. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

- a. Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency).

Yours faithfully,

Peter Catchpole
Corporate Director and Chief Finance Officer
26 February 2025

Councillor Kim French
Chairman of the Audit & Risk Management Committee
26 February 2025

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Agenda Item No:	8	
Committee:	Audit and Risk Management Committee	
Date:	25th February 2025	
Report Title:	Corporate Risk Register Review	

1 Purpose / Summary

- 1.1 To provide an update to the Audit and Risk Management Committee on the Council's Corporate Risk Register.

2 Key Issues

- 2.1 The Council's Risk Management Strategy ensures the effective maintenance of a risk management framework by:-
- embedding risk management across core management functions;
 - providing tools to identify and respond to internal and external risk;
 - linking risks to objectives within services and regularly reviewing these.
- 2.2 The Audit and Risk Management Committee has asked that the Council's Corporate Risk Register is reviewed and presented to it quarterly.
- 2.3 The latest Corporate Risk Register (**Appendix A**) is attached to this report.

3 Recommendations

- 3.1 The latest Corporate Risk Register is agreed as attached at Appendix A to this report.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Cllr Chris Boden – Leader and Portfolio Holder for Corporate Governance
Report Originator(s)	Stephen Beacher – Head of ICT, Digital & Resilience
Contact Officer(s)	Paul Medd – Chief Executive Peter Catchpole –Corporate Director & Chief Finance Officer Stephen Beacher – Head of ICT, Digital & Resilience
Background Paper(s)	Previous reviews of the Corporate Risk Register: minutes of Audit and Risk Management Committee

1 Background / Introduction

- 1.1 This is the latest quarterly update in respect of the Corporate Risk register.

2 Considerations

- 2.1 The Council has seven considerations when considering risk:-
- Performance – can we still achieve our objectives?
 - Service delivery – will this be disrupted and how do we ensure it continues?
 - Injury – how do we avoid injuries and harm?
 - Reputation - how is the Council's reputation protected?
 - Environment – how do we avoid and minimise damage to it?
 - Financial – how do we avoid losing money?
 - Legal – how do we reduce the risk of litigation?
- 2.2 Members and Officers share responsibility for managing risk:-
- Members - have regard for risk in making decisions
 - Audit and Risk Management Committee – oversee management of risk
 - Corporate Management Team – maintain strategic risk management framework
 - Risk Management Group – Lead Officers across the Council promote risk management and a consistent approach to it
 - Managers – identify and mitigate new risks, ensure teams manage risk
 - All staff – manage risk in their jobs and work safely.
- 2.3 Risk is scored by impact and likelihood. Each have a score of 1-5 reflecting severity. The overall score then generates a risk score if no action is taken, together with a residual risk score after mitigating action is taken to reduce risk to an acceptable level.
- 2.4 The level of risk the Council deems acceptable is the “risk appetite”. The Council accepts a “medium risk appetite” in that it accepts some risks are inevitable and acceptable whereas others may not be acceptable.
- 2.5 Managers consider risks as part of the annual service planning process. Each service has a risk register with the highest risks being reported at a strategic level, forming the Corporate Risk Register. The Corporate Management Team, supported by the Risk Management Group, ensures that the highest risks are regularly reviewed and mitigating action undertaken.
- 2.6 The Corporate Risk Register is very much a “living document”; the Audit and Risk Management Committee reviews it quarterly.
- 2.7 Where exceptional new risks present themselves, they can be referred to Audit and Risk Management Committee urgently as appropriate.

- 2.8 Risk appetite has been considered. The Council takes a medium risk appetite, accepting that the current climate in Local Government is subject to great change and that some risks are necessary in order for the Council to move forward and continue to deliver high quality, cost-effective services.

As a result of this, in some instances it is not possible to significantly reduce residual risk. Having said this, some decisions may need to be made in a timely manner and this could increase risk appetite accordingly. The Council's overall risk appetite should be reviewed regularly.

- 2.9 Risk awareness is embedded across the Council and it is important that risk awareness and management is integral to the Council's culture. To achieve this, risk awareness and training are important.
- 2.10 It is important that Members have regard for risk when considering matters and making decisions at Council, Cabinet and Committees. In addition, Audit and Risk Management Committee must take a strategic overview of risk and consider the highest risks to the Council as set out in the Corporate Risk Register.

3 Changes to the Corporate Risk Register

- 3.1 The Risk Register has been reviewed by the Corporate Risk Management Group and Corporate Management Team.
- 3.2 Mitigating actions and progress have been updated.
- 3.3 Commentary regarding all risks and action being taken to ensure current risks are minimised has been updated in the Risk Register.
- 3.4 All updates are highlighted in green.
- 3.5 The register also includes some narrative around the Risk Management Process (at section 2); the Monitoring and Escalation Framework (at section 4); the Risk Appetite and tolerance levels; and a heat map showing all the residual risks at page 28.
- 3.6 In this updated register, the residual score for risk 24 (Change in Government Priorities or Legislation) has increased. This score will be considered again at the next review as we gain further information about the LGR process.

4 Next Steps

- 4.1 Officers will continue to bring a reviewed and updated Corporate Risk Register to Audit and Risk Management Committee on a regular basis.

5 Conclusions

- 5.1 The risk management process provides assurance for the Annual Governance Statement, which is substantiated by reports from the Council's External Auditors in their issuance of an unqualified audit opinion.
- 5.2 Regular review (and updating as appropriate) of the Risk Management Strategy and Corporate Risk Register will further build the assurance required above.

Corporate Risk Register

Reviewed and updated February 2025

1 Introduction

- 1.1 This is the latest Corporate Risk Register. Please refer to the Council's Corporate Risk Strategy for further information about how the Council approaches risk management. Actions and comments for each risk have been revised and other changes are highlighted in green.

2 Risk Management Process

- 2.1 Risk Management is designed to identify what could affect the achievement of objectives, and to plan a proportionate response.
- 2.2 The Council's approach to Risk Management is documented within the Risk Management Framework. It aims to ensure that risks are identified for both strategic and operational activity. This includes:
- corporate and service priorities;
 - project management;
 - decision-making and policy setting; and
 - financial and performance monitoring and planning.
- 2.3 The Risk Management Framework provides tools to manage risks for the different types of system and control environment, such as the Corporate Risk Register to capture and summarise significant and strategic risks; team risk registers which help inform service planning and actions; risk and hazard identification documents are shared with management as appropriate during audit reviews; and health and safety risk assessments which are updated annually by teams.
- 2.4 The frequency and mechanism for monitoring risks reflects the type of monitoring system, and the pace of changing circumstances, for example:
- Project risks will be recorded in project risk registers and are reviewed frequently throughout the project's life.
 - Operational risks are identified through audit and inspection work and are assigned dates and ownership.
 - Operational risks are identified through service planning and are linked to the service plan actions. These are typically monitored monthly through team meetings as part of the Councils Performance Management framework.
- 2.5 The Annual Governance Statement records governance actions, which are reviewed biannually as good practice. The Corporate Risk Register comprises strategic and significant risks. The register can both inform and reflect risks recorded in other risk management systems. It may refer to more detailed analysis of risks, presented to committees, such as the Medium-Term Financial Strategy. Appropriately, mitigation may be linked to specific actions recorded and monitored through service plans, or committee forward plans.
- 2.6 Risks are categorised and scored according to their impact and likelihood. This activity allows managers, to prioritise resources to mitigate them. Strategic and significant risks are defined by the Councils risk appetite.
- 2.7 The outcomes of this process are reported to the Audit and Risk Management Committee at least twice each year in the form of the attached Corporate Risk Register.
- 2.8 The review of the Risk Management Framework, Policy and Strategy, will be reported to the Audit and Risk Management Committee at least annually. The Risk Management process, and register, will provide assurance for the Annual Governance Statement.

3. How Risks Are Scored

- 3.1 The Council has adopted a consistent scoring mechanism for all risk identification, as it enables risks identified from other systems to be escalated to the Corporate Risk Register.
- 3.2 The probability - “likelihood”, and effect - “impact”, of each risk must be identified in order to help assess the significance of the risk and the subsequent effort put into managing it.
- 3.3 The risk score is calculated by multiplying the impact score by the likelihood score:

IMPACT	
Score	Classification
1	Insignificant
2	Minor
3	Moderate
4	Major
5	Catastrophic



LIKELIHOOD	
Score	Classification
1	Highly unlikely
2	Unlikely
3	Possible
4	Probable
5	Very likely

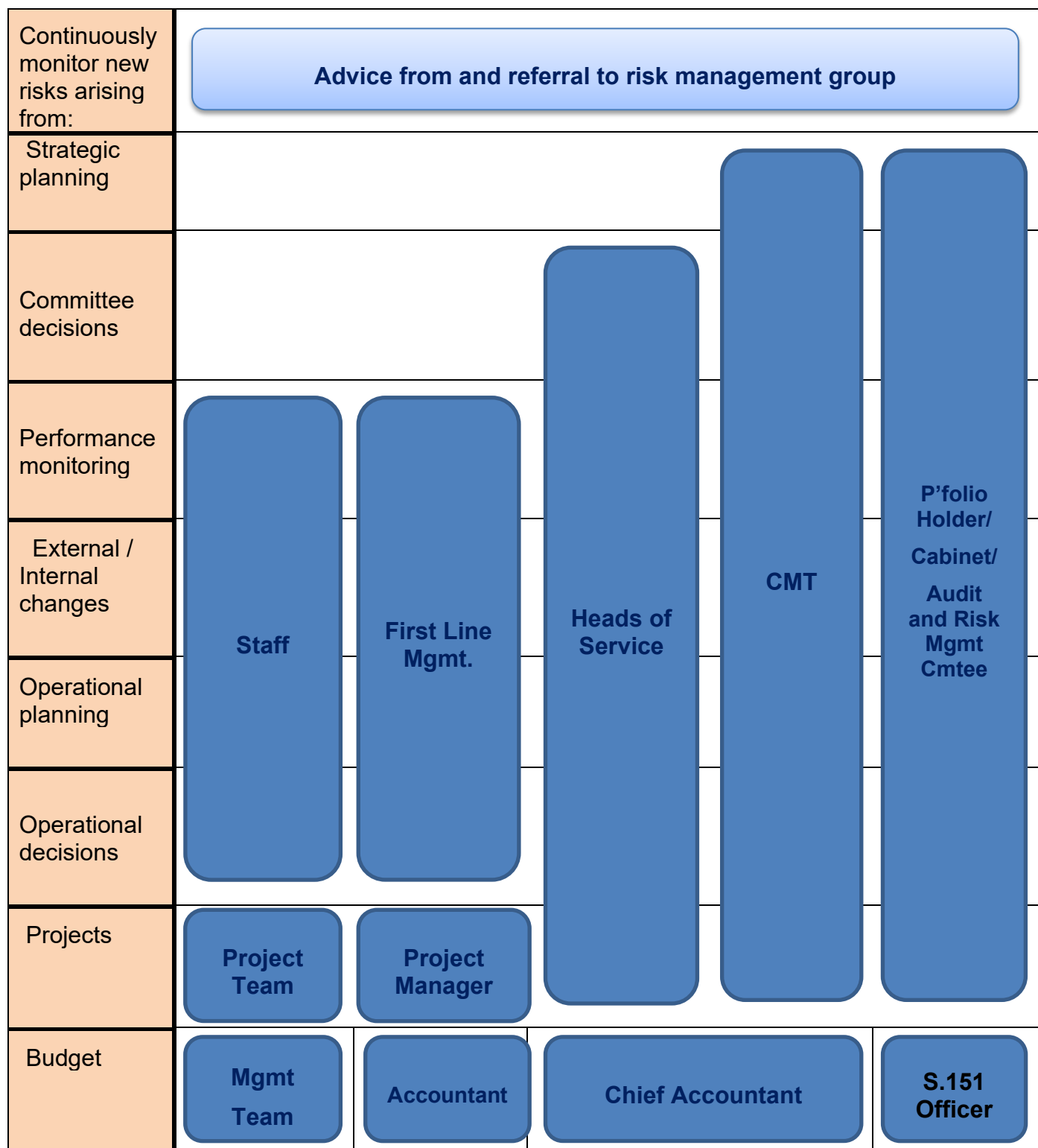
IMPACT x LIKELIHOOD = RISK SCORE

3.4 The impact and likelihood of risks is scored with regards the below levels:-

Score	1	2	3	4	5
Criteria	Insignificant impact	Minor impact	Moderate Impact	Major Impact	Catastrophic Impact
Performance	Objectives still achieved with minimum extra cost or inconvenience	Partial achievement of objectives with compensating action taken or reallocation of resources.	Additional costs required and or time delays to achieve objectives – adverse impact on PIs and targets.	Unable to achieve corporate objectives or statutory obligations resulting in significant visible impact on service provision such as closure of facilities.	Unable to achieve corporate objectives and/or corporate obligations.
Service Delivery	Insignificant disruption on internal business – no loss of customer service.	Some disruption on internal business only – no loss of customer service.	Noticeable disruption affecting customers. Loss of service up to 48 hours.	Major disruption affecting customers. Loss of service for more than 48 hours.	Loss of service delivery for more than seven days.
Physical	No injury/claims.	Minor injury/claims (first aid treatment).	Violence or threat or serious injury/claims (medical treatment required).	Extensive multiple injuries/claims.	Loss of life.
Reputation	No reputational damage.	Minimal coverage in local media.	Sustained coverage in local media.	Coverage in national media.	Extensive coverage in National Media.
Environmental	Insignificant environmental damage.	Minor damage to local environmental.	Moderate local environmental damage.	Major damage to local environment.	Significant environmental damage attracting national and or international concern.
Financial	Financial loss < £200,000	Financial loss >£200,000 <£600,000	Financial loss >£600,000 <£1,000,000	Financial loss >£1,000,000 <£4,000,000	Financial loss >£4,000,000
Legal	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent and/or national public enquiry	Section 151 or government intervention or criminal charges

4. Monitoring and Escalation Framework

4.1 The following diagram illustrates the key stakeholders for different classification of risk management:



5.0 Risk Appetite and Tolerance Levels

- 5.1 Risk appetite and tolerance is the amount of risk an organisation is prepared to accept, or be exposed to at any point in time. It can indicate where action is required to reduce risk to an acceptable level, plus opportunities for positive outcomes which can be monitored.
- 5.2 The Council has adopted the approach and definitions used by CIPFA and the Institute of Risk Management:

Risk Appetite

“The amount of risk an organisation is willing to seek or accept in the pursuit of its long-term objectives”.

An example may be consideration of the funds or resources that an organisation is prepared to invest in a venture where success is not guaranteed but that would yield benefits.

Risk Tolerance

“The boundaries of risk taking outside which the organisation is not prepared to venture in the pursuit of its long-term objectives”.

An example may be a Treasury Management Strategy that rules out certain types of investment options.

- 5.3 Typically an individual’s perception of an acceptable risk is the same irrespective of which definition is used. Differences may occur where risks cannot be controlled or completely eliminated. For example, political and legislative change is an external driver which cannot be fully mitigated. In this instance the risk tolerance, and ability to manage the risk, may be greater than risk appetite.
- 5.4 It is recognised that the tolerance or appetite is subjective, and may change according to the environment, internal and external drivers. Consequently, it is important, regardless of the terms used, that everyone has a consistent approach to risk taking to prioritise resources effectively.
- 5.5 The Councils risk appetite is set by the Corporate Management Team (CMT) and is reviewed periodically. This provides guidance to everyone on acceptable levels of risk taking, to encourage a consistent approach to risk management.
- 5.6 Different risk appetites can be illustrated on a five-by-five matrix as three levels: high, medium and low. The Council is risk aware and the current level is determined by CMT as medium. This provides guidance that any inherent risk scored at 15 or greater is to be considered for the Corporate Risk Register.
- 5.7 Once controls are in operation the risks can be scored again to illustrate the residual risk.

6. The Corporate Risk Register at a Glance

6.1 Please see below for a summary of current risks and their scores. More detail follows in section 7 of this document, in which the individual risks are ordered by severity of current risk, in descending order.

Ref	Risk	Risk if no action			Change	Current risk			Change	Page in register
		Impact	Likelihood	Score		Impact	Likelihood	Score		
25	Financial Impact due to External Factors (Funding changes which make the Council unsustainable / failure of external investment institutions)	5	5	25	↔	4	5	20	↔	9
3	Procurement & Contract Management (Failure of contractors/suppliers working on the Council's behalf)	4	4	16	↔	4	4	16	↔	10
27	Natural Disaster / Pandemic (The Council's ability to cope with a natural disaster / pandemic)	5	5	25	↔	4	4	16	↔	11
26	Financial Management (Failure to achieve savings targets / capital funding strategy / the Council's commercialisation and investment strategy)	5	5	25	↔	4	4	16	↔	12
24	Change in Government Priorities or Legislation (New or amended legislation / change of priorities)	5	5	25	↔	3 4	4	12 16	↑	13
6	Cyber Resilience (Loss of ICT provision)	5	5	25	↔	4	3	12	↔	14
23	Business Continuity / Disaster Recovery (Response to a localised operational issue)	5	5	25	↔	4	3	12	↔	15

22	Resourcing (Service provision affected by organisational change / insufficient staff)	4	5	20	↔	3	4	12	↔	16
10	Health & Safety (Major health and safety incident)	4	4	16	↔	3	3	9	↔	17
11	Fraud (Fraud and error committed against the Council)	5	4	20	↔	3	3	9	↔	18
13	Partnership Working (Failure of Governance in major partners, or in the Council, as a result of partnership working)	4	5	20	↔	3	3	9	↔	19
19	Communication & Engagement (Poor communications with stakeholders)	4	5	20	↔	3	3	9	↔	20
20	Commercial & Investment Strategy (Failure of the Council's commercialisation and investment strategy)	5	4	20	↔	3	3	9	↔	21
15	Project Management (Over-run of major Council projects in time or cost)	4	5	20	↔	3	2	6	↔	22

7 Corporate Risk Register

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
25 – Peter Catchpole (MS/SW)	<p>Financial Impact due to External Factors (Funding changes which make the Council unsustainable / Failure of External Investment Institutions)</p> <p>Risks:</p> <ul style="list-style-type: none"> Funding changes make Council unsustainable. Failure of external investment institutions. The current impact of inflation and how this may present additional pressures to the Council's overall finances. <p>Effects:</p> <ul style="list-style-type: none"> Economic changes, imposed savings requirements, changes to local government funding systems. Financial management of NNDR, CTS leads to change in income /spending making Council unsustainable. Failure of external investment institutions affecting availability of funds or return on investment reducing cash flow and resource availability. 	5	5	25	<p>Financial Regulations & Standing Orders; Appropriately trained staff; Professional economic forecasts; Community consultation on service priorities; Council for the Future programme; Political decisions linked to budget strategies; Executive steer of service /capital priorities; Review fees & changes; Reserves; Budget monitoring; Policy for maximum investment / borrowing levels limits liability; Credit ratings; Financial management; Insurance; Treasury Management Strategy; Using intelligence to model and plan for future changes and risks and move away from reliance on Govt funding to balance our budget; Regular monitoring of current position and reporting to Members; Inclusion in national working groups, modelling and lobbying for funding system; Sharing Council's Efficiency Plan with the Government allows guaranteed multi-year grant settlement raising funding certainty; Partnership working; Pursuing opportunities for external funding; Robust auditing of processes and policies.</p> <p>We closely monitor information received from government and relevant interest groups and sector representatives regarding anticipated changes in the financing of local government. Our Medium-Term Financial Plan articulates the key risks to the Council arising from potential changes in the current arrangements. The MTFP forecasts the gap between the cost of delivering Council services and the resources available, including any planned use of Council reserves.</p> <p>The Council has an agreed Commercialisation and Investment Strategy which will enable the Council to generate additional income. This provides a framework to determine which investment opportunities can be taken forward. Some income-generating investments have been made. However, the challenging economic outlook, particularly in respect of inflation and rising financing costs, is likely to reduce, at least in the short-term, the commercial viability of some planned investments.</p> <p>Each service is required to review and identify any opportunities for transformation, commercialisation and efficiency. The Council has now delivered Phase 2 of the 'Modernising Council Services' programme which is on target to deliver significant savings over the Council's current MTFP period. We have now started delivering the next phase of this transformation programme.</p> <p>It is unclear to what extent government will be able and willing to provide any level of financial support in response to the current economic challenges. To mitigate against significant rises in IDB levies additional funding has been received for 2024-25.</p> <p>The Treasury Management Strategy is subject to review by the Audit and Risk Management Committee prior to being considered and approved by Cabinet and Full Council in February each year. An annual report and a mid-year report are produced during the year for members' consideration in accordance with reporting requirements set out by CIPFA and the Council's treasury management position is regularly reviewed. The Council complies with relevant sector best practice.</p> <p>Defra has yet to set the levels of agreed revenue support for either Food Waste Transitional Funding or Extended Producer Responsibilities (EPR) making budget setting and resource management difficult. Capital funding for food waste implementation in 2026 has been received but raises concerns that it will be sufficient for the transition to weekly food waste collections.</p>	4	5	20	<p>The draft budget paper for 2025/26 will be going to Cabinet / Council on 24th February 2025 and will include an update on Local Government Reorganisation.</p> <p>Members are reviewing priorities since the announcement of LGR as reported to O&S.</p>

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
3 – CMT (All Managers)	Procurement & Contract Management Risk: Failure of contractors / suppliers working on the Council's behalf. Effect: Failure of contractor or partners to deliver services or meet agreed performance objectives leads to additional costs or failed objectives.	4	4	16	<p>Procurement processes, including financial aspects, contract standing orders, and equality standards; Creation of robust contracts; Accountability and risk ownership; Service Level Agreements; Contract monitoring; Trained / skilled staff; Project management; Relationship Management; Business Continuity plans; Ensuring contracts have risk registers and mitigation in event of contract failure; Ensuring all contractors have reviewed their business continuity plans; Individual Council services share their own contingency to cover for contractor failure, which forms part of the Business Continuity Plan for each service area; Potential contractors and suppliers are always checked for financial stability and business continuity by the Accountancy / Procurement teams before contracts are let.</p> <p>FDC has arrangements in place to manage / monitor the performance of the Tivoli Grounds Maintenance contract and the Freedom Leisure contract. All other contracts have a full review and governance process in place to ensure ongoing delivery and performance standards.</p> <p>The cost of living and energy crises form a significant challenge to the leisure business. Freedom Leisure and FDC are monitoring the situation closely and are working together to mitigate impact on the services provided to the local community in Fenland.</p> <p>Following an audit of our Contracts Register, there are several actions which will be followed up for implementation during an audit of procurement which will start in February 2025.</p> <p>A Contract Management Policy and associated standards and guidance toolkit will be considered to ensure that all contracts are managed in a consistent and compliant manner. This should be available to all contract managers.</p> <p>The Materials Recovery Contract is in place with a competent contractor for the 10,000 tonnes of blue bin recycling materials. The bulking and transfer of this material is in place into 2025, and alternative options are being sought should notice be given on this contract.</p>	4	4	16	<p>The Procurement Act has now come into force. Refresher training has been developed and will be rolled out shortly.</p> <p>Code of Procurement was agreed by Full Council in December 2024. The Procurement Strategy will be tabled for consideration by Members at Full Council in February 2025.</p>

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
27 – CMT (SB)	<p>Natural Disaster / Pandemic (The Council's ability to cope with a natural disaster / pandemic)</p> <p>Risks:</p> <ul style="list-style-type: none"> The Council's ability to cope with a natural disaster, or a pandemic / infectious disease situation. Failure to maintain robust emergency planning procedures. <p>Effect: Natural disaster: malicious or accidental incident affects support required by civilians or disrupts existing Council services.</p>	5	5	25	<p>Business Continuity and Emergency Planning procedures; Regular exercises and joint public sector workshops; Emergency Planning communications strategy; Review of approach with partner organisations as a result of lessons learned; Local Resilience Forum; Working with key partner agencies (Public Health, CPLRF, ARP etc.); Agile working, all relevant staff are enabled to work remotely; Ensure key emergency planning staff attend regular liaison meetings and training.</p> <p>Internal Audit carried out reviews of our Business Continuity and Emergency Planning processes during 2024.</p> <p>The Council retain the use of our four leisure centres for use as rest centre locations.</p> <p>The Council has a rota for 'on-call' senior officers at Gold (strategic), Silver (tactical) and Bronze (operational) levels to respond in the event of an incident. The Council's response to any such situation will complement, and support, that of the CPLRF.</p>	4	4	16	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
26 – Peter Catchpole (MS/SW)	<p>Financial Management (Failure to achieve saving targets / capital funding strategy / the Council's commercialisation and investment strategy)</p> <p>Risks:</p> <ul style="list-style-type: none"> • Failure to achieve required saving targets. • Capital funding strategy failure. <p>Effects:</p> <ul style="list-style-type: none"> • Failure to achieve efficiency savings, or to maximise income. • Failure to achieve performance targets may result in greater than budgeted costs and potential risk of Council not being able to set a balanced budget. • Financial risks of capital funding shortfalls leading to increased burden to the Council. • Potential for marginal deficit in capital programme if future funding is not realised. 	5	5	25	<p>Heightened analysis of budgets; Implementing service transformation; Implementing procurement strategy; Corporate plan; Pursue action to increase income streams; Performance Management Framework; Robust workforce planning; Project management; Council for the Future programme; Corporate Asset Team; Monitoring of capital receipts and effect on capital programme; Additional funding opportunities identified and pursued; Project lead monitors site valuations; Marketing and identification of potential land purchases; Flexibility of planning guidance; Robust control of Corporate Transformation Plan; Regular progress reports and assurance to Members; Forward planning and horizon scanning; Asset Management Plan; Asset Disposal Strategy.</p> <p>Delivery of Council Efficiency targets continue including delivering planned savings in the Council's annual budget and medium-term financial strategy.</p> <p>The Council is now delivering the Transformation Agenda 2 (TA2) programme which is expected to deliver significant savings over the Council's current MTFP period and will be critical in enabling the Council to set a balanced budget over the medium-term.</p> <p>As part of the Transformation Programme, the Council has commenced an Accommodation Review which could contribute significantly to future savings requirements. Hybrid working is now commonplace across the Council resulting in reduced occupation of our main office accommodation which presents new possibilities for the Council. The Council has undertaken a condition survey for Fenland Hall which indicates a requirement for significant capital and revenue investment. The Council have undertaken the Accommodation Strategy Outline Business Case and have arrived at two options which have been considered by members.</p> <p>The current projected funding deficit will be met by borrowing and the relevant annual financing cost has been included in the Council's Medium Term Financial Plan. A significant number of projects are included which will need to be delivered in the short to medium term to address the Council's statutory responsibilities and/or deliver against agreed strategic objectives. A particular challenge exists where grant funding is received prior to going out to tender and then is insufficient to cover the full cost of planned works. The regular project meetings chaired by the Chief Executive ensure there is an ongoing discussion of project financing and consideration given to other funding options and re-scoping of projects.</p> <p>A further specific challenge relates to future costs concerning the Port infrastructure and backlog maintenance of the property portfolio.</p> <p>Members are aware that whilst the associated costs are not yet factored into the capital programme and medium-term financial plan the impact is likely to be significant. The options for cost-avoidance and reduction will depend on significant strategic decisions to be taken as part of the budget-setting process.</p> <p>With the Council currently showing an in-year deficit position, we need to focus on all feasible interventions to bring this down considerably.</p> <p>These will include: limiting service budget expenditure to essential items only, withdrawing support for certain overtime and agency worker arrangements, suspending recruitment for certain unfilled roles on the establishment. The Council have a Savings Tracker which includes a list of deficit reduction issues for CMT/MT to consider and agree a way forward at each meeting. The Transformation Team will review their current work programme to focus on the priorities above whilst potentially decommissioning lower-level priority service review activity.</p> <p>Management Team will need to continue putting our efforts behind the following priority areas (not exhaustive): Homelessness; Port; Planning; Transformation/Operating Model (Applications); Staff costs; Environment Act Obligations; Capital Pressures; Debt</p> <p>The updating of the Financial Regulations will be reviewed, and any changes will have to go through Cabinet and Full Council for approval before publishing.</p>	4	4	16	<p>The final budget report for 2025/26 will be going to Cabinet and Council on 24th February 2025.</p> <p>Members are reviewing priorities since the announcement of LGR as reported to O&S.</p>

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
24 – CMT (PM/AB)	Change in Government Priorities or Legislation (New or amended legislation / change of priorities) Risks: <ul style="list-style-type: none"> Change in legislation. Change in government priorities. Significant legal challenge. Risk of GDPR breach and ICO sanction / fine. Risk of administrative, or other challenge in relation to the Council's overall governance / acts / omissions. Effect: Changes in national political priorities may result in immediate changes that require additional resource to achieve and fail to reflect priorities determined by consultation.	5	5	25	<p>Monitoring Officer; Horizon scanning by Legal / CMT / Management Team; Financial & workforce planning; Membership of professional / Local Govt. bodies aids horizon scanning; Management of change approach to mitigate significant impact to the organisation; Detailed project plans to change implementation; Respond to consultations on new legislation; Insurance; Cabinet reports; Clear corporate planning and regular performance monitoring; Effective service/ financial planning; Respond to national consultation on key policy change; Membership of LGA as a Council Outside Body; Use intelligence to identify impending changes and their effects; Ensure staff trained and procedures changed; Use professional networking to identify best practice for responding to change; We respond to government consultations on changes to legislation / policy to influence its development; Operate in accordance with best practice; Seek specialist external legal advice, where required; Effective working with other local authorities; Understanding and acting on intelligence from LGA, CIPFA, and other local government sources; Resources identified, approved, and implemented without delay; Horizon scanning via professional bodies; Joint/collaborative working.</p> <p>The likelihood of legislative change remains high. We are keeping a watching brief as any changes are announced. We are monitoring expected legislative changes which may arise after the introduction of the Procurement Act which will replace the current EU law-based procurement regulations and lay down new rules and procedures for selecting suppliers and awarding contracts.</p> <p>The Council has in-house senior legal advice as well as through its links with external organisations, such as EM Lawshare and PCC Legal. Specialist external advice will be sought in relation to complex / technically challenging matters, as appropriate.</p> <p>The Elections Bill 2021 includes additional requirements relating to: Voter identification; Postal and Proxy voting measures; Clarification of undue influence; Accessibility of Polls; Overseas Electors; EU Voting and Candidacy Rights; The Electoral Commission; Notional Expenditure; Political Finance; Intimidation: New Electoral sanction; and Digital Imprints.</p> <p>The Environment Act included changes to waste collection and treatment for implementation from 2025-2027. This will involve changes in how we are funded and what is expected of us as a local authority collecting domestic and commercial waste and recycling.</p> <p>Defra have clarified Cambridgeshire's position for weekly food waste collections, and these will commence in 2026.</p>	3 4	4	42 16	<p>The Government have announced that they will facilitate a programme of local government reorganisation for two-tier areas. They will invite proposals for reorganisation, and take a phased approach to delivery, considering where reorganisation can unlock devolution, where areas are keen to move quickly or where it can help address wider failings. New unitary councils must be the right size to achieve efficiencies, improve capacity and withstand financial shocks. For most areas this will mean creating councils with a population of 500,000 or more, but there may be exceptions to ensure new structures make sense for an area, including for devolution, and decisions will be on a case-by-case basis.</p> <p>Members are reviewing priorities since the announcement of LGR as reported to O&S.</p> <p>The Procurement Act has now come into force. Refresher training has been developed and will be rolled out shortly.</p>

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
6 – Peter Catchpole (SB/AB)	Cyber Resilience (Loss of ICT provision) Risk: Breach of ICT security, ICT failure, or cyber-attack, causing loss of service. Effects: <ul style="list-style-type: none"> Major ICT hardware / software failure, or attack (such as viruses, hacking, or malware) causes disruption to services, or a breach of security. Financial penalties due to data loss. Reputational damage. 	5	5	25	<p>Anti-virus software; Firewalls; Geographically distributed servers; Exercised Disaster Recovery plan; Data backed-up and stored off-site; Redundant power supplies; Clustered / virtual servers; Revised security policies; Service business continuity plans; All staff undertake cyber-security training annually; Effective auditing of systems; Regular penetration testing; Network monitoring.</p> <p>The Council subscribes to the National Cyber Security Centre's (NCSC) Web Check service that helps public sector organisations identify website threats. This service scans public sector websites to check if they are secure.</p> <p>Council ICT systems and website are as secure as possible with current anti-malware software and processes up to date. When vulnerabilities are made known by software vendors, software is promptly updated to reduce the risk of malicious attack.</p> <p>Our ICT infrastructure and processes are accredited against the PSN Code of Connection, PCI DSS, and Cyber Essentials Plus certification.</p> <p>Independent internal and external penetration testing is carried out annually to demonstrate our processes and security stance are adequate.</p> <p>An internal audit of our preparedness to protect our systems and data was carried out in 2024 and recommendations from this are being implemented.</p> <p>A cyber training course is delivered to all staff annually.</p>	3	4	12	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
23 – Peter Catchpole (SB/MG/AB)	Business Continuity / Disaster Recovery (Response to a localised operational issue) Risks: <ul style="list-style-type: none"> Lack of access to Council premises preventing service delivery. Failure of ICT systems. Resources become unavailable. Effects: <ul style="list-style-type: none"> Disruption of service provision. The Council has undertaken a condition survey of Fenland Hall and significant repairs are needed. Failure to secure and manage data leads to loss / corruption / inaccuracy of data, resulting in disruption to services and breaches of security. 	5	5	25	Alarm and security systems; Fire drills; Business continuity plans; ICT disaster recovery plan; Geographically distributed sites; Remote working; Statutory building inspection and checks; Carrying out necessary works to rectify urgent issues; Effective auditing of systems and data held; Data backed-up securely off-site; Regular penetration testing; ICT Disaster Recovery procedures regularly tested; Additional ICT resource has been recruited; Provision of 'drop down' facilities for staff; Resilient internet feed to Fenland Hall; Resilience built into ICT infrastructure, where appropriate; Consideration given when a new system is procured or replaced as to whether it would be more appropriate to host this within the cloud in terms of resilience, capacity, performance, and cost; The Council has an Information Asset Register of all records it holds in both paper and electronic form. Worked with IT system suppliers and conducted a staff awareness campaign to ensure that staff understand and are compliant with GDPR; Majority of information held by the Council is held with a legal basis for holding (e.g. Elections and Council Tax records); All staff undergo GDPR training. The likelihood score reflects the global increase of cyber-crime; All Council employees undertake cyber security training; Improved ICT systems provide better/increased opportunities for remote/agile working; Where necessary, staff have the necessary equipment to be able to work away from the office with access to Council systems; All key / priority services have individual business continuity measures in place to maintain service delivery; The Council has implemented Pay Point, which has enabled our residents to pay their bills (by cash or card) in a much greater number locations across the district.	4	3	12	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
22 – CMT (SA/All Managers)	Resourcing (Service provision affected by organisational change / insufficient staff) Risks: <ul style="list-style-type: none"> Service provision affected by organisational change, or insufficient staff, to provide Council services. Increased competition from other employers within the same workforce pool. Insufficient leadership and/or management capacity. Effects: <ul style="list-style-type: none"> Constraints to effective workforce planning may lead to poor standards of service, or disruption to service. Service transformation can help build resilience but could also lead to a loss of qualified and knowledgeable staff exposing the council to risk of service failure or legal challenge. Service provision, or performance, affected by organisational change, industrial action, or staff sickness resulting in complaints, poor performance, or possible further costs. 	4	5	20	<p>Learning & development framework / training; Working environment / culture; Staff Committee; Flexible working; Established suite of people policies & procedures; Business continuity plans; Management training; 121s / Springboards / staff development; Service planning process; Access to interim staff; Effective sickness management; Effective governance structures; Audit & Risk Management Committee; Consultation with Management, Trade Union and Staff Partnership group (MTSP); Robust HR management procedures; Regular performance monitoring; Project management processes; Ensure all services have effective workforce plans, which ensure all work is prioritised; Effective succession planning; Effective use of project management approaches / principles when delivering priorities / strategies; Robust management of all organisational change; Culture of council remains effective; Comprehensive programme of health surveillance for groups of employees who work in certain service areas; Trained Mental Health First Aiders; Stress awareness / resilience training; Staff engagement and consultation processes.</p> <p>All services are required to publish service plans, learning requirements and workforce plans to ensure teams are staffed according to current establishment and to take account of priorities and longer-term trends. All service business continuity plans have been updated to ensure that key, priority and statutory services can be maintained in the event of a significant loss of staff through illness or absence.</p> <p>Where necessary, staff have the necessary equipment to be able to work away from the office with access to Council systems.</p> <p>Even with mitigation in place the challenges of attracting, recruiting and retaining staff is becoming increasingly difficult. As part of the Transformation programme, individual service reviews have commenced and will consider this issue as part of the process.</p> <p>All organisational changes must be supported by a full rationale and business cases and are considered by senior management; Proposed changes are subject to a consultation process, and then progressed by a wider project group to ensure all service provision issues are considered and managed. This project management approach is maintained for all such changes/programmes, and is supported by communication, engagement and training support for staff groups affected.</p> <p>The Council has a health and wellbeing programme in place which supports the existing suite of policies, codes of practices and processes, this includes a wide range of support to help promote and encourage their good health and wellbeing.</p> <p>Actions agreed from the most recent wellbeing survey include:</p> <ul style="list-style-type: none"> All managers will be invited to attend a two-day Mental Health First Aid course. All employees will be invited to a half-day Mental Health Awareness course. All new employees will be required to attend the training as part of their induction to the Council. <p>Upskilling our managers to assist in the management of a remote workforce and support the wellbeing of their teams.</p>	3	4	12	With the announcement of Local Government Reorganisation, it is envisaged that recruitment of vacant posts may be more difficult to fill, and retention of staff may prove to be more of a challenge. This will be closely monitored going forward.

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
10 – CMT (SA)	Health & Safety (Major health and safety incident) Risk: Major health and safety incident. Effect: Major health and safety incident at leads to costs for inquiry, disruption to service, and possible prosecution.	4	4	16	<p>Health and Safety Policy / Codes of Practice; Quarterly meetings of Council Health & Safety (H&S) Panel; H&S Management System based on HSG65 (Plan, Do, Check, Act); H&S audits in all services; Specialist H&S Advisor; Corporate wide H&S training; Insurance; Aligned Port health and safety arrangements; Port Management Group and annual independent audit; Robust sickness management processes; Health and safety standing item on relevant team meetings; All services represented on H&S Panel meetings; Ensure equipment inventory and inspections are up to date; Collation of all Service Risk Assessment Registers; All high-risk areas have increased systems of management in place, e.g. Port Safety Management Group; Statutory building / equipment inspection programmes in place. Port Annual External Audit. External independent investigations into certain incidents.</p> <p>For all major contracts we ensure providers meet all statutory requirements.</p> <p>A thorough Health and Safety regime at the Council ensures that the residual risk remains carefully managed.</p> <p>Programme of targeted health and safety refresher training is in place as per service specification.</p> <p>Health and safety e-learning courses developed and rolled out on the Council e-learning platform.</p> <p>Health and Safety performance is monitored regularly.</p> <p>Flu jabs are being provided for employees and we also provide a Health Cash Plan scheme for staff (at no cost to the Council).</p>	3	3	9	

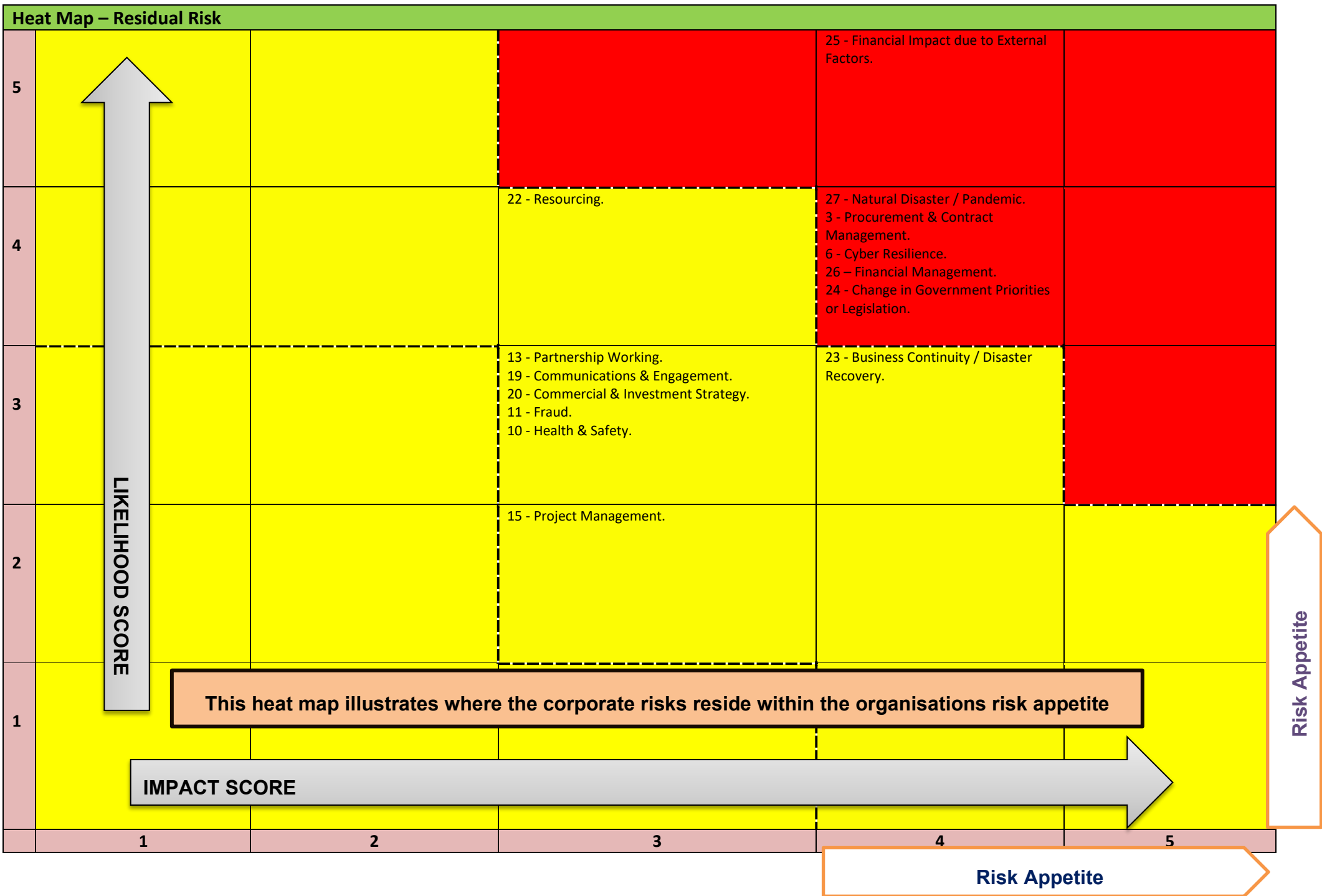
Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
11 – Peter Catchpole / Carol Pilson	Fraud (Fraud and error committed against the Council) Risk: Fraud and error committed against the Council. Effects: <ul style="list-style-type: none"> • Potential for fraud, corruption, malpractice, or error, by internal or external threats. • Immediate financial loss which could harm reputation, and lead to additional costs or penalties. 	4	4	16	<p>Anti-fraud & corruption policy / strategy; Financial regulations / Standing orders; Codes of conduct; Appropriately trained staff; Appropriate culture and risk awareness; Segregation of duties; Supported financial management system; Budget monitoring regime; Internal Audit review of systems and controls; Bribery & corruption / fraud risk assessments; Indemnity insurance; Whistle-blowing procedure; Annual Governance Statement; ARP fraud resource; National Fraud Initiative; Increased staff vigilance; Fraud awareness training for managers; Raised profile internally and externally for successful prosecutions.</p> <p>The Council works with the National Fraud Initiative (NFI) on assurance to achieve annual compliance.</p> <p>The Council has assisted with each annual NFI, cross-matching information with records held nationally.</p> <p>The Fraud team within the Anglia Revenues Partnership (ARP) continue to work on this subject.</p> <p>Financial regulations will be reviewed to ensure they are up to date and available to all staff.</p>	3	3	9	<p>The current code of practice for registering outside interests is being reviewed in light of the changes within the new Procurement Act.</p> <p>An updated training programme including fraud awareness is now available to all staff.</p> <p>The Procurement Act has now come into force. Refresher training has been developed and will be rolled out shortly.</p>

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
13 – Carol Pilson / Peter Catchpole (All Managers)	<p>Partnership Working (Failure of Governance in major partners, or in the Council, as a result of partnership working)</p> <p>Risk: Failure of governance in major partners, or in the Council, as a result of partnership working.</p> <p>Effect: Partnership governance not adopted or followed leading to unachieved priorities or poor performance by major partner agencies (Cambs. and Peterborough Combined Authority, Anglia Revenues Partnership, CNC Building Control, CCTV).</p>	4	5	20	<p>Cabinet and Overview & Scrutiny; ARP Joint Committee and Operational Improvement Board; Joint risk registers and performance indicators; CNC Joint Members Board; Project plans / performance monitoring; Shared risk registers; PCCA Membership; Assurance that governance models correctly followed, and in the Council's interests; Support Members in governance of partnership bodies; Ensure that the Council's interests are protected as Members of the Combined Authority and as Officers working on joint projects; Ensure all partners have robust business continuity plans in place; GDPR compliance; Robust ICT governance processes; Data protection impact assessments.</p> <p>The Annual Governance Statement being reported to Audit & Risk Management Committee shows the Council is in a strong governance position.</p> <p>Scrutiny of key partners and contract monitoring takes place on an annual basis at O&S and Cabinet members sit on boards to ensure the effective delivery of partnership arrangements.</p>	3	3	9	


Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
19 – CMT (DW/SA)	Communication & Engagement (Poor communication with stakeholders) Risk: Poor communications with stakeholders. Effects: <ul style="list-style-type: none"> • Poor communication with stakeholders, or staff, leads to poorly informed direction of resources, or lack of support for change. • Reputational damage. • Staff turnover. • Increased sickness absence. 	4	5	20	<p>Regular internal and external publications; Staff and management meetings; Regular staff communication from the Chief Executive; Key stakeholder networks for consultation; Forums for perceived hard to reach groups; Co-ordinated press releases; Comments, Compliments and Complaints monitoring and reporting procedure; Customer Service Excellence accreditation; Consultation strategy; MTSP; Customer Service Excellence (CSE) Action Plan; Staff survey; Wellbeing survey; Public consultations on key issues; 3CS refresher training; “What’s Breaking” communication and Vlog updates from the Chief Executive to all staff; Use of social media; Fully updated website.</p> <p>The Council's CSE performance is assessed each year by an external expert. The Council has a dedicated project team to ensure ongoing progress against CSE requirements/actions across all service areas to ensure consistent and effective communication to our customers.</p> <p>All change projects are supported by a robust project management approach, which includes a communication programme to ensure that stakeholders are fully informed.</p> <p>Regular Chief Executive's vlog to provide staff with updates on Council projects, share information about the organisation and its day-to-day business, and to be used as an opportunity to answer questions.</p>	3	3	9	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
20 – CMT (PC/MS/DH/AG)	Commercial & Investment Strategy (Failure of the Council's commercialisation and investment strategy) Risk: Commercial uncertainties associated with decisions taken as part of the Council's Commercial and Investment Strategy. Effects: <ul style="list-style-type: none"> • Reputational damage. • Financial loss. • Impact on services, staff, or community. 	5	4	20	<p>Robust oversight and governance arrangements; Expert professional advice; Robust budget management; Thorough project management and business cases process; All governance requirements have been put in place and are robustly reviewed; Fenland Future Ltd (FFL) has been constituted, with all appropriate governance requirements in place; Dedicated external expert resources are identified and procured to support where required; Annual audit on all governance arrangements.</p> <p>This risk is closely monitored to enable any new actions for mitigation to be identified and put in place.</p> <p>The Council's Commercial and Investment Strategy has a scoring matrix to inform all potential investment opportunities, which are considered fully by the Investment Board before they are ratified.</p> <p>Full business cases for all identified opportunities are taken to the Investment Board for consideration. This includes deciding on the delivery methodology. i.e. FDC or FFL and resource required to deliver each project.</p> <p>FFL's Business Plan is updated each year and approved by the Council's Investment Board in accordance with the articles of association. Project plans setting out the preferred delivery routes for each of FFL's major projects have been prepared and the two sites now have outline planning permission. Work has progressed on the delivery models needed to develop them.</p>	3	3	9	

Number – Owner	Risk and Effects	Inherent Scores			Mitigation	Residual Scores			Comments / Actions since Last Review
		Impact	Likelihood	Total		Impact	Likelihood	Total	
15 – CMT	<p>Project Management (Over-run of major Council projects in time or cost)</p> <p>Risk: Over-run of major Council projects in terms of time or cost.</p> <p>Effects:</p> <ul style="list-style-type: none"> • Failure to manage projects effectively leads to over-runs of time, or cost, or failure to achieve project aims. • Reputational damage. 	4	5	20	<p>Project Management methodology; Contract standing orders & financial regulations; Service plans; Budgetary control; Management, Cabinet and Portfolio Holder oversight; Forecasting; Horizon scanning; Amended ways of working; Robust project management; Effective risk registers for projects; All projects have a CMT sponsor with experienced management membership; Project management board oversight; Legal due diligence around grant agreements.</p> <p>Effective project management remains a Council priority.</p> <p>Major projects are closely monitored by CMT and Cabinet members and progress is reported to Council via Portfolio Holder briefings.</p> <p>The Council has now delivered Phase 2 of the Transformation programme which is on target to deliver significant savings over the Council's current MTFP period. We have now started delivering the next phase of this transformation programme.</p> <p>Governance arrangements around project management have been reviewed and rolled out.</p> <p>New project management software is being introduced to help manage major projects.</p>	3	2	6	



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Agenda Item No:	9	
Committee:	Audit and Risk Management Committee	
Date:	25 February 2025	
Report Title:	Whistleblowing Update	

Cover sheet:

1 Purpose / Summary

- 1.1 The purpose of this report is to provide the Audit and Risk Management Committee with an overview of the updated Whistleblowing Policy, and to provide a summary of recent statistics of whistleblowing complaints raised

2 Key Issues

- 2.1 The Public Interest Disclosure Act 1998 created a right to redress in the event of being dismissed or subjected to detriment by one's employer or other responsible third party, because of whistleblowing (making a disclosure in the public interest). The Act aims to encourage workers with relevant information to come forward responsibly, without fear of reprisal or victimisation. The Act seeks to achieve this by offering a right to redress or a remedy of the situation if workers raise their concerns in the ways specified in legislation.
- 2.2 The Council has a Whistleblowing Policy, which sets out its approach to Whistleblowing. This Policy meets the requirements of the Act in that it protects staff when making disclosures of information in the public interest from detriment or dismissal and encourages staff to make such disclosures without fear of retribution.
- 2.3 The Council has a suite of People Policies which are subject to a programme of review. The Whistleblowing Policy has now been reviewed and updated and is attached for the Committee's consideration and approval. The changes are minimal, and are as follows:
- The requirement for refresher training has been formalised in the policy.
 - Raising a concern as a member of the public has been added to the policy.
 - The contact information for "External Contacts" (Appendix 2) has been reviewed and updated.
- 2.4 In addition to the proposed changes to the Whistleblowing Policy, a summary of whistleblowing complaints has been collated and provided for information.

3 Recommendations

- 3.1 The Audit and Risk Management Committee are requested to:

- Note and approve the amendments to the Council's Whistleblowing Policy (Shown at Schedule 1.0)
- Note the attached summary of whistleblowing complaints

Wards Affected	None
Forward Plan Reference	N/A
Portfolio Holder(s)	Councillor Chris Boden – Leader of the Council
Report Originator(s)	Sam Anthony – Head of HR, OD and Customer Service santhony@fenland.gov.uk 01354 622268
Contact Officer(s)	Sam Anthony – Head of HR, OD and Customer Service santhony@fenland.gov.uk 01354 622268 Amy Brown – Assistant Director amybrown@fenland.gov.uk 01354622250 Deborah Moss – Head of Internal Audit dmoss@fenland.gov.uk 07596 571485
Background Papers	None

Report:

1 BACKGROUND AND INTENDED OUTCOMES

- 1.1 The Public Interest Disclosure Act 1998 created a right to redress in the event of being dismissed or subjected to detriment by one's employer or other responsible third party, because of whistleblowing (making a disclosure in the public interest). The Act aims to encourage workers with relevant information to come forward responsibly, without fear of reprisal or victimisation. The Act seeks to achieve this by offering a right to redress or a remedy of the situation if workers raise their concerns in the ways specified in legislation.
- 1.2 The Council has a Whistleblowing Policy, which sets out its approach to Whistleblowing. The Council recognises that its staff are often in the best position to know when the interests of the public are being put at risk. It also recognises that staff can act as an early warning system on matters of safety or to help uncover fraud and mismanagement in the workplace. However, the Council is aware that staff may feel uncomfortable about disclosing such information because of:

- feeling disloyal to colleagues or the Council
 - fearing reprisals through harassment or victimisation; or
 - being unsure of the best way to proceed.
- 1.3 The Council's Policy meets the requirements of the Act in that it protects staff when making disclosures of information in the public interest from detriment or dismissal and encourage staff to make such disclosures without fear of retribution.
- 1.4 The Council has a suite of People Policies which are subject to a programme of review. The Whistleblowing Policy has now been reviewed and updated and is attached for the Committee's consideration and approval. The changes are minimal, and are as follows:
- The requirement for refresher training has been formalised in the policy. (see 4.1.9, 4.2.4, 4.3.1)
 - Raising a concern as a member of the public has been added to the policy (see 5.5).
 - The contact information for "External Contacts" (See Appendix 2) has been reviewed and updated.
- 1.5 In addition to the proposed changes to the Whistleblowing Policy, a summary of whistleblowing complaints has been collated and provided for information. (See Schedule 2.0)

2 REASONS FOR RECOMMENDATIONS

- 2.1 The Council needs to have an up-to-date Whistleblowing Policy to ensure compliance with the stated legislative requirements. Therefore, the Audit and Risk Management Committee are requested to:
- Note and approve the amendments to the Council's Whistleblowing Policy (Shown at Schedule 1.0)
 - Note the attached summary of whistleblowing complaints

3 CONSULTATION

- 3.1 The following groups have been fully consulted on the proposed changes to the Whistleblowing Policy:
- The Management, Trade Unions and Staff Partnership group (MTSP)
 - The Corporate Management Team (CMT)
 - The Management Team
- 3.2 Once approved, changes/updates to policies are communicated to the workforce through a variety of mediums, such as
- The Management, Trade Unions and Staff Partnership group (MTSP)
 - The Corporate Management Team (CMT)

- The Management Team
- Team meetings
- What's Breaking
- 121 meetings

4 IMPLICATIONS

4.1 Legal Implications

The Council needs to have an up-to-date Whistleblowing Policy to ensure compliance with the stated legislative requirements

4.2 Financial Implications

There are none.

4.3 Equality Implications

There are none. An updated Equality Impact Assessment (EIA) has been undertaken in respect of the proposed revised policy

5 SCHEDULES

1.0 Updated Whistleblowing Policy

2.0 Summary of Whistleblowing

SCHEDULE 1.0
Whistleblowing Policy

Insert Whistleblowing Policy

SCHEDULE 2.0

SUMMARY OF WHISTLEBLOWING

A summary of all Whistleblowing concerns has been provided below for the last five financial years.

It should be noted that the information provided for 2024 – 2025 is year to date information.

Summary of Whistleblowing Concerns			
Financial Year	No. of Whistleblowing complaints raised	Raised with	Outcome
2024/25	0		
2023/24	1	Designated Officer and Monitoring Officer	Internal investigation process undertaken. Referred to Police to external investigation. No further action
2022/23	1	Designated Officer	Referred to Conduct Committee. No further action
2021/22	0		
2020/21	1	Designated Officer	Referred to Conduct Committee. No further action

Whistleblowing Policy

1.0 INTRODUCTION

1.1 This Policy sets out Fenland District Councils approach to Whistleblowing. The Council recognises that its staff are often in the best position to know when the interests of the public are being put at risk. It also recognises that staff can act as an early warning system on matters of safety or to help uncover fraud and mismanagement in the workplace. However, the Council is aware that staff may feel uncomfortable about disclosing such information because of:

- a) feeling disloyal to colleagues or the Council;
- b) fearing reprisals through harassment or victimisation; or
- c) being unsure of the best way to proceed.

However, the Public Interest Disclosure Act (PIDA) (1998) recognises these concerns. The Act applies to people at work raising genuine concerns about crime, civil offences, miscarriages of justice, danger to health and safety or the environment. It protects staff when making disclosures of information in the public interest from detriment or dismissal. This Act only covers "workers" - who are defined in simple terms as those who work under a contract of employment.

1.2 This Whistleblowing Policy is to encourage staff to make such disclosures without fear of retribution.

2.0 POLICY STATEMENT

2.1 Fenland District Council is committed to ensuring that all its activities are conducted ethically, honestly and to the highest possible standard of openness and accountability so as to safeguard and protect public safety and public money. In line with that commitment the Council expects its staff and others it deals with to voice their concerns about any Council activity over which they have serious concern. This policy will ensure that this can be actioned by individuals without fear of reprisal.

3.0 SCOPE

3.1 The Council does have a range of policies and procedures in place for staff to lodge a concern in relation to their employment. These include:

- Code of Conduct for Employees.
- Equal Opportunities Policy.
- Disciplinary Procedure.
- Grievance Procedure.
- Dignity At work..

All officers and members are encouraged to use the provisions in these procedures where appropriate.

3.2 However, there may be matters of either a major concern or those that fall outside of other policies/procedures that need to be handled in a different way. This policy details how all Council employees can progress any issues of concern without the fear of harassment, victimisation and subsequent discrimination or disadvantage. All staff should raise serious concerns within the Council rather than ignoring the problem or reporting the matter outside.

For the purposes of **this** policy only, 'employees' shall be taken to include:

- All employees under a contract of employment
- Self-employed contractors or consultants working for the Council.
- Agency employees
- People on work experience or placement schemes
- Volunteers based at the Council.

3.3 Any serious concerns regarding a Council activity or the conduct of any of its officers, members, or any person or persons acting on behalf of the Council (e.g. contractors, consultants, volunteers etc) can be reported under this Whistleblowing Policy. The type of major concerns that are covered include:

- conduct which is an offence or a breach of the law.
- conduct which amounts to improper/unethical practices.
- a criminal offence has been, is being or is likely to be committed.
- suspected fraudulent activity.
- health and safety risk to either employees or the public.
- damage to the environment.
- showing undue favour over a contractual or employment matter.
- a breach of standing orders or financial regulations.
- a breach of legal obligation.
- unauthorised use of public funds.
- a miscarriage of justice.
- a breach of a code of conduct, and
- the deliberate covering up of information indicating any of the above.

The list is not exhaustive, and the policy can cover any other unethical conduct. The list merely illustrates the types of issues that can be raised under this policy.

3.4 Concerns that fall outside the scope of this policy are:

- concerns raised by employees relating to their own employment which should be addressed under the Council's Grievance Policy; or
- concerns raised on behalf of service users which should be addressed via the Council's 3C's (Correspondence, Compliments and Complaints) procedure.

3.5 The policy is intended to encourage and enable employees to raise serious concerns within the Council first, using this process, rather than overlooking a problem or 'blowing the whistle' outside before the Council has had an opportunity to address and remedy the issue itself.

4.0 SAFEGUARDS

4.1 Council Responsibilities

4.1.1. The Council recognises that the decision to report a concern is difficult to make. However, if the employee believes it is the truth, then they will have nothing to fear as they are fulfilling their duty to the Council.

4.1.2. When a concern is raised the Council will be as supportive as possible. Harassment or victimisation (including informal pressure) will not be tolerated. If, as a result of raising a concern in good faith, employees experience any pressure the Council will take action to protect them from any form of victimisation.

4.1.3. Any employee found to be victimising another employee who has raised a genuine concern will be considered to be committing a serious disciplinary offence (deemed as gross misconduct), which will be dealt with under the Council's Disciplinary (Conduct) Policy.

4.1.4. All concerns raised will be treated in confidence and every effort will be made to protect the employee's identity if the employee wishes, and the Council will make every effort not to reveal the identity of the person (Whistleblower) making the complaint.

4.1.5. The Council does not encourage staff to make disclosures anonymously. Proper investigation may be more difficult or impossible if we cannot obtain further information from the individual. It is also more difficult to establish whether any allegations are credible.

Whistleblowers who are concerned about possible reprisals if their identity is revealed should come forward to the Designated Officers (listed at Section 6) and appropriate measures can then be taken to preserve confidentiality. If employees are in any doubt, they can seek advice from the Council's Employee Assistance Programme or Protect, the independent whistleblowing charity, who offer a confidential helpline (Contact details are shown in Appendix 2).

4.1.6. However, it is important that employees understand that, in some circumstances, the Council will be unable to take action about a concern raised without the employee's identity and a written statement being put forward as evidence (E.g. In a disciplinary hearing.)

4.1.7. In some circumstances the Council may have to disclose the identity of the employee without their consent, although this will be discussed with the employee first.

In certain circumstances, depending on the nature of the concern and the outcome of the resulting investigation, the Whistleblower may be required to come forward as a witness.

4.1.8. If employees raising a concern under the Council's Whistleblowing Procedure are already the subject of disciplinary or redundancy procedures, these procedures will not be halted as a result of the whistleblowing.

4.1.9 The Council will ensure that refresher training in relation to Whistleblowing matters is provided for all staff at regular intervals.

4.2 Staff Responsibilities

4.2.1. All employees have a responsibility to report their concerns about unacceptable or inappropriate practice or behaviour. Whilst it can be difficult to raise a concern against a colleague or manager, employees are encouraged to act to prevent an escalation of bad practice and prevent themselves being potentially implicated in that bad practice.

4.2.2. Employees are encouraged to put their name to an allegation whenever possible. The Council attaches less weight to concerns that are expressed anonymously, but these may still be considered at the discretion of the Council. In exercising this discretion, the factors to be taken into account include:

- the seriousness of the issue(s) raised.
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources.

4.2.3. If an allegation is made in good faith that is not confirmed through investigation, no action will be taken against the employee raising the concern, and the matter will be considered closed. However, if there is clear evidence that an employee has made an allegation frivolously, maliciously or for personal gain, then disciplinary action may be taken against that employee.

4.2.4 All staff will be required to undergo refresher training in relation to Whistleblowing as directed by their manager.

4.3 Management Responsibilities

4.3.1. All managers have a responsibility to:

- explain the policy and procedure to employees and to create a culture where all employees are comfortable in expressing their concerns.

- encourage employees to come forward and raise concerns on a confidential basis without fear of reprisal;
- take any concerns seriously.
- investigate any concerns/allegations quickly and appropriately.
- escalate concerns and provide feedback in a timely manner.
- ensure that staff are given time to complete the refresher training in relation to Whistleblowing.

5. HOW TO RAISE A CONCERN

5.1 Where appropriate a concern should be first raised with your line manager who will consider taking the matter forward. However, concerns can be raised with one of the Designated Officers (listed below) rather than your line manager in the first instance if preferred.

If you believe that the concern is of a serious enough nature or that management is involved you should approach one of the Designated Officers directly.

5.2 Concerns should be raised in writing, using the form at Appendix 1, and should cover the following:

- the background and history of the concern (giving dates where possible); and
- the reasons for being concerned about the situation.
- the name and contact details of the employee raising the concern.
- assistance in completing the form can be provided from any member of the HR team, if required. Staff should contact the Head of HR/OD (*Tel: 01354 622268, E-mail: santhony@fenland.gov.uk* who will arrange for this assistance to be provided).

5.3 If an employee believes that colleague(s) have similar concerns, they should discuss the matter with them first. It may be easier for the matter to be raised where two or more employees share the same concerns.

5.4 Any employee raising a concern under the Council's Whistleblowing Policy will have the right to be accompanied by a trade union representative or work colleague during meetings or interviews.

5.5 *Raising a concern as a member of the public*

- If you are not a Council employee, the Council's Complaints Procedure should be used to raise complaints about Council services and activity.
- Members of the public can contact the Council using the Whistleblowing Policy to report any serious concerns or disclosures over wrongdoing (please contact any of the Designated Officers listed at section 6)
- Where this policy refers to a "whistleblower", it refers to both employees and members of the public who make a disclosure.
- Unlike disclosures by employees, PIDA does not offer legal protection for

disclosures made by members of the public. However, the Council will take reasonable and appropriate action to protect the confidentiality of members of the public when they make a disclosure.

6. DESIGNATED OFFICERS

6.1 It is essential that allegations are heard by an officer who is impartial and capable of taking an independent view on the concerns raised. In the first instance, if possible, any concern should be raised with your line manager. However, the Council has agreed for the following to act as Designated Officers for independent consultation if you believe that to be necessary.

For any matter (including all Financial Matters)

Peter Catchpole - Corporate Director & Chief Finance Officer

Tel: 01354 622201

E-mail: petercatchpole@fenland.gov.uk

For non-financial matters:

Amy Brown – Assistant Director

Tel: 01354 622483

E-mail: abrown@fenland.gov.uk

Carol Pilson – Corporate Director and Monitoring Officer

Tel: 01354 622360

E-mail: carolpilson@fenland.gov.uk

Paul Medd - Chief Executive

Tel: 01354 622202

E-mail: paulmedd@fenland.gov.uk

Sam Anthony – Head of Human Resources and Organisational Development

Tel: 01354 622268

E-mail: santhony@fenland.gov.uk

7. INVESTIGATING THE CONCERN

7.1 Once a written concern has been received, the appropriate manager or Designated Officer will respond to all concerns raised under this policy, and will arrange an initial, confidential interview to ascertain the nature of the problem. Employees may be asked to make either a written or verbal statement.

The manager/Designated Officer will produce a brief summary of the meeting, which will be agreed and signed by both persons. The summary will identify that this concern is being raised under the Whistleblowing policy. This should not be construed as either an acceptance or rejection of the concern.

7.2 The manager/Designated Officer will then review the situation and decide upon the course of action following appropriate consultation. This decision, with reasons, is to be formally recorded. All managers will have to report this matter to their Director, or a Designated Officer. If the allegation is a financial irregularity the matter must also be reported to the Executive Director (Finance). In the event that a complaint involves the Chief Executive or the Executive Director (Finance), the Designated Officer will report to the Leader of the Council who will authorise further proceedings.

7.3 A decision will be made as to whether an investigation is appropriate or not and, if so, what form it should take. If the concern falls within the remit of other Council procedures the matter will normally be referred for consideration under those procedures.

7.4 Once a concern has been lodged, the employee will be responded to in writing within ten working days, acknowledging:-

- that the concern has been received;
- how the matter will be dealt with, and;
- whether initial enquiries have been made.

A copy of this correspondence will be sent to the Monitoring Officer.

7.5 The employee will be given an indicative timescale of when a final response will be produced. While every effort will be made to keep the employee informed of progress, this will be subject to legal constraints on matters of confidentiality.

7.6 The Council will endeavour to minimise any difficulties experienced as a result of raising a concern. Full support and advice will be given at all stages of any and all proceedings.

8. HOW THE MATTER CAN BE TAKEN FURTHER

8.1 If the employee raising the concern is not satisfied with the outcome of the investigation, they will have the right to appeal. Any such appeal must be lodged in writing and sent to the Head of HR & OD, within 10 working days of receipt of the decision, stating clearly their grounds for appeal. This will form the final stage of the Council's whistleblowing process.

The Council does recognise that disclosures can be made to prescribed persons as determined by the Government and other outside bodies.

This list includes:

- Public Concern at Work
- The Health & Safety Executive
- Recognised Trade Unions
- External Auditors
- Local Government Ombudsman
- Police
- Other relevant professional bodies or regulatory organisations; and
- Other relevant voluntary organisations.

(The contact information for these and other named bodies are detailed in appendix 2 – pages 10 - 14)

8.2 If the employee does decide to take the matter outside the Council, they should not disclose confidential information, and the advice of the Monitoring Officer should be sought before taking this action.

9.0 QUALITY AND CONSISTENCY

9.1 The Human Resources team will monitor the Whistleblowing Policy and Procedure to help ensure fair and consistent application, and the Whistleblowing Policy and Procedure will be reviewed at intervals to ensure that it remains fit for purpose.

Responsible team	Human Resources/Internal Audit
Date	First approved January 2004
Status	Approved
Date of revisions (if applicable)	January 2025
Date agreed	
Date for revision	January 2027
Links to other People Policies (located on the intranet)	Equal Opportunities, Disciplinary (Conduct) Policy, Grievance Policy, Dignity at Work
Committee Approval	Audit and Risk Management Committee

Whistleblowing Concern Form

Fenland District Council is committed to openness, honesty and accountability, and wants to be alerted to problems as early as possible. The Council therefore encourages staff and Members who have serious concerns about any aspects of the Council's work, to express those concerns.

This electronic form should be used to lodge any such concerns.

Assistance in completing this form can be provided from any member of the HR team, if required. Please contact the Head of HR (Tel: 01354 622268, E-mail: santhony@fenland.gov.uk who will arrange for this assistance to be provided).

The full Policy is available on the Council's Intranet under People Policies.

Background and history

Please set out, in as much detail as possible, the background and history of your concern, giving names, dates, places and other information where possible.

(Please type here)

Reason for concern

Please express, in as much detail as you can, the reasons why you are particularly concerned about the situation.

(Please type here)

Name and contact details

The Council encourages people raising concerns to give their full name for the following reasons:

- concerns expressed anonymously are much less powerful.
- the Council can give you direct feedback on the progress and outcome of any investigations.

So, if you can give you your name and contact details in the box below, that would assist in the investigation of your concern.

(Please type here)

Thank you

Thank you for raising your concern, which will be taken seriously.
Please forward your completed form confidentially to either your line manager or a Designated Officer.

You will hear from the Designated Officer within ten working days.

External Contacts

<https://www.gov.uk/whistleblowing>

Protect

Protect aims to make whistleblowing work for individuals, organisations and society.

<https://protect-advice.org.uk>

Advice line: <https://protect-advice.org.uk/contact-protect-advice-line/>

Tel: 020 3117 2520

Tel: 020 7404 6609

The Certification Officer

For matters in respect of fraud, and other irregularities, relating to the financial affairs of trade unions and employers' associations.

Certification Office

11th Floor, 14 Westfield Avenue

London E20 1HZ

Email info@certoffice.org

Tel: 0330 109 3602

Independent Office Police Conduct

For matters in respect of the conduct of a person serving with the police, or of any other person in relation to whose conduct the Independent Police Complaints Commission exercises functions in or under any legislation.

Independent Office for Police Conduct (IOPC)

PO Box 473

Salisbury M33 0BW

Email: enquiries@policeconduct.gov.uk

Tel: 0300 020 0096

The National Audit Office

For matters in respect of the proper conduct of public businesses, value for money, fraud and corruption in relation to the provision of centrally funded public services

The Comptroller and Auditor General (National Audit Office)

157-197 Buckingham Palace Road

London SW1W 9SP

<https://www.nao.org.uk/about-us/contact-us>

Tel: 020 7798 7999

The Director of the Serious Fraud Office
For matters in respect of serious or complex fraud

2-4 Cockspur Street
London SW1Y 5BS
Email: public.enquiries@sfo.gov.uk
Tel: 020 7239 7272

The Environment Agency

For matters in respect of acts or omissions which have an actual or potential effect on the environment or the management or regulation of the environment including those relating to pollution, abstraction of water, flooding, the flow of rivers, fisheries and migratory salmon or trout.

The Environment Agency
National Customer Contact Centre
PO Box 544
Rotherham S60 1BY
Tel: 0370 850 6506
Email: enquiries@environment-agency.gov.uk
Environment Agency incident hotline
Telephone: 0800 80 70 60

The Health and Safety Executive

For matters which may affect the health and safety of any individual at work; matters which may affect health and safety of any members of the public arising out of, or in connection with, the activities of persons at work.

Health and Safety Executive
Redgrave Court
Merton Road
Bootle Merseyside L20 7HS
<https://contact.hse.gov.uk/where-in-uk/>
Tel: 0300 0031647

Information Commissioner's Office

For matters in respect of compliance with the requirements of legislation relating to data protection and to freedom of information.

<https://ico.org.uk/global/contact-us/>
Tel: 0303 123 1113

Advisory, Conciliation and Arbitration Service (Acas)

Acas operates a nationwide network of helplines which deal with queries about employment matters, including the rights and obligations arising out of employment law.

Tel: 0300 123 1100

E-mail: www.acas.org.uk

Local Government & Social Care Ombudsman (LGSCO)

The LGSCO is concerned with council matters including housing, planning, education and social services.

<https://www.lgo.org.uk/contact-us>

Tel: 0300 061 0614

Disclosure and Barring Service (DBS)

The DBS's aim is to help organisations in the public, private and voluntary sectors by identifying candidates who may be unsuitable to work with children or other vulnerable members of society. Their role is to reduce the risk of abuse by ensuring that those who are unsuitable are not able to work with children and vulnerable adults.

DBS barring

20-22, Wenlock Road

London, N1 7GU

info@dbschecks.org.uk

Tel: 02045 724 111

General Enquiries: 03000 200 190

Social Services - Cambridgeshire County Council

www.cambridgeshire.gov.uk

Tel: 01223 717111 (Main switchboard)

0345 045 5200 (Cambs Direct)

Adult Social Care

<https://www.cambridgeshire.gov.uk/residents/adults/organising-care-and-support>

Tel: 0345 045 5202

Children and young people's social care

<https://www.cambridgeshire.gov.uk/residents/children-and-families/children-s-social-care>

Tel: 0345 045 5203

Office for Environmental Protection

If you think a public authority has broken environmental law

Office for Environmental Protection

Wildwood

Wildwood Drive

Worcester WR5 2QT

<https://www.theoep.org.uk/>

Email: enquiries@theoep.org.uk

Tel: 03300 416 581

The Police

If you have concerns about criminal activity or if you're worried about someone's safety or if you suspect terrorist activity.

<https://www.police.uk/>

Tel: 101

Report anonymously to Crimestoppers

<http://crimestoppers-uk.org/>

Tel: 0800 555 111

His Majesty's Revenue and Customs (HMRC)

If you have concerns about tax, like money laundering or tax evasion


<https://www.gov.uk/contact-hmrc>

Action Fraud

You can report fraud or cyber-crime to Action Fraud any time of the day or night using the online fraud reporting tool, get advice about fraud or cyber-crime.

<https://www.actionfraud.police.uk/contact-us>

Tel: 0300 123 2040.

Agenda Item No:	10	
Committee:	Audit and Risk Management Committee	
Date:	25 February 2025	
Report Title:	Internal Audit Plan 2024-25 Progress Report	

Purpose / Summary

- To report progress against the Internal Audit Plan 2024/25 and the work undertaken since the last meeting of Committee, and the resulting level of assurance from the work.
- To advise of any developments within the Internal Audit Team, amendments to the Plan, and any significant internal control or governance issues.
- To provide a tracking information on the implementation of agreed audit actions and further progress and status update on those actions now overdue.

Key issues

- The Council's Internal Audit Plan is produced on an annual basis. It is an estimate of the work planned for the financial year. Potential areas of the Council for audit are prioritised based on a risk assessment, enabling the use of Internal Audit resources to be targeted at areas of emerging corporate importance and risk.
- The format of the plan reflects the Public Sector Internal Audit Standards (PSIAS). It also incorporates the governance and strategic management arrangements of Internal Audit resources. *The new Global Internal Audit Standards (GIAS), launched in January 2024, and the new Application Note for the UK public sector are effective from 1 April 2025 and will replace the PSIAS.*
- Performance Standards of the PSIAS and the new Global IA Standards require the Chief Audit Executive to report to the audit committee on the Internal Audit activity and performance relative to the Plan.
- Audit and Risk Management Committee approved the Internal Audit Plan 2024/25 on 25 March 2024.

- Proactive quarterly monitoring of the Internal Audit plan will enable the Committee to understand the Internal Audit activity which has successfully taken place and the associated assurance level.
- The Standards require that progress tracking and confirmation is carried out and status reports prepared on the implementation of audit recommendations/ agreed actions.

Recommendations

For Members of Audit and Risk Management Committee to consider and note the activity and performance of the Internal Audit function.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Councillor Chris Boden – Leader and Finance Portfolio Holder
Report Originator(s)	Deborah Moss – Head of Internal Audit
Contact Officer(s)	Peter Catchpole - Corporate Director & s151 Officer pcatchpole@fenland.gov.uk 01354 622201 Deborah Moss – Head of Internal Audit
Background Paper(s)	Annual Risk-Based Internal Audit Plan 2024/25 Internal Audit Reports Internal Audit's Agreed Actions Spreadsheet

1 Background / Introduction

- 1.1 This report includes details of the Internal Audit activity undertaken since the last reporting to committee in December 2024.
- 1.2 The annual Internal Audit Plan is formulated in advance, following an assessment of risks inherent to services and systems of the Council based on Internal Audit and Management knowledge at that time. During the period that follows, changes in the control environment may occur due to, for example:
- introduction of new legislation/regulations
 - new risk or issue identified
 - changes of staff
 - changes in software
 - changes in procedures and processes
 - changes in service demand
- 1.3 In respect of Internal Audit resources, the Internal Audit Team remains resourced as previously reported with a resource of 2.5 FTEs which includes the Head of Internal Audit.

2 Monitoring

- 2.1 On completion of each audit a formal report is issued to the relevant Service Manager and Corporate Director. A copy is also sent to the s.151 Officer. Each report contains a management action plan, with action owners and target implementation dates, that has been agreed with the Service Manager/Head of Service to address any observations and recommendations raised by the Internal Auditor. Progress on these actions is monitored on a regular basis.
- 2.2 **Audits completed** (Appendix A): The following audits have been undertaken since the last report:
- Contract Management: Leisure contract – Limited assurance
 - Corporate Assurance - Performance Management – Reasonable assurance
- 2.3 **Audits In Progress:** The following audits are in progress and will be reported to Committee in future progress reports:
- Taxi Licensing (at draft report Jan 25)
 - Recycling Facilities – billing review only
 - ARP – Enforcement
 - Creditors/Accounts Payable – Fundamental key controls
 - Procurement – readiness for the new Procurement Act

In addition, the following audits are being undertaken by our partner councils within the Anglia Revenue Partnership:

- Council Tax
- National Non-Domestic Rates
- Housing Benefit

2.4 **Audit Plan changes:** It is suggested the following changes be made to the Audit Plan:

- Transformation – Removal or possible deferment to the 2025/26 Audit Plan.
- Main Accounting System – to be carried forward to the 2025/26 Plan.

2.5 Overview of the Status of Internal Audit Plan 2024.25.

This table provides the status of the audit engagements in the Audit Plan, and the audit assurance opinion for each of those reviews that have been completed.

Internal Audit Plan 24.25 - Progress Overview						
Audit Title (by corporate priorities)	Risk Rating in IA Plan	Status (RAG rated)	Audit Opinion Given	Actions		
				High priority	Medium priority	
Contract Monitoring - Highways	Medium	Deferred to 25.26	-			
Communities						
Contract Monitoring - Leisure Services	Medium	Final Report	Limited	0	9	
Economy						
Economic Development - Grant Funding	Medium	Final Report	Substantial	1	0	
Environment						
Licensing - Taxis	Medium	Draft Report				
Material Recycling Facilities (MRF)	Medium	In Progress				
Quality Organisation						
ARP Enforcement (Fundamental)	Medium	In Progress				
Council Tax & Housing Benefits (Fundamental)	Medium	In Progress				
CT & HB – Overpayments (Fundamental)	Medium	In Progress				
NNDR Business Rates (Fundamental)	Medium	In Progress				
Corporate Finance – Managem't Accounting System	Medium	Deferred to 25.26	-			
Creditors / Accounts Payable	High	In Progress				
Insurance	High	Final Report	Reasonable	1	5	
Workforce Planning	High	Not yet started				
Legal Services	Medium	Final Report	Advisory	-	-	
HR - New Payroll System (Post-Implementation Review)	Medium	Not yet started				
Corporate Assurance – Performance Management	Medium	Final Report	Reasonable	1	10	

Corporate Governance – Conflicts of Interest / Registers of Interest	Medium	Planning: TOR being agreed			
Procurement	High	In Progress			
Transformation (TA1) - Value for Money	Medium	Removed	-		
Debtors & Collection Agency - Follow Up	High	Final Report	Limited	-	-
Port Berthings - Follow Up	High	Final Report	Reasonable	-	-
Housing Options - Follow Up	High	Final Report	Reasonable	-	-
Disabled Facilities Grants verification	Medium	Completed	Verified	0	0

2.6 Other audit activities:

- Risk Management Group
- Corporate Governance Group
- Following up outstanding recommendations
- Assurance Mapping of our corporate risks
- Governance Assurance questionnaire
- Assessments for New 2025.26 Internal Audit Plan
- Ad hoc advice to Services
- Engagement with Transformation work

2.6 Outstanding Audit Issues/Recommendations

Appendix B shows the number of outstanding Audit issues split by reporting years 2021/22 to 2024/25. Internal Audit is working with Service Managers to ensure that agreed actions are implemented by the agreed target dates or, if not, that adequate progress is being made, and extensions can be justified. Status and progress updates from the action owner have been included to inform committee what action has been taken to date.

APPENDIX A: Audits completed and their agreed actions.

Audit Area	Overall Audit Opinion	High	Med	Agreed Action
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Appendix A – Completed Audits 2024/25

Contract Management Leisure Contract –	Limited		9	<ul style="list-style-type: none"> • Revise, agree, implement and retain key reporting requirements for the contractor to supply on a regular basis. • Revisit target and start discussion in relation to performance on exercise referrals • <i>Subsidy payments and loans have been made to the contractor over the last 3 or 4 years. Requests for support were received, reported and approved by Cabinet. There may not be recovery of loans/subsidy payments; this will be dependant on the outturn figures. Energy support was funded by a successful Sport England grant application. There has been no financial support this year to date. Annual outturn report should be substantiated</i> • Due diligence checks to be performed on at least an annual basis. • Undertake a review of the annual report and tailor to benefit Fenland. • Review, agree, publish and share Leisure Strategy. Service plan and risk assessment to be completed, together with business continuity plan. • Ensure Property database is up to date and supplied, and is continually and regularly updated. • Ensure attendance for each meeting and a record of actions is recorded and distributed appropriately to ensure officers are aware of their responsibilities and allocated tasks, preventing 'non-action' of issues. • Evidence of FL auditor reports performed at Fenland Leisure Centres for additional assurance.
Corporate Assurance –	Reasonable	1	10	The audit agreed improvements to the performance process:

Appendix A – Completed Audits 2024/25

Performance Management				<ul style="list-style-type: none"> • Each PI or data set should have a robust written procedure/methodology for data collection, verification and calculation methodology, to enhance overall data integrity. • The written procedure be signed off as sufficiently appropriate and robust by the relevant head of service and integrated into the service plans as a commitment for the forthcoming year. • Investigate discrepancies and inaccuracies identified in the audit PI sample for those found not to have been calculated correctly or have an inappropriate calculation methodology. • Monthly reporting to include both in-month and cumulative performance to enhance data accuracy and provide a comprehensive view of performance trends over time. • Verification of PI result data prior to submission including thorough checking and recalculations. This will help mitigate the risk of inaccurate data reporting and ensure the reliability of performance metrics. Services should also retain copy/evidence of the PI calculation each month. • Align targets across documents to ensure that performance targets are consistently reflected in all relevant documents to avoid discrepancies. • The target set for each PI should be reviewed and challenged by the relevant head of service to ensure that the target is appropriate and sufficiently challenging. The target should align with continuous improvement as much as possible and support at least the same as last year's actual performance. • Provide detailed and relevant performance narratives that accurately reflect the performance achieved, to ensure that performance reports are comprehensive and informative. • Each PI should monitor only one performance measure. Modify the necessary PIs to accurately represent only the reported information. This is to ensure the performance data is complete and accurately reflects the intended metrics, thereby
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Appendix A – Completed Audits 2024/25

				<p>improving the reliability and usefulness of the reported information.</p> <ul style="list-style-type: none"> Any new objectives or priorities added to the new Business Plan should at the same time have a corresponding performance indicator to ensure performance is measured and reported. Management should consider having more operational PIs that can be used to measure corporate or service-level performance. One example of corporate value could be debt recovery and aged debts. Where Management wants a verification or sample check to be carried out on PI results, it should put in place an arrangement for this to be done within the process and not by Internal Audit. However, where there is a specific concern and demonstrable value, Internal Audit may be occasionally requested to review a PI result for accuracy ahead of the annual report publication. Standardised dates to be formalised to allow for everyone to be aware of expectation deadlines: <ul style="list-style-type: none"> A fixed date the following month by when PI results must be submitted. A standing item for PI report at Management Team fixed for the same week each month. Services to provide a brief commentary to explain any unexpected or poor performance results in the monthly submission, to allow for timely consideration by management ahead of the meeting. Consideration to be given to access and cell protection within the PI spreadsheet to prevent accidental or deliberate alteration. Springboards and other performance discussions should include targets and performance data where appropriate. The Springboard and Service Plan templates should reflect this.
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Appendix A – Completed Audits 2024/25

An assurance rating is applied, when a system or process is reviewed, which reflects the effectiveness of the control environment.

The text below is an indication of the different assurance ratings used:

Assurance *	Definition *
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance <i>(previously called Adequate)</i>	There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

In applying the most appropriate level of opinion the internal auditor will use their professional judgement, based on the results of the audit, consideration of risk and consequences of areas of weakness for the organisation.

** The above definitions are based on an analysis of existing practice and common definitions, taking into account the PSIAS definition of internal audit, standard definitions for internal audit assurance over an engagement.*

APPENDIX B: Overdue Audit Actions (by reporting year)

Reports on overdue actions are now taken to Management Team to support Services to implement and to allow CMT opportunity to challenge progress and provide additional support where needed.

Action owners are asked to provide an update on the implementation progress in preparation for this report to Committee.

Total Recommendations 2021/22				
	High	Medium	Low	Total
Total Recommendations	6	31	40	77
Implemented/Complete	5	28	39	72
Not Yet Due	0	0	0	0
Overdue	1	4	0	5

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

Although there are five overdue actions, they are all being progressed and are all almost at completion point.

The outstanding high-risk issue relates to Trading Operations – Port Commercial & Marine where there was no formal agreement with Lincolnshire CC for Cross Keys Marina. provisional agreement has been reached between LCC and Eastern Fisheries as well as FDC re the lease, sub lease and operating agreements for the above facility. Final document reviews are to be signed imminently.

The outstanding medium-risk issues relate to:

The Memorial Safety Inspection Policy is awaiting new software implementation before finalisation.

The Code of Procurement has been written and approved and is awaiting rollout by way of officer training which is planned in. The Procurement Strategy is being finalised in light of any amendments needed following the Business Plan approval and Local Govt Reform.

Standard Terms and Conditions have been finalised and await the software provider to instal them within the system (due to be completed in February).

Total Recommendations 2022/23				
	High	Medium	Low	Total
Total Recommendations	3	11	9	23
Implemented/Complete	3	11	9	23
Not Yet Due	0	0	0	0
Overdue	0	0	0	0

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

Appendix B – Recommendation Status 2021/22 to 2024/25

All recommended actions for the year 2022/23 have been implemented and closed.

Total Recommendations 2023/24				
	High	Medium	Low	Total
Total Recommendations	9 *	54	5	68
Implemented/Complete	4	26	2	32
Not Yet Due	0	13	1	14
Overdue	4	17	1	22

NB. This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

The high risk overdue actions relate to completion of a cyber action which is to be reperformed again for monitoring in Jan25; and Debtors actions all of which are in progress.

* In light of the local govt reform the creation of an Asset Management Plan has been deleted and the property database will instead be maintained.

The remainder of the overdue and open actions are being monitored for completion by Audit.

Total Recommendations 2024/25				
	High	Medium	Low	Total
Total Recommendations	0	36	0	36
Implemented/Complete	0	0	0	0
Not Yet Due	0	36	0	36
Overdue	0	0	0	0

Audit Actions from 2024.25 remain Open/In Progress.

The implementation of all agreed actions continues to be monitored by Internal Audit.

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FENLAND DISTRICT COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

Audit & Risk Management Committee Work Programme 2024/25

Meeting	Item	Frequency	Presented by	Description
22 July 2024	Interim Value for Money Report 2022/23	Annual	External Auditors - EY	To receive the external auditors report on the Value for Money Arrangements for 2022/23
	Verbal update on 'reset and recover' approach on Local Government audits	Annual	External Auditors - EY	To receive an update from our External Auditors on the approach to Local Government audits.
	Draft Annual Governance Statement 2023/24	Annual	David Thacker	To review and approve the draft annual AGS for publication. Regulation 6(1) of the Accounts and Audit Regulations 2015, require the Council to conduct an annual review of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS). The CIPFA Finance Advisory Network has issued detailed practical guidance for meeting the requirements of the Accounts and Audit Regulations
	Internal Audit Outturn and Quality Assurance Review	Annual	David Thacker	To provide the Audit and Risk Management Committee with an overview of the work undertaken by Internal Audit during 2023/24. To provide the Audit Manager's annual opinion on the system of internal control. To consider the effectiveness of Internal Audit.
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To review and approve the quarterly risk register.
	Audit and Risk Management Committee Annual Report 2023/24	Annual	David Thacker	To report to Full Council the commitment and effectiveness of the Audit and Risk Management Committee's work from April 2023 to March 2024.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair / Peter Catchpole	Information Purposes
23 September	This meeting was cancelled.			

Agenda Item 11

**FENLAND DISTRICT COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25**

2024				
4 December 2024	Audit Completion Report 2022/23	Annual	External Audit	To receive the Audit Results Report on the 2022/23 external audit
	Final Statement of Accounts 2022/23	Annual	Mark Saunders	To approve the final Statement of Accounts for 2022/23
	Letter of Representation 2022/23	Annual	Peter Catchpole/Mark Saunders	To approve and sign the Letter of Representation for 2022/23
	Draft Statement of Accounts 2023/24	Annual	Mark Saunders	To review and approve the draft Statement of Accounts 2023/24
	Treasury Management Strategy Statement and Annual Investment Strategy Mid-year review	6 monthly	Mark Saunders	To review the activity for first 6 months of the year and to provide members a update on matters pertinent to the Councils Treasury Management Strategy.
	Independent Member report	Progress report	Deborah Moss	To update ARMC members on the current situation regarding Independent Member(s) on Audit Committees
	Internal Audit Plan 2024/25 – Quarterly Update	Progress report	Deborah Moss	To consider and note the activity and performance of the Internal Audit function.
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To provide an update to the Audit and Risk Management Committee on the Council's Corporate Risk Register.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair	Information Purposes
10 February 2025	Audit Results Report 2023/24	Annual	External Audit	To receive the Audit Results Report on the 2023/24 external audit
	Final Statement of Accounts 2023/24	Annual	Mark Saunders	To approve the final Statement of Accounts for 2022/23
	Letter of Representation 2023/24	Annual	Peter Catchpole/Mark Saunders	To approve and sign the Letter of Representation for 2023/24

FENLAND DISTRICT COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

	REMOVED ITEM Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2025/26	Annual	Mark Saunders	To endorse the strategy to be included in the final budget report
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To review and approve the quarterly risk register.
	Whistleblowing Policy and Annual Whistleblowing Update.	Annual	Sam Anthony	To review and approve the Policy and receive an annual update on whistleblowing activity.
	Internal Audit Plan 2024/25 Progress report Q3	Quarterly	Deborah Moss	To consider and note the activity and performance of the Internal Audit function
	Audit and Risk Management Committee Work Programme	Quarterly	Chair	Information Purposes. Includes a draft Programme for 2025.26.
17 March 2025	Risk-Based Internal Audit Plan 2024/25	Quarterly	Deborah Moss	To approve the internal audit plan and resources for the forthcoming year
	Annual Governance Statement Update 2023/24		Deborah Moss	To review and note the progress on the Annual Governance Statement action plan arising from 2023/24.
	Risk Management Policy & Strategy Review and Corporate Risk Register	Annual	Stephen Beacher	To provide an update to the Audit and Risk Management Committee on the latest Risk Management Policy and Strategy. To consider and note the annual review of risk management and corporate risk register.
	RIPA Annual Update			To review the Council's use of the Regulation of Investigatory Power Act 2000 (RIPA).
	Audit and Risk Management Committee Work Programme	Quarterly	Chair	Proposal for 2025/26

FENLAND DISTRICT COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

	proposed for 2025/26			
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FENLAND DISTRICT COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

Cyclical Items (*not due this year unless policy or legislation changes require amendments prior to review date*)

- External Auditor Appointment Process Dec – Feb 2027
- Corporate Debt Policy (4 Years) February 2028
- Anti-Fraud & Corruption Policy and Strategy (4 Years) July 2027
- Anti-Money Laundering Policy (4 Years) November 2027
- Internal Audit Charter (3 years) July 2026
- Whistleblowing Policy frequency of review to be determined
- Risk Management Policy & Strategy Review March 2025

Annual Items

- RIPA Policy and Annual Update Annual
- Treasury Management Strategy Statement and Annual Investment Strategy Annual and Mid-year Review
- Internal Audit Annual Plan Annual
- Internal Audit Annual Report and Annual Opinion Annual
- ARMC Annual Report Annual
- Audit Results Report Annual
- Statement of Accounts Annual
- Letter of Representation Annual
- Annual Governance Statement Annual
- External Auditor's Report Annual
- Provisional External Audit Plan Annual
- Treasury Management Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy
- Annual Governance Statement Update Annual
- Treasury Management Annual Review Annual

Quarterly Items (each meeting)

- Internal Audit Progress Report Quarterly

FENLAND DISTRICT COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

- Corporate Risk Register Update Quarterly

Audit and Risk Management Committee Training sessions 2024

- Statement of Accounts – Mark Saunders TBC
- Risk Register – Stephen Beacher TBC
- Cyber Security Planned 10/02/25

Audit and Risk Management Committee Action Plan

Title	Comments	Due by	RAG
Committee Training	Committee Members to discuss training requirements and provide officers with suggested training topics for future meetings.	Ongoing	
Report on Independent Member	A paper had previously been brought to committee but is now requested to be brought again for discussion and consideration of whether an independent member is desired and recommendation to Council.	Report taken Dec 24	Completed
Cyber Resilience	Committee to be given more information on our cyber resilience – to take place by the Head of ICT in a closed session with Committee.	Training session planned for 10/02/25	
Corporate Training	Committee asked for an update on the training provision.	Verbal update due at Feb 25.	

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

Abbreviations Used in Audit & Risk Management Committee

AGS	Annual Governance Statement
ARG	Additional Restrictions Grant
ARP	Anglia Revenue Partnerships
BCP	Business Continuity Planning
BEIS	The Department for Business, Energy and Industrial Strategy
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CIS	Commercial Investment Strategy
CMT	Corporate Management Team
CNC	CNC Building Control
CPCA	Cambridgeshire & Peterborough Combined Authority
CPE	Civil Parking Enforcement
CPLRF	Cambridgeshire & Peterborough Local Resilience Forum
CTS	Council Tax Support
DFG	Disabled Facilities Grants
DPA	Data Protection Act
CSR	Comprehensive Spending Review
FFL	Fenland Future Ltd
GDPR	General Data Protection Regulations
GIAS	Global Internal Audit Standards (<i>replaces PSIAS from April 2025</i>)
IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
LGA	Local Government Association
LGR	Local Government Reform
LGSS	Local Government Shared Services
LRSG	Local Restrictions Support Grants
MHCLG	Ministry of Housing Communities and Local Government
MoU	Memorandum of Understanding
MRP	Minimum Revenue Provision
MTFP	Medium Term Financial Plan
MTSP	Management, Trade Union & Staff Partnership
NFI	National Fraud Initiative
NNDR	National Non-Domestic Rates
OIB	Operational Improvement Board (ARP)
OLTL	Other Long-Term Liabilities
PPA	Post Payment Assurance
PSAA	Public Sector Auditor Appointments
PSIAS	Public Sector Internal Audit Standards (<i>replaced by Global Internal Audit Standards from April 2025</i>)
PWLB	Public Works Loan Board
RIPA	Regulation of Investigative Powers

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FENLAND DISTRICT COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

Audit & Risk Management Committee DRAFT Work Programme 2025/26

Meeting	Item	Frequency	Presented by	Description
xx July 2025	Value for Money Report 2023/34	Annual	External Auditors - EY	To receive the external auditors report on the Value for Money Arrangements for 2023/24
	Draft Annual Governance Statement 2024/25	Annual	Deborah Moss	To review and approve the draft annual AGS for publication. Regulation 6(1) of the Accounts and Audit Regulations 2015, require the Council to conduct an annual review of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS). The CIPFA Finance Advisory Network has issued detailed practical guidance for meeting the requirements of the Accounts and Audit Regulations
	Internal Audit Outturn and Quality Assurance Review	Annual	Deborah Moss	To provide the Audit and Risk Management Committee with an overview of the work undertaken by Internal Audit during 2024/25. To provide the Head of Internal Audit's annual opinion on the system of internal control. To consider the effectiveness of Internal Audit.
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To review and approve the quarterly risk register.
	Audit and Risk Management Committee Annual Report 2024/25	Annual	Chair	To report to Full Council the commitment and effectiveness of the Audit and Risk Management Committee's work from April 2024 to March 2025.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair / Peter Catchpole	Information Purposes
xx September 2025				

FENLAND DISTRICT COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

xx December 2025	Audit Results/Completion Report 2024/25	Annual	External Audit	To receive the Audit Results Report on the 2024/25 external audit
	Final Statement of Accounts 2024/25	Annual	Sian Warren	To approve the final Statement of Accounts for 2024/25
	Letter of Representation 2024/25	Annual	Peter Catchpole/Sian Warren	To approve and sign the Letter of Representation for 2024/25
	Treasury Management Strategy Statement and Annual Investment Strategy Mid-year review	6 monthly	Sian Warren	To review the activity for first 6 months of the year and to provide members a update on matters pertinent to the Councils Treasury Management Strategy.
	Independent Member report	Progress report	Deborah Moss	To update ARMC members on the current situation regarding Independent Member(s) on Audit Committees
	Internal Audit Plan 2025/26 – Quarterly Update	Progress report	Deborah Moss	To consider and note the activity and performance of the Internal Audit function.
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To provide an update to the Audit and Risk Management Committee on the Council's Corporate Risk Register.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair	Information Purposes
xx February 2026				
	Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2026/27	Annual	Mark Saunders	To endorse the strategy to be included in the final budget report
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To review and approve the quarterly risk register.
	Whistleblowing Policy and Annual Whistleblowing Update.	Annual	Sam Anthony	To review and approve the Policy and receive an annual update on whistleblowing activity.

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	Internal Audit Plan 2025/26 Progress report Q3	Quarterly	Deborah Moss	To consider and note the activity and performance of the Internal Audit function
	Audit and Risk Management Committee Work Programme	Quarterly	Chair	Information Purposes
xx March 2026	Risk-Based Internal Audit Plan 2026/27	Quarterly	Deborah Moss	To approve the internal audit plan and resources for the forthcoming year
	Annual Governance Statement Update 2024/25		Deborah Moss	To review and note the progress on the Annual Governance Statement action plan arising from 2024/25.
	Risk Management Policy & Strategy Review and Corporate Risk Register	Annual	Stephen Beacher	To provide an update to the Audit and Risk Management Committee on the latest Risk Management Policy and Strategy. To consider and note the annual review of risk management and corporate risk register.
	RIPA Annual Update			To review the Council's use of the Regulation of Investigatory Power Act 2000 (RIPA).
	Audit and Risk Management Committee Work Programme proposed for 2026/27.	Quarterly	Chair	Proposal for 2026/27.

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Cyclical Items (*not due this year unless policy or legislation changes require amendments prior to review date*)

- External Auditor Appointment Process Dec – Feb 2027
- Corporate Debt Policy (4 Years) February 2028
- Anti-Fraud & Corruption Policy and Strategy (4 Years) July 2027
- Anti-Money Laundering Policy (4 Years) November 2027
- Internal Audit Charter (3 years) July 2026
- Whistleblowing Policy frequency of review to be determined
- Risk Management Policy & Strategy Review March 2025

Annual Items

- RIPA Policy and Annual Update Annual
- Treasury Management Strategy Statement and Annual Investment Strategy Annual and Mid-year Review
- Internal Audit Annual Plan Annual
- Internal Audit Annual Report and Annual Opinion Annual
- ARMC Annual Report Annual
- Audit Results Report Annual
- Statement of Accounts Annual
- Letter of Representation Annual
- Annual Governance Statement Annual
- External Auditor's Report Annual
- Provisional External Audit Plan Annual
- Treasury Management Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy
- Annual Governance Statement Update Annual
- Treasury Management Annual Review Annual

Quarterly Items (each meeting)

- Internal Audit Progress Report Quarterly

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- Corporate Risk Register Update Quarterly

Audit and Risk Management Committee Training sessions 2024

- Statement of Accounts – Mark Saunders TBC
- Risk Register – Stephen Beacher TBC
- Cyber Security Planned 10/02/25

Audit and Risk Management Committee Action Plan

Title	Comments	Due by	RAG
Committee Training	Committee Members to discuss training requirements and provide officers with suggested training topics for future meetings.	Ongoing	
Report on Independent Member	A paper had previously been brought to committee but is now requested to be brought again for discussion and consideration of whether an independent member is desired and recommendation to Council.	Report taken Dec 24	Completed
Cyber Resilience	Committee to be given more information on our cyber resilience – to take place by the Head of ICT in a closed session with Committee.	Training session planned for 10/02/25	
Corporate Training	Committee asked for an update on the training provision.	Verbal update due at Feb 25.	

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

Abbreviations Used in Audit & Risk Management Committee

AGS	Annual Governance Statement
ARG	Additional Restrictions Grant
ARP	Anglia Revenue Partnerships
BCP	Business Continuity Planning
BEIS	The Department for Business, Energy and Industrial Strategy
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CIS	Commercial Investment Strategy
CMT	Corporate Management Team
CNC	CNC Building Control
CPCA	Cambridgeshire & Peterborough Combined Authority
CPE	Civil Parking Enforcement
CPLRF	Cambridgeshire & Peterborough Local Resilience Forum
CTS	Council Tax Support
DFG	Disabled Facilities Grants
DPA	Data Protection Act
CSR	Comprehensive Spending Review
FFL	Fenland Future Ltd
GDPR	General Data Protection Regulations
GIAS	Global Internal Audit Standards (<i>replaced the PSIAS from April 2025</i>)
IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
LGA	Local Government Association
LGR	Local Government Reform
LGSS	Local Government Shared Services
LRSG	Local Restrictions Support Grants
MHCLG	Ministry of Housing Communities and Local Government
MoU	Memorandum of Understanding
MRP	Minimum Revenue Provision
MTFP	Medium Term Financial Plan
MTSP	Management, Trade Union & Staff Partnership
NFI	National Fraud Initiative
NNDR	National Non-Domestic Rates
OIB	Operational Improvement Board (ARP)
OLTL	Other Long-Term Liabilities
PPA	Post Payment Assurance
PSAA	Public Sector Auditor Appointments
PSIAS	Public Sector Internal Audit Standards (<i>replaced by Global Internal Audit Standards from April 2025</i>)
PWLB	Public Works Loan Board
RIPA	Regulation of Investigative Powers