A meeting of the **CORPORATE GOVERNANCE COMMITTEE** will be held in **CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN** on **WEDNESDAY, 18 JUNE 2025** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

AGENDA

APOLOGIES

1. MINUTES (Pages 5 - 12)

To approve as a correct record the Minutes of the meetings of the Committee held on 25th March 2025 and 15 May 2025.

2. MEMBERS' INTERESTS

To receive from Members declarations as to disclosable pecuniary, other registerable and non-registerable interests in relation to any Agenda item. See Notes below.

3. UNAUDITED STATEMENT OF ACCOUNTS 2024/25 (Pages 13 - 126)

To consider the Annual Governance Statement (Appendix 1), the unaudited Statement of Accounts for 2024/25 (Appendix 2), and the Notice of Publication (Appendix 3).

4. EXTERNAL AUDITOR'S ANNUAL PLANNING REPORT FOR 2024/25 (Pages 127 - 174)

To receive the External Auditor's Annual Planning Report for 2024/25.

5. INTERNAL AUDIT UPDATE REPORT (Pages 175 - 204)

To receive a report setting out a summary of the work undertaken by the Internal Audit Service since the Committee last met in March 2025.

6. DRAFT ANNUAL INTERNAL AUDIT REPORT 2024/25 (Pages 205 - 228)

To receive the draft annual internal audit report for 2024/25.

7. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 229 - 232)

To receive the Corporate Governance Committee Progress Report.

10 day of June 2025

Michelle Sacks

Chief Executive and Head of Paid Service

Disclosable Pecuniary Interests and other Registerable and Non-Registerable Interests.

Further information on Disclosable Pecuniary Interests and other Registerable and Non-Registerable Interests is available in the Council's Constitution

Filming, Photography and Recording (including Live Streaming) at Council Meetings

This meeting will be filmed for live and/or subsequent broadcast on the Council's YouTube site. The whole of the meeting will be filmed, except where there are confidential or exempt items. If you make a representation to the meeting you will be deemed to have consented to being filmed. By entering the meeting you are also consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If you have any queries regarding the streaming of Council meetings, please contact Democratic Services on 01480 388169.

The District Council also permits filming, recording and the taking of photographs at its meetings that are open to the public. Arrangements for these activities should operate in accordance with guidelines agreed by the Council.

Please contact Democratic Services, Tel: (01480) 388169 / email: Democratic.Services@huntingdonshire.gov.uk if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Committee/Panel.

Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.

Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.

Agenda and enclosures can be viewed on the District Council's website.

Emergency Procedure

In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit.

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in the CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Tuesday, 25 March 2025

PRESENT: Councillor M J Burke – Chair.

Councillors J A Gray, P J Hodgson-Jones, I P Taylor and N Wells.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors A R Jennings, D J Shaw and P Webb.

59 MINUTES

The Minutes of the meeting of the Committee held on 29th January 2025 were approved as a correct record and signed by the Chair.

60 MEMBERS' INTERESTS

No declarations were received.

61 EXTERNAL AUDITOR'S ANNUAL REPORT 2023/24

Ms C Mellons, Audit Partner, Ernst and Young LLP, was in attendance for consideration of this item.

The Committee received and noted a report by the Corporate Director – Finance and Resources (a copy of which is appended in the Minute Book) providing an update on the findings of the external auditors for the audit year 2023/24.

Ms C Mellons, the Council's Audit Partner advised that there was no new content to report since the previous meeting and drew attention to the commentary which had been provided in respect of the financial statements and value for money conclusions.

Councillor J A Gray expressed his disappointment that despite the audit being completed, the Council was not in a position to sign off the accounts. In noting there was a going concern, he then queried how much of this was attributed to the availability of resources within Ernst & Young and internally within the Council. Ms C Mellons responded that owing to the disclaimed audit opinion, the audit results report was where assurance had been received, with particular mention being made to the balance sheet. Whilst a detailed review had not been undertaken at the time, the Committee were informed that the External Auditor's were not required to give an opinion on going concerns as part of the 2023/24 audit. In response to a subsequent question, the Corporate Director – Finance and Resources confirmed that she had prior sight / knowledge of the disclaimed audit opinion and that such opinions were not uncommon in the local authority sector. Furthermore, she acknowledged that this wasn't the ideal position to be in but that the Council should now look to the future going forward.

Attention was then drawn to a number of factual inaccuracies within the report and concern was raised over the significant weaknesses which had been identified in the value for money arrangements for governance. In terms of the former, the Corporate Director – Finance and Resources agreed to investigate the inaccuracies outside of the meeting. Councillor P J Hodgson-Jones made comments in relation to the timing of report. His view was that the report should have been presented a month earlier and other local authorities had held special meetings for this purpose. Ms C Mellons responded that the External Auditors had three months from signing off the 2023/24 accounts to produce their Annual Report which was stipulated by the National Audit Office. The accounts were signed off at the 29th January 2025 meeting where an update on the audit position was also delivered to the Committee at the time. Furthermore, it was confirmed that the lack of External Audit resource did not impact upon the audit opinions given.

In response to a question raised by Councillor I P Taylor concerning gaps in the internal audit provision, the Corporate Director – Finance and Resources reported that these issues were historic but that since her arrival in October 2024, steps had been taken to address the matter and put adequate resources and support in place.

Whereupon, the Committee

RESOLVED

> to receive and note the Auditor's Annual Report as set out in Appendix 1 of the report now submitted.

62 EXTERNAL AUDIT PLAN

Ms C Mellons, Audit Partner, Ernst and Young LLP was in attendance for consideration of this item.

Ms C Mellons, Audit Partner, Ernst and Young LLP delivered a verbal update on the External Audit Plan for the 2024/25 accounts. She reported that time had been booked in with senior management and that initial consideration had been given to risk assessments with a view to identifying areas requiring audit coverage. It was further noted that guidance was also awaited from the National Audit Office. A full audit report would be made available to management in April 2025 with a view to submitting it to Committee for approval in June 2025. The Corporate Director – Finance and Resources undertook to circulate the audit report informally to Members once received in April 2025.

In response to a question raised by Councillor J A Gray, Ms C Mellons reported that sign off of the 2024/25 accounts would be expected at the December 2025 meeting.

63 CORPORATE RISK REGISTER

A report by the Corporate Director – Finance and Resources was submitted (a copy of which is appended in the Minute Book) informing the Committee of the approach and work undertaken on the Corporate Risk Register including the latest heat map of the residual scores associated with the current risks.

In introducing the report, the Corporate Director – Finance and Resources reminded the Committee of the road map which had been presented to Members at the January 2025 meeting which identified 19 risk themes. Members' attention was drawn to the "Inherent Priority" and "Residual Priority" for each risk together with where each risk sat on the heat risk map. In respect of the latter, it was confirmed that the colour of the dot indicated the level of the risk score. Members' attention was then drawn to the targets intended for each risk and noted the work that was being undertaken by risk owners and Heads of Service to address these risks.

In response to a question raised by Councillor P J Hodgson-Jones, the Corporate Director – Finance and Resources undertook to identify changes to risk ratings between meetings in future reports. Additionally, it was acknowledged that the risk relating to Local Government Reorganisation would require review in light of recent developments.

Councillor N Wells queried whether future reports would include risk appetite and changes to inherent risks together with how these would be incorporated in future reports. The Corporate Director – Finance and Resources responded that the Council's Risk Management Strategy would require a refresh and that any changes to risk scores would be reported to the Committee. Additionally, she commented that Members may wish to undertake a deep dive into the Council's risks either by Directorate or by theme at a future meeting.

Having queried the environmental risk relating to the "Failure to effectively respond to the climate change agenda in the required timeframe" comment was made by Councillor J A Gray whether this risk was appropriate to include in the Corporate Risk Register given this was outside of the Council's control. The Corporate Director – Finance and Resources undertook to raise this with Senior Management Team and review accordingly.

RESOLVED

> that the Committee note the next steps in relation to the further development of risk management.

64 INTERNAL AUDIT UPDATE REPORT

Mr D Harris, Partner, RSM, was in attendance for consideration of this item.

With the aid of a report by the Corporate Director – Finance and Resources (a copy of which is appended in the Minute Book) the Committee received an update on the work of the Internal Audit Service since the last meeting.

Mr D Harris, Partner, RSM UK presented his report as detailed in Appendix 1 drawing attention to the key messages which highlighted the number of internal audit reports finalised since the previous meeting together with those that were currently at draft report stage. He then went on to report that a further two audit reports were due to be completed which had been undertaken by specialist ICT auditors. Four reviews had been completed by the internal in-house team with a number of actions to be revisited as part of the audit planning process for 2025/26. Having had their attention drawn to progress against the Internal Audit Plan 2024/25 the Committee noted the client briefings which had been appended relating to the Emerging Risk Radar – Spring 2025, Global Internal Audit Standards - January 2025 briefing and Failure to Prevent Fraud Briefing.

In noting that reasonable assurance had been provided on the Green Bin Implementation audit, some concerns had been raised by Councillor P J Hodgson-Jones around the issues which had been identified in the audit. Mr D Harris responded that whilst it was important the audit identified these considerations of more significance was the agreement of actions and implementation dates with risk owners which would then be reviewed by the Internal Audit Team. In addition to this, the Corporate Director – Finance and Resources assured the Committee that the audit fell under her management responsibilities and that all risks had now been incorporated into the Corporate Risk Register. She further undertook to investigate the current position in respect of process notes to cover the green bin subscription fee process from start to finish.

Other matters that were discussed at the meeting included the visibility to the Committee of whether audit actions were being implemented on time together with who the action owners were and what changes had been made to the Internal Audit Plan in between Committee meetings. In response to the former, it was reported that this matter would be discussed further under the Internal Audit Actions Update item (Minute No. 24/66 refers) and in terms of the latter, Mr D Harris explained the rationale for the two changes which had been made to the Internal Audit Plan 2024/25 to no longer undertaken audits of Development Management and Asset Management Records which had been replaced with audits of Home and Hybrid Working and Committee Governance Structure respectively.

RESOLVED

> that the Committee note the update on work undertaken by Internal Audit in the period from late January to mid-March 2025.

65 DRAFT INTERNAL AUDIT PLAN 2025/26 (INCLUDING THE INTERNAL AUDIT CHARTER)

Mr D Harris, Partner, RSM, was in attendance for consideration of this item.

A report by the Corporate Director – Finance and Resources was submitted (a copy of which is appended in the Minute Book) setting out the Internal Audit Plan for 2025/26.

By way of introduction, the Corporate Director – Finance and Resources reported that the Audit Plan had been prepared by RSM following discussions with Senior Leadership Team and taking into account the Corporate Risk Register.

Mr D Harris, Partner, RSM UK outlined the methodology he had used to draft the Internal Audit Plan for 2025/26 which included a planned meeting with Heads of

Service, reviewing previous audit coverage, the outcomes from the Local Government Association Peer Review, discussions with the in-house Internal Audit Team and RSM's own guidance and knowledge of the sector from both local government and private clients. Attention was drawn to audit coverage since 2022/23 through to what was being proposed to 2027/28 and the Internal Audit Charter which set out the purpose, mandate, authority, role and responsibilities for the internal audit service for Huntingdonshire. In terms of the Audit Plan for 2025/26, of the 23 areas proposed, 12 were linked to the Council's Risk Register. In his concluding remarks, Mr D Harris stated that the proposed Audit Plan would be kept under review throughout the year with the flexibility to amend during the course of the year if required.

In response to a question raised by Councillor N Wells, Mr D Harris reported that he and his team at RSM were actively engaging with the in-house Internal Audit Team and would be helping with the production of an Internal Audit manual which set out matters such as sample sizing, testing and the use of data analytics whilst also providing support to upskill the in-house team as well as supervising and mentoring them in their roles.

Having received a response to a question raised by Councillor J A Gray querying the correlation and differences between sections 1 and 2 of RSM's report a further question was then raised on how confident Mr D Harris was in terms of delivering the proposed Audit Plan. Mr D Harris responded that in the 18 years he had worked for RSM, he had never failed to deliver an Internal Audit Plan for any of his clients and that his team comprised of 40-45 Internal Auditors covering the East of England area with access to 220 Internal Auditors nationally. He also advised that he had access to specialist environmental and ICT auditors and drew attention to the importance of building effective working relationships with not only the in-house Internal Audit Team but with the Council's Senior Management Team, Heads of Service and Service Managers.

Other matters that were discussed and responded to at the meeting included the current level of full time equivalent resources available within the in-house Internal Audit Team, the hybrid approach that was being adopted in the interim to deliver the Internal Audit function, whether reviewing Health and Safety once every four years was deemed appropriate and clarity on the term "Board" that was referred to in the Internal Audit Charter. Mr D Harris undertook to provide further detail on the latter and incorporate this within the Internal Audit Charter.

Whereupon, it was

RESOLVED

> that the Committee receive, note and accept the Internal Audit Plan for 2025/26.

66 INTERNAL AUDIT ACTIONS UPDATE

A report by the Corporate Director – Finance and Resources was submitted (a copy of which is appended in the Minute Book) which presented the management actions that have been taken on the outstanding overdue actions reported to the Committee since November 2024.

In introducing the report, the Corporate Director – Finance and Resources drew attention to the number of open actions and their expected completion dates in the future. She then went on to deliver a brief update on the action relating to Vehicle Maintenance Processes which had been redated to June 2025.

A minor error was identified in the total numbers presented in the tables at 1.2 and 1.3 of the report and a suggestion had been made to link this report to previous agenda items under the Background Papers section. Both matters were acknowledged by the Corporate Director – Finance and Resources who undertook to give further thought ahead of the next Committee meeting.

67 CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

The Committee received and noted a report (a copy of which is appended in the Minute Book) on progress of actions in response to any decisions taken at previous meetings.

In noting that an update had been received on the recruitment of Programme Manager, Members noted that this action would now be removed from the Progress Report.

Councillor J A Gray commended the Council on the approach it was now taking to address the governance issues faced by the Council which was echoed by the Committee. The Chair closed the meeting by thanking those present for their contributions to the meeting.

The meeting closed at 8:33pm.

Chair

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in the CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Thursday, 15 May 2025

PRESENT: Councillor M J Burke – Chair.

Councillors P J Hodgson-Jones, A R Jennings, D J Shaw, I P Taylor and N Wells.

APOLOGY(IES): Apologies for absence from the meeting were submitted on behalf of Councillors J A Gray.

1 ELECTION OF CHAIR

A proposal to elect Councillor M J Burke to be the Chair of the Committee was moved and seconded, whereupon it was

RESOLVED

that Councillor M J Burke be elected Chair of the Committee for the ensuing Municipal Year.

2 MEMBERS' INTERESTS

No declarations were received.

3 APPOINTMENT OF VICE-CHAIR

A proposal to elect Councillor D J Shaw to be the Vice-Chair of the Committee was moved and seconded, whereupon it was

RESOLVED

that Councillor D J Shaw be appointed Vice-Chair of the Committee for the ensuing Municipal Year.

Chair

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Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Unaudited Statement of Accounts 2024/25

Meeting/Date: Corporate Governance Committee 18 June 2025

Executive Portfolio: Executive Councillor for Finance & Resources (BM)

Report by: Corporate Director of Finance & Resources (SCJ)

Ward(s) affected: All

Executive Summary:

The Council is required by statute to produce both an Annual Governance Statement (Appendix 1) and an unaudited Statement of Accounts (Appendix 2) by 30 June 2025.

In respect of the unaudited Statement of Accounts, members should note:

- Achieved a small overspend of £56k against a budget of £26,004k, after approved budget c/fwds of £308k and contributions to earmarked reserves of £4,165k.
- Continued to maintain general fund reserves at £2,175k.
- Delivered business rates growth within the enterprise zone of £1,094k.
- In 2024/25 the pension scheme saw a further increase in the value of its pension asset to £53,362k at 31 March 2025. In line with statutory requirements, the Council has limited the pension asset recognised in its balance sheet to the asset ceiling, which has created a pension deficit. The adjustment has been recognised within other comprehensive income and expenditure of the comprehensive income and expenditure statement.

Recommendation(s):

The Committee is:

RECOMMENDED TO

A. Consider and approve the Annual Governance Statement (Appendix 1)
B. Consider and approve the unaudited Statement of Accounts for 2024/25 (Appendix 2).
C. Consider and approve the Notice of Publication (Appendix 3)

1. PURPOSE OF THE REPORT

1.1 To complete the processes for publishing the Council's unaudited Statement of Accounts for 2024/25.

2. WHY IS THIS REPORT NECESSARY

2.1 The Corporate Governance Committee is designated as 'those charged with governance' and consequently it is required to approve the Statement of Accounts. To do this the committee needs to follow the stages in the order shown in the report.

3. STATEMENT OF ACCOUNTS

3.1 During 2024/25 the Council has continued to deliver against its corporate objectives and budget.

3.2 The presentation of the information in the statement of accounts includes information on revenue fund balances and earmarked reserves, which at 31 March 2025 amounted to £2,175k and £36,911k respectively.

3.3 The year-end financial position is largely being driven by the current economic conditions, which has impacted our running costs.

3.4 Huntingdonshire District Council has benefitted from the higher interest rates set by the Bank of England during the year, resulting in significantly higher interest income on cash balances.

4. KEY IMPACTS

4.1 Paragraph 3 above outlines the control observations and the associated management comments

5. LINK TO THE CORPORATE PLAN

5.1 Ensuring we are a customer focused and service led Council – to become more business-like and efficient in the way we deliver services. The production of the Statement of Accounts is also a statutory requirement.

6. CONSULTATION

6.1 In line with the Account and Audit regulations the Statement of Accounts will be available for inspection from 19 June to 31 July 2025.

7. LEGAL IMPLICATIONS

7.1 There are no direct legal implications arising from this report.

8. RESOURCE IMPLICATIONS

8.1 There is a specific budget for the audit fees.

9. REASONS FOR THE RECOMMENDED DECISIONS

9.1 The process that has been followed in preparing the Statement of Accounts has been thorough and in line with statutory regulations.

10. LIST OF APPENDICES INCLUDED

Appendix 1 – Annual Governance Statement 2024-25
Appendix 2 – HDC Statement of Accounts 2024-25 - Draft
Appendix 3 – HDC Notice of Publication

CONTACT OFFICER

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Huntingdonshire District Council

Annual Governance Statement 2024/25

Scope of Responsibilities

Huntingdonshire District Council (the Council) 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 provides 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. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which include the arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework – Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance.

The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Amendment) Regulations 2021, require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement (AGS). It is subject to review by the Corporate Governance Committee when they consider both the draft and final Statements of Account and is approved by the Corporate Governance Committee in advance of them agreeing the Statement of Accounts.

The Council's financial management arrangements are largely consistent with the governance requirements of the Statement on the Role of the Chief Financial Officer in Local Government (2010). The principles being that the Chief Financial Officer:

- Is actively involved and able to bring influence on the Authority's financial strategy.
- Leads the whole Council in the delivery of good financial management.
- Directs a fit for purpose finance function.
- Is professionally qualified and suitably experienced.

Any issues identified as a significant governance issue and any progress made by management throughout the future financial year (2025/26) to address these issues will be reported regularly to the Corporate Governance Committee with an assessment made in reducing the risk as part of their governance role within the Council.

What is Governance?

Governance generally refers to the arrangements put in place to ensure that the intended outcomes are defined and achieved.

The Council approved a new local Code of Corporate Governance in May 2023. It is consistent with the seven principles set out in 'proper practice' for the public sector, namely 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE[1].

The Council aims to achieve good standards of governance by:

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

Appendix 1 demonstrates what the Council does to achieve these standards.

The overall aim of the local Code of Corporate Governance is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities.
- there is sound and inclusive decision making.
- there is clear accountability for the use of those resources to achieve desired outcomes for service users and communities.

Underpinning the Code is the Council's commitment to equality of opportunity in its approach to policymaking, service delivery and employment.

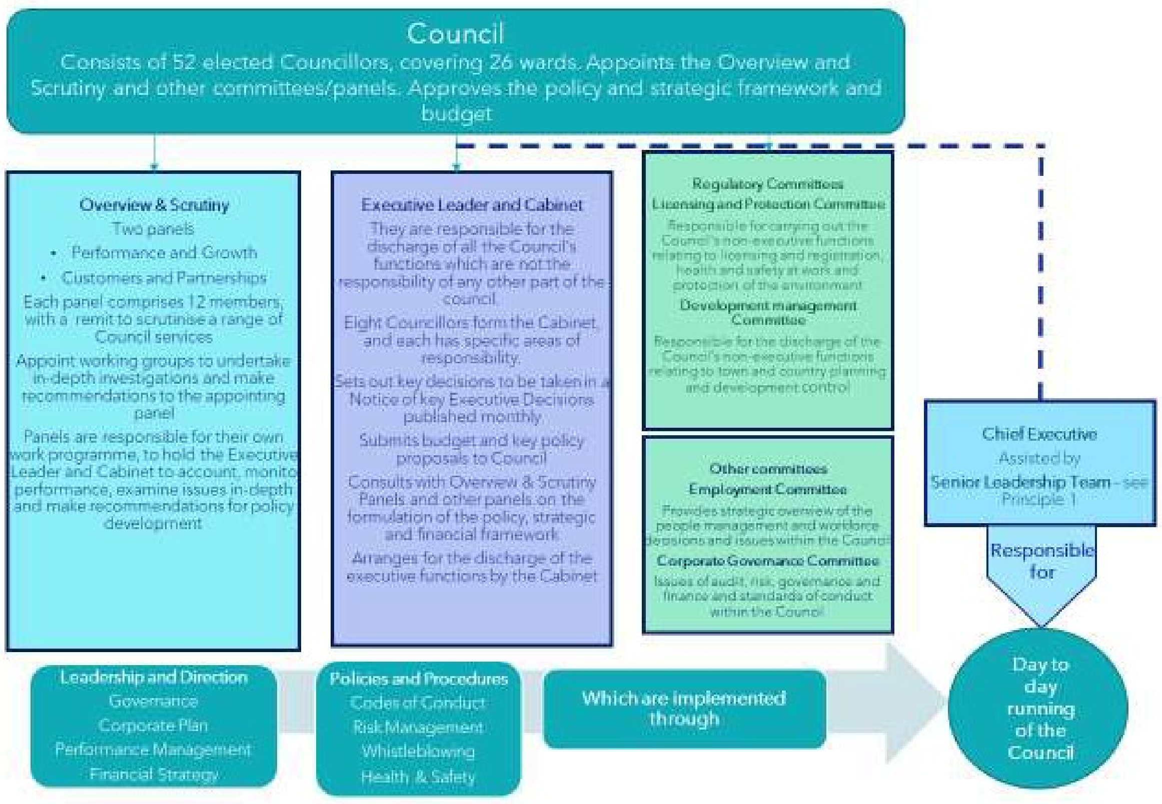
The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. It also enables the Council to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

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

The Council's Governance Framework

The Council's framework for Governance is set out in the Constitution, is detailed in the Local Code of Governance and can be summarised in the graphic below:



The organisation welcomed a new Corporate Director of Finance and Resources in October 2024 and made an internal appointment to the Corporate Director of Communities in January 2025.

The Council's strategic vision and corporate priorities are set out in the Corporate Plan 2023 - 2028. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours required to deliver good governance to all.

These are set out in the table below, the Governance Framework, which links areas of assurance to documented activities of process and control. Many of the key governance mechanisms remain in place and are referred to in previous statements which are available on the Council's website. The local Code of Corporate Governance, which was updated in May 2023, is also available on the website and describes in more detail the governance processes in place.

Assurance required upon	Sources of Assurance	Assurances received
• Delivery of Corporate Plan priorities • Services are delivered economically, efficiently & effectively • Management of risk • Financial planning and performance • Effectiveness of internal controls • Community engagement & public accountability • Shared service governance • Project management & project delivery • Procurement processes • Roles & responsibilities of Members & Officers • Standards of conduct & behaviour • Training and development of Members & Officers • Compliance with laws & regulations, internal policies & procedures	• Constitution (incl. statutory officers, scheme of delegation, financial management and procurement rules) • Council, Cabinet, Committees and Panels • Corporate and service plans • Shared service joint committee • Policy framework • Risk management framework • Project management methodology • Financial Performance Monitoring Suite • Medium Term Financial Strategy • Customer Service Strategy • Consultation and Engagement Strategy • Complaints' system • Head of Paid Service, Monitoring Officer and S151 Officer • HR policies & procedures • Whistleblowing & other counter fraud arrangements • Staff and Member training • Codes of conduct • Corporate Management Team • Independent external sources • Regular monitoring of outcome measures • Monitoring of economic indicators & associated financial receipts • Effective joint working arrangements • Risk & Control Group and Board • Internal Audit • External Audit	• Regular performance and financial reporting • Annual financial report • External audit reports • Internal audit reports • Officer management groups • On-going review of governance • External reviews and inspectorate reports • Customer feedback • Peer reviews • Council's democratic arrangements including scrutiny reviews and the 'audit' committee (Corporate Governance Committee) • Corporate Governance Committee annual report • Staff surveys • Community consultations • Consultants' reports • Services' reports • Risk & Control Group activity

The review of effectiveness is informed by the work of the Corporate Leadership Team, who are responsible for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and comments made by the external auditors.

The Council's Local Code of Governance includes examples of how the organisation meets the principles of good governance. The Council continuously reviews how it achieves good governance; in 2023/24 this included the recruitment of two Independent Members and a review of its Terms of Reference, both of which were proposed and approved by Full Council in April 2024. Only one appointee remains as at March 2025. Further work will continue on governance once the Council's new Monitoring Officer joins the Council at the end of June 2025.

The Council approved its CIPFA Code of Financial Management in December 2022. This demonstrates how the Council complies with the code to provide evidence of good financial management and also identified areas for further development. The Council remained compliant with the CIPFA code of Financial Management in 2024/25

The governance framework has been in place at the Council for the year ended 31 March 2025 and up to the date of approval of the statement of accounts.

Review of Effectiveness

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Service Managers within the Council who have responsibility for the development and maintenance of the governance environment, the Annual Internal Audit Opinion, and by comments in Huntingdonshire District Council's Statement of Accounts 2022/23 made by the external auditors and other review agencies and inspectorates. During 2024/25, the work undertaken by the Internal Audit team supplemented by the engagement of RSM UK Risk Assurance Services LLP from January 2025, provided the foundation for the Annual Internal Audit Opinion. RSM issued a disclaimer opinion for 2024/25 on this basis that there had been insufficient internal audit coverage that would comply with the Public Sector Internal Audit Standards to conclude on the adequacy and effectiveness of the Council's arrangements in 2024/25. RSM have been engaged to work with the in-house team and provide a fully compliant service with those standards in 2025/26.

With regard to Risk Management, a revised Risk Management Strategy was approved by Council in December 2023 and is being deployed across the organisation. In the later part of 2024, a review of the Corporate Risk Register was undertaken to refresh it. More work will be done with each Head of Service during 2025/26 to continue this across all services.

A Corporate Peer Challenge review of the organisation, to give senior peers from other organisations the opportunity to assess, and feedback on, how effectively the Council delivers its services was undertaken in May 2024 with a return visit to look at progress against the recommendations carried out in March 2025.

Following the recommendations of the LGA Peer Review, the Council has recruited its own Monitoring Officer who will take up the role at the end of June 2025. This will allow further work on the aspects of governance that the Peer Review highlighted as being worthy of greater focus. The appointment of RSM from January 2025 deals with a number of the matters raised by BDO in the review of the preparedness of the Internal Audit Service to work against the Public Sector Internal Audit Standards.

The Council's Constitution details Directors' responsibilities for the maintenance of controls within their departments. The system of internal control is subject to regular review by Internal Audit. The work of Internal Audit, which will continue to be led by RSM throughout 2025/26, is informed by the Council's risk register, with the allocation of audit resources controlled through an annual risk-based plan, which is agreed by Corporate Governance Committee.

In addition to these arrangements the Council receives and responds to reports from other review and assurance mechanisms.

The external audit of the financial statements for 2022/23 was completed in November 2024. As a result of Central Government's reset of the Public Sector Audit environment a disclaimed opinion was given. Due to the prior year disclaimer and the limited work that has commenced on rebuilding assurance, we are anticipating a disclaimer of opinion for 2023/24.

Significant Governance Issues 2024/25

The external auditors have completed their "Value for money" review of the organisation for 2023/24 and identified a significant risk that the internal audit function was not operating effectively in 2023/24. The external auditors have, recognised that management have been proactive in addressing the areas of concern highlighted by engaging RSM to lead the internal audit approach and support the refresh of the corporate risk register. This work has already started, and a full risk-driven Internal Audit Strategy and Internal Audit Plan for 2025/26 has already been approved by the Corporate Governance Committee in March 2025, and a number of 2025/26 are already underway. This work will continue with the appointment and engagement of the Monitoring Officer in 2025/26.

The key governance issue for 2024/25 is that the annual internal audit report, prepared by RSM, gives a disclaimed opinion on the work of internal audit for 2024/25 for reasons set out above. The expected programme of internal audit work has been set to enable a full opinion to be issue for 2025/26.

Area	Action Plan for improvement	Progress to March 2025	Carry forward Issue to 2025/26?
Risk Management	The Risk Management (RM) process has been reinvigorated, with a revised RM Strategy being finalised and launched. Corporate risks within the Risk Register to be reviewed and updated. This will be followed by Service level risks within Risk Register being reviewed and updated. A new Risk & Controls Group has been established and a Risk & Controls Officer appointed to support Risk Management effort.	The current Risk Management Strategy was approved by Council in December 2023 and work has commenced to fully embed a risk management culture across the organisation. Additional resource has been approved to enable additional training of managers and oversee the update of the risk management software to facilitate effective risk management awareness. This includes work facilitated by RSM and also the recruitment of a new Risk Officer whose role it will be to drive this forward during 2025/26. A full refresh of the Corporate Risk Register was carried out in late 2025 and a plan was presented to Corporate Governance Committee that will continue the review of risk across the Council. Regular reports are presented to CGC on progress as well as regular updates on the risk register itself.	Yes
Cyber Security, new threats	Completion of all agreed previous cyber audit actions. The ICT service is progressing these actions, monitored by Corporate Leadership Team	Cyber Security is a continuing risk which the ICT service seeks to mitigate through effective controls and staff training Given the importance of this and being on the corporate risk register, there has been a proactive commissioning of RSM to carry out Cyber-Essentials audit.	Yes
Policies	A review and inventory of all policies and strategies has been undertaken. Further work is planned to ensure the policies are fit for purpose and accessible.	Work is ongoing in this area and will be a priority for the new Head of Service (MO).	Yes
Wider economic environment	The Council's financial robustness is closely linked with the success of the overall local economy, driven in large part to a prosperous commercial sector. External economic factors do directly impact on the Council's financial plans and forecasts for new homes bonus, council tax and business rates incomes, and the level of demand for our services. We take our role on supporting the conditions for stable growth very seriously.	Measures to sustain financial robustness are linked to the Council's Corporate plan: Priority 1 - Improving quality of life for local people Priority 2 - Creating a better Huntingdonshire for future generations Priority 3 - Deliver good quality, high value for money services with good control and compliance with statutory obligations.	Yes

Area	Action Plan for improvement	Progress to March 2025	Carry forward Issue?
Internal Audit, external assessment overdue	New S151 Officer, in consultation with the Chief Executive and the Monitoring Officer appointed RSM from January 2025, who are providing an internal audit service in 2025/26, which will be fully compliant with professional standards. They will be overseeing the work of the in-house team. RSM affirms that it's internal audit services are designed to conform to the Global Internal Audit Standards, the wider International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA. RSM's next external quality assessment (EQA) will take place in 2026.	RSM now leading Internal Audit, fully compliant service with standards expected in 2025/26.	No
Procurement capacity to deliver change	Additional resources being recruited to implement new Procurement regulations for 2024/25 and draft Social Value Procurement policy.	Additional interim resources have been secured for the Procurement Team. The new Head of Service (MO) who starts in late June 2025 will review the requirements and put in place action to secure them as appropriate	Yes
Officer and Member governance training needs.	Areas of governance knowledge weakness being identified through skills self-assessments and training plans created to address these.	Skills assessments completed by CLT, CGC members and Executive Members involved in governance. Training sessions organised for coming months.	Yes

Opinion

After conducting a review of the governance arrangements across the Council and overall compliance with the Council's Code of Corporate Governance, it is noted that there is a disclaimed Internal Audit opinion for 2024/25 however there is a very clear plan of work that Internal Audit (through RSM) will carry out in 2025/26 to ensure that there is assurance in full for 2025/26.

We are also satisfied that this statement allows the Council to meet the requirements of the Accounts & Audit (England) Regulations 2015, to prepare an AGS to accompany the 2024/25 Statement of Accounts.

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 Corporate Governance (Audit) Committee and Cabinet.

Our overall assessment is that the AGS is a balanced reflection of the governance environment and that an adequate framework exists within Huntingdonshire District Council to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operations as part of our next annual review.

Signed on behalf of Huntingdonshire District Council

Sarah Conboy
Executive Leader

Michelle Sacks
Chief Executive

June 2025

Appendix 1: Demonstrating the Principles

Principles	Council Arrangements	Supporting Examples
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Code of Conduct for Members based upon the LGA Model Councillor Code of Conduct 2020.	See Part 5, Codes and Protocol, of the Constitution
	The seven Principles of Public Life apply to all public sector employees and members.	See Part 5, Codes and Protocol, of the Constitution
	Acceptance of code by Councillors	Signed declaration of Acceptance of Office
	Declaration of Interests, rules for declaration. Confirmation of no declarable interests at the start of each Committee meeting	Register of Interests Committee meeting notes
	Gifts & Hospitality, rules for declaration	Register of Gifts & Hospitality
	Code of Conduct Complaints Process	Annual Complaints report
	Employee Code of Conduct	Annual confirmation of the code
	Defined delegation of responsibilities to Officers	See Part 3 of the Constitution
	Appointment of Monitoring Officer to validate the Council is operating in a lawful manner	See Article 12 of the Constitution
	Whistleblowing policy to allow the reporting and investigation of breaches of Conduct or Council Policy	Whistleblowing Policy
	CIPFA Code of Financial Management	Annual review of compliance with code. Finance Regulations
	Procurement Governance Framework	Code of Procurement Contract Regulations
	The Council has adopted a series of policies that apply equally to the roles of the member and employee which includes a dignity at work policy and corporate equality policy	Constitution Regular review of policies
	Promoting an ethical culture	Council's icare values
	Creation of an Assurance Board to seek assurance the Council's governance arrangements are effective and give the comfort required.	Assurance board agendas and meeting notes.

Principles	Council Arrangements	Supporting Examples
Principle B: Ensuring openness and comprehensive stakeholder engagement	Details of Council's priority outcomes are included in the Corporate Plan	Agreed through Council and published on website
	Details of the Council's activities and achievements are included in the Annual Report	See Council meeting agendas on HDC website
	Details of the governance activities, changes and challenges are included in the Annual Governance Statement	See HDC website – Council & Democracy/Council Open data and Information/Our Policies & Procedures
	All meeting agendas, content and key decision requirements are published in advance.	See HDC website - Council & Democracy/View Upcoming Committee Meetings
	The calendar of upcoming meetings is publicly available.	See HDC website - Council & Democracy/View Upcoming Committee Meetings
	All committee meetings are streamed and can be viewed by the public (except for limited exceptions)	Streaming links available on the website
	Formal External Engagement and Communications Strategy	Reporting of Engagement and Communication activities and outcomes
	Formal Internal Engagement and Communications Strategy	Evidence of internal activities
	The Council promotes the formation of an Employee Representative Group for engagement regarding employee matter	Monthly meeting agendas and notes
	Data required by the Local Government Transparency code is published on the Council's website, and the Council has adoption a Publication Scheme setting out which information is published without requiring a Freedom of Information request.	See HDC website - Council & Democracy/Council Open Data and Information/Freedom of Information

Principles	Council Arrangements	Supporting Examples
Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits	Details of Council's priority outcomes are included in the Corporate Plan	Agreed through Council and published on website
	A Medium Term Financial Strategy (MTFS) is prepared on an annual basis to demonstrate to the affordability of plans and expected outcomes	Agreed through Council and published on website
	Service plans are prepared on an annual basis, demonstrating links to the Council's Corporate plan and delivery of key services, and performance indicators to measure their effectiveness.	Annual service plans
	A Treasury strategy is produced on an annual basis, demonstrating compliance with the Prudential code and effective use of the Council's resources	Treasury Strategy presented to Council and available on the website
	A Commercial Investment Strategy (CIS) is in place to reduce the Council's reliance on central government funding	CIS approved by Council and available on the website
	Budget and operational performance monitoring reports are generated on a monthly basis to show achievement against published plans	Reports presented at monthly Corporate SLT meetings
	Risk registers are maintained at Service and Corporate levels to identify potential/known threats to the organisation or service, and mitigating actions put in place to reduce these.	Risk registers maintained within the 4Risk system, and Corporate Risk Register reported on the website.
	A Climate Strategy policy is being produced to define the Council's approach to minimising its environmental impact and operating in a more sustainable manner.	
	The Council has commenced a review of its Local Plan, considering the needs of the district over the longer term and the plans that need to be put in place to deliver the necessary infrastructure to support this.	Public consultation and preparation of plans
	The Council has an Economic Development team to attract new businesses and investment to the district. It also hosts the "Invest in Huntingdonshire", further promoting the benefits of the district.	
	Working alongside other local government organisations, major regeneration projects are being developed the district creating sustainable social, economic and environmental benefits.	External funding receipts

Principles	Council Arrangements	Supporting Examples
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	The Corporate plan is prepared in conjunction with the MTFS to ensure delivery plans are affordable and achievable within the funding available.	Plans are published on the Council's website and as part of meeting agendas
	Budget and operational performance monitoring reports are generated on a monthly basis to show achievement against published plans and identify where corrective actions may be needed.	Reports presented at monthly Corporate SLT meetings
	Risk registers are maintained at Service and Corporate levels to identify potential/known threats to the organisation or service, and mitigating actions put in place to reduce these.	Risk registers maintained within the 4Risk system, and Corporate Risk Register reported on the website.
	Programme boards are put in place for major activities, to monitor progress and ensure delivery plans will achieve the intended outcome.	Agendas and meeting notes from board meetings
	Significant projects are monitored through the Major Change board, with actions raised to mitigate risks of non-performance.	Agendas and meeting notes from board meetings
	The Overview and Scrutiny panels review progress on Council deliverables and are able to challenge decisions if they are not content with what is being achieved.	Agendas and meeting notes from committee meetings
	Internal Audit review of services and reporting developed through a risk based strategy, with remedial action plans recommended.	Internal Audit plan and strategy.

Principles	Council Arrangements	Supporting Examples
Principle E: Developing the Council's capacity, including the capability of its leadership and the individuals within it	Review of the Council's assets and resources on a regular basis to ensure these remain fit for purpose and are being utilised effectively.	Asset inspections, proactive maintenance records
	Clear rules for delegation of authorities enabling decisions to be taken at the appropriate level and by individuals with the necessary knowledge.	The Constitution
	Definition of roles and responsibilities for Councillors and Offices	The Constitution
	Self assessment of skills for Committee members, with training plans for covering any deficits.	Skills self assessment records
	Use of operational and budget monitoring reports including, where effective, bench marking data so that performance trends can be noted and acted upon.	Reports generated and presented to Corporate SLT/committee.
	Developing shared services with neighbouring District Councils, allowing sharing of best practices and driving financial efficiencies.	Shared services for ICT, Legal and Building Control.
	Developing the capability of staff and improving their skills through training and online coaching tools.	Learning and Development team
	Encourage transformation work to improve service delivery or the effectiveness of the Council through the "New Ideas" process and the availability of funding.	New Ideas process and achievements
	Availability of Project Management skills and decision making to lead on work to improve the Council's capacity	Output of the Major Change Board

Principles	Council Arrangements	Supporting Examples
Principle F: Managing risks and performance through robust internal control and strong public financial management	Development of a Risk Management strategy, including indications of acceptable risk appetites.	Risk Management strategy and Corporate Risk Register
	The Council is a member of the Cambridge & Peterborough Resilience Forum, sharing knowledge and resources on Emergency Planning.	Regular reviews of Emergency Response plans and actions, testing of these and communication of updates.
	Business Continuity plans in case of disruption to services	Review and update of Business Continuity plans.
	Regular review and update of risk registers, including risk scoring and mitigating actions.	Risk registers maintained on 4Risk system
	Quarterly review and update of the Corporate risk register and mitigating actions	Risk register reviewed at Corporate SLT and reported on intranet
	Annual external audit of the Council's financials, including a review of value for money achieved.	Annual audit report to Council
	MTFS produced on an annual basis and presented to Council	See HDC website - Council & Democracy/Meetings/Council
	Quarterly Financial reporting against the approved budget presented to Council	See HDC website - Council & Democracy/Meetings/Council
	Reporting of Treasury Prudential measures to Council	See HDC website - Council & Democracy/Meetings/Council
	Use of operational and budget monitoring reports including, where effective, bench marking data so that performance trends can be noted and acted upon.	Reports generated and presented to Corporate SLT/committee.
	CIPFA Code of Financial Management implemented and maintained	Annual update of code
	Code of Procurement published	Constitution
	Internal Audit review of services and reporting developed through a risk based strategy with remedial action plans recommended	Internal Audit plan

Principles	Council Arrangements	Supporting Examples
Principle G: Implementing good practices in transparency, reporting and audit to delivery effective accountability	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.	Report templates and guidance
	Data required by the Local Government Transparency code is published on the Council's website, and the Council has adoption a Publication Scheme setting out which information is published without requiring a Freedom of Information request.	See HDC website - Council & Democracy/Council Open Data and Information/Freedom of Information
	Internal Audit review of services and reporting developed through a risk based strategy with remedial action plans recommended	Internal Audit plan
	All meeting agendas, content and key decision requirements are published in advance.	See HDC website - Council & Democracy/Meetings
	The calendar of upcoming meetings is publicly available.	See HDC website - Council & Democracy/Meetings
	All committee meetings are streamed and can be viewed by the public (except for limited exceptions)	Streaming links available on the website
	Formal External Engagement and Communications Strategy	Reporting of Engagement and Communication activities and outcomes
	All meeting agendas, content and key decision requirements are published in advance.	See HDC website - Council & Democracy/Meetings
	The calendar of upcoming meetings is publicly available.	See HDC website - Council & Democracy/Meetings

Huntingdonshire District Council

Annual Financial Report
For the Year Ended 31 March 2025

Welcome to Huntingdonshire District Council's Statement of Accounts for 2024/25.

This narrative report provides information about Huntingdonshire District Council (the Council), including the key issues affecting the Council and its accounts. The accounts summarise the Council's transactions and its financial position for the year ended 31 March 2025.

The report provides an explanation of the financial statements. As the financial statements demonstrate, the financial standing of the Council continues to maintain a robust financial position.

The report highlights the excellent management of the Council's resources and sets this in the context of the financial challenges being faced by the Council. The finance service operates in an environment of continuous improvement which involves organisational redesign, partnership working and advances in technology. This document provides:

- an introduction to the Council;
- key facts about Huntingdonshire and the Council;
- key information about the Council's management structure;
- 2024/25 revenue budget process and the medium-term financial strategy (MTFS);
- capital strategy and capital programme;
- revenue outturn 2024/25;
- capital outturn 2024/25;
- treasury management;
- Covid-19 and Ukrainian conflict grants;
- corporate and budgetary risks;
- basis of preparation;
- going concern assessment;
- receipt of further information; and
- acknowledgements.

The statement of accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that members of the public, including electors and residents of Huntingdonshire, Council members, partners, stakeholders and other interested parties are able to have:

- a full and understandable explanation of the overarching financial position of the Council and the outturn for 2024/25;
- confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- assurance that the financial position of the Council is sound and secure.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years.

An introduction to Huntingdonshire District Council

Huntingdonshire is the largest district in Cambridgeshire, with a population of 180,833, and a land area of over 900 square kilometres (350 square miles). The district provides a high-quality environment, predominantly rural in nature, and this is reflected in the sparse population density which averages just 1.99 people per hectare (4.92 per acre). It is currently divided into 26 wards which are served by 52 elected councillors.

Huntingdonshire District Council is responsible for providing specific public services and facilities throughout the district, including;

- environmental health;
- licensing;
- planning and building control;
- housing;
- leisure and health;
- business services;
- revenues and benefits;
- parking;
- household recycling and waste;
- commercial recycling and waste; and
- community safety.

There are also a number of internal services provided by the Council to ensure the efficient delivery of these public services such as;

- finance;
- information technology;
- legal;
- human resources; and
- payroll.

Our corporate plan sets out what Huntingdonshire District Council is working to achieve.

"We all want to live in a place with the highest possible quality of life. A place people are drawn to, where they feel included and aspire to something. A place people are proud to call home."

The Council aims to achieve this through the priorities set out in its corporate plan. These are:

- priority 1 – improving the quality of life for local people
- priority 2 – creating a better Huntingdonshire for future generations
- priority 3 – delivering good quality, high value-for-money services with good control and compliance with statutory obligations

How the Council will do this:

- priority 1 – improving the happiness and well-being of residents
  keeping people out of crisis
  helping people in crisis
- priority 2 – improving housing
  forward thinking economic growth
  lowering carbon emissions
- priority 3 – delivering good quality, high value-for-money services with good control and compliance with statutory obligations

Key facts about Huntingdonshire and the Council

There are a number of key facts that should be taken into account when considering Huntingdonshire and the Council:

- Population
  In the 2021 census, the total population of Huntingdonshire was 180,833, an increase of 11,325 residents, 6.7% since 2011 (source: 2021 census, ONS). The population is expected to grow to 205,000 by 2036 (source: Huntingdonshire objectively assessed housing needs report). The district has an ageing population; 36,500 residents are aged 65 and above, an increase of 33% since 2011.

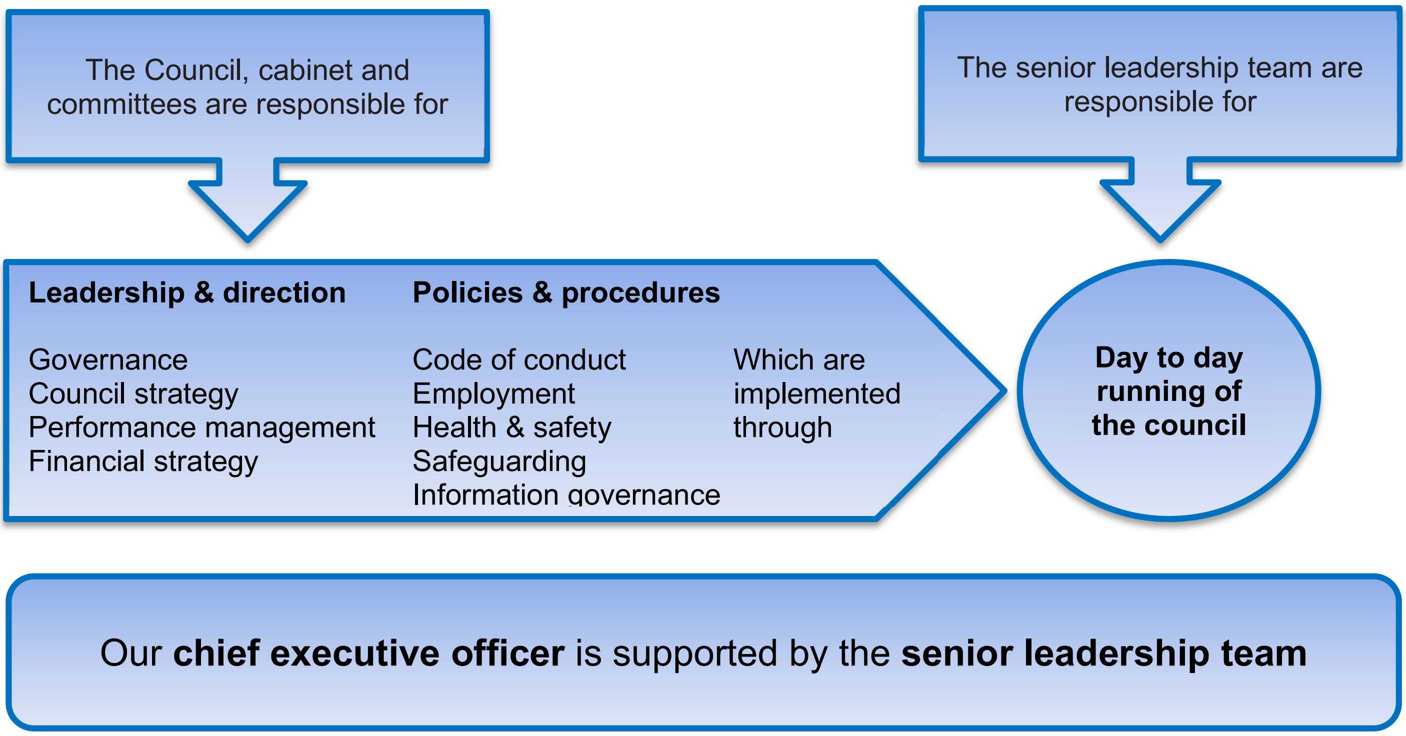
- Economy and employment
  Figures indicate that in April 2025 unemployment levels across Huntingdonshire were significantly lower than the level of Great Britain as a whole, with 2.4% of residents aged 16-64 recorded in the DWP claimant count of those claiming universal credit or job seekers allowance principally due to unemployment compared to an average of 4.2% for Great Britain (source: NOMIS: claimant count)

- Homes
  Huntingdonshire continues to be a growth area with 1,239 new homes delivered in 2023/24 and 819 forecast for completion during 2024/25 (source: annual monitoring report 2024). The availability of housing that is affordable is a major issue in the district, with a growing gap between average earnings and housing costs. The average price of a property in Huntingdonshire as at December 2024 was £364,735 which is a slight increase on last year's figure of £348,381 (4.7%) (source: Cambridgeshire Insight).

  The social housing sector in Huntingdonshire is made up of (as of March 2025) 11,891 affordable homes (10,667 rented properties and 1,224 shared ownership)(source: Cambridgeshire Insight). Between April 2024 and March 2025 an additional 264 new affordable homes were built across the district.

Key information about the Council's management structure

Decisions about policy are made by the councillors elected by the residents of Huntingdonshire. Councillors are advised by the senior management of the Council.



The 2024/25 revenue budget process and medium-term financial strategy

The Council is required by law to set a balanced budget, and it is based on known factors at the time. It does, however, need to be recognised that there are uncertainties, and provisions are made, as appropriate, in the budget for those factors that can be predicted with some certainty, and proposes a strategy for dealing with those factors which reasonably cannot. Following recommendation by Cabinet, the Council approved the budget for 2024/25 on 21 February 2024. The outturn for the 2024/25 financial year against the budget is outlined in these financial statements.

When preparing its medium-term financial strategy (MTFS), the Council makes provisional spending plans for future financial years ensuring these are balanced against the expected funding from government, council tax payers and business rates payers.

The MTFS is a four-year incremental process that builds on the work and achievements of previous years, taking into account demographic, legislative and other pressures, mitigated by a series of savings proposals to ensure a balanced budget can be achieved in the coming year, and that there is financial sustainability for future years.

The latest MTFS was approved by Council on 26 February 2025 and is summarised below:

	Budget	Medium term financial strategy			
	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000
Net expenditure	26,464	25,165	25,177	25,875	26,343
Contribution to/(from) reserves	221	(198)	(929)	(2,152)	(1,701)
Budget requirement	**26,685**	**24,967**	**24,248**	**23,723**	**24,642**
Non-domestic rates	(13,171)	(12,760)	(11,640)	(10,732)	(11,236)
Revenue support grant	(216)	(425)	(360)	(290)	(220)
New homes bonus	(1,472)	-	-	-	-
Other grants	(969)	(245)	(245)	(245)	(245)
Second home premium	(45)	(46)	(47)	(49)	(50)
Collection fund deficit	242	-	-	-	-
Council tax requirement	**11,054**	**11,491**	**11,957**	**12,408**	**12,891**
Council tax base	66,638.0	67,256.1	67,949.0	68,465.1	69,066.3
Per band D property	165.86	170.86	175.97	181.23	186.65
% increase		3.01%	2.99%	2.99%	2.99%

In setting the MTFS and developing budget proposals for the future, the Council faced a number of uncertainties particularly in relation to levels of government grant, the financial impact from retained business rates, the levels of new homes bonus and general economic conditions. The budget proposal and MTFS set for 2025/26 represented a best view of the known financial landscape then and for future years.

The key elements of the budget strategy were:

- ensuring that we are financially fit, including ensuring our commercial approaches of the past continue and we continue to grow and diversify our income streams;
- leading and the shaping of place, ensuring we continue to cherish our towns, villages and areas whilst managing planned growth and regenerating our towns;
- focusing on our customers and our ongoing innovation in customer delivery and digitisation; and
- ensuring our partners and communities help us deliver our goals and we ensure they are included in our decision making.

The main factors underlying the budget process were:

- Government grants
  Like all local authorities, Huntingdonshire District Council faces changes in funding from central government. For the Council, reductions to grant funding have been the most significant factor underlying historic planning assumptions. The Council's strategy for balancing its budget was predicated on this continuing. In this respect, the strategy around commercialism and efficiency remain fundamentally important to deal with the financial challenges facing the Council.

- New homes bonus (NHB)
  A major concern was associated with NHB. The NHB is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. The Council received £1,699,000 of NHB in 2024/25 and has budgeted £1,472,000 for 2025/26. This funding will be phased out from 2026/27.

- Retained business rates
  The revaluation of all properties for business rates took effect from 1 April 2023. Revaluation was completed to maintain the accuracy in the rating system by reflecting changes in the property market since the last revaluation in 2017. The business rates revaluation clouded the position on the amount of gain the Council might expect to achieve from business rates growth in the area. Following guidance in the December 2023 local government funding settlement, we have not forecast any re-baselining of business rates until 2026/27.

- Reserves and balances
  Earmarked reserves represent the prudent saving of sums against the recognition of future financial events which, if not prepared for, would be difficult to deal with at the point they occur. In short, earmarked reserves are an essential part of sound financial planning. The reserves are held for legitimate reasons and the balances are reasonable given a fair assessment of the budgetary pressures that they are held against.

- Investments and net borrowing
  The Council has been using its cash balances over the past few years in lieu of long-term borrowing. This delivers an advantage over lending returns whilst base rates remain low. From 2021/22 income from investment interest has been included in the MTFS. The Council takes a proactive approach to managing cash balances, with the bulk of the income being derived from short term money market lending.

- Implications for council tax strategy 2025/26
  For 2025/26, the budget proposal and council tax resolution included the assumed maximum £5 increase (for district councils, the maximum increase permissible was 2.99% or £5, whichever was the greater). A £5 increase at Band D represented a 3.11% increase, equivalent to just under 10 pence per week, and increased the band D council tax for Huntingdonshire District Council to £165.86.

Revenue outturn for 2024/25

The Council's 2024/25 revenue outturn position is shown in the table below:

2023/24		2024/25						
Outturn £000		Approved Budget £000	Net budget rephase £000	Current budget £000	Spend/ (Income) £000	Contributions to/(from) reserves £000	Outturn £000	Budget deficit/ (surplus) £000
	Service							
4,433	Chief operating officer	5,868	64	5,932	5,975	153	6,128	196
1,003	Chief planning officer	770	10	780	776	57	833	53
1,258	Corporate leadership team	665	45	710	1,144	1,109	2,253	1,543
5,866	Corporate services	8,507	(58)	8,449	4,541	3,396	7,937	(512)
209	Economic development	397	(43)	354	219	-	219	(135)
209	Housing strategy	213	-	213	206	-	206	(7)
579	Leisure & health	346	-	346	234	(4)	230	(116)
6,052	Operations	5,603	(55)	5,548	4,540	(124)	4,416	(1,132)
120	Strategic insight & delivery	689	1	690	1,305	(348)	957	267
2,563	3CICT shared service	2,946	34	2,980	2,953	(74)	2,879	(101)
22,292	**Net revenue expenditure**	**26,004**	**(2)**	**26,002**	**21,893**	**4,165**	**26,058**	**56**
538	Contribution to reserves	1,872	2	1,874	-	(1)	(1)	(1,875)
392	Contribution to/(from) earmarked reserves	(786)	-	(786)	-	(799)	(799)	(13)
23,222	**Budget requirement**	**27,090**	**-**	**27,090**	**21,893**	**3,365**	**25,258**	**(1,832)**
	Financing							
(10,142)	NNDR & council tax (surplus)/deficit	(13,687)	-	(13,687)	(11,661)	-	(11,661)	2,026
(2,825)	Government grants (non-specific)	(2,771)	-	(2,771)	(2,965)	-	(2,965)	(194)
10,255	**Council tax for Huntingdonshire District Council**	**10,632**	**-**	**10,632**	**7,267**	**3,365**	**10,632**	**-**

The view, as presented above, reflects the general fund revenue account. This presents the organisational structure and view used for the management reporting of the accounts during the financial year. The main detail of the Council's finances is reported throughout the year in the quarterly financial report.

The presentation of the information in the statement of accounts includes information on revenue fund balances and earmarked reserves, which at 31 March 2025 amounted to £2,175,000 and £36,911,000 respectively.

Capital strategy and capital programme 2024/25

The capital programme for 2024/25 onwards was presented to Council for consideration and approval on 21 February 2024. For 2024/25 the gross expenditure was approved at £12,785,000 and the funding sources were presented to Council. As a result of project delays arising predominantly from the Covid 19 pandemic, schemes totalling £18,917,000 were rephased from 2023/24 to 2024/25; this plus additional external funding of £198,000 provided a total gross capital programme of £31,900,000. Project delays continued in 2024/25, resulting in £15,860,000 being rephased to future years. Some projects, where additional borrowings would be required, have been descoped and the approved expenditure for these removed from the future capital programme.

The Council maintains an integrated strategic capital programme which is divided into several sections namely:

- Housing strategy - this covers the Market Towns programme;
- Transformation - this covers three schemes relating to customer relationship management, audio-visual equipment and voice bots;
- Operations - this covers several schemes relating to the environment and street scene, including funding for vehicle replacement and Hinchingbrooke Country Park works;
- Strategic insight – this covers works relating to Hinchingbrooke Country Park and Council owned car parks;
- ICT - this covers several technology related schemes;
- Leisure and health - this covers improvement works at the leisure centres;
- Corporate - this covers several schemes including disabled facilities grants and capital estate enhancements.

The revenue financing implications arising from the capital programme were factored into the budget for 2024/25 and beyond.

Treasury management

An annual treasury management strategy is agreed by Council, and this informs the governance framework.

The key messages are:

- Investments
  The primary governing principle will remain security over return and the criteria for selecting counterparties reflect this.
- Borrowing
  Overall, this will remain fairly constant over the period covered by this report and the Council will remain under-borrowed against its borrowing requirement due to the higher cost of carrying debt.
- Governance
  Strategies are reviewed by the corporate governance committee with continuous monitoring which includes mid-year and year end reporting.

Capital outturn 2024/25

The approved gross capital programme for 2024/25 was £12,785,000. Schemes totalling £18,917,000 from 2023/24 were rephased to 2024/25 and additional external funding of £198,000 gave a total gross capital budget of £31,900,000.

The Council spent £16,803,000 on the delivery of its capital programme in 2024/25 and has rephased schemes to 2025/26 where appropriate.

Capital expenditure was financed by revenue contributions and capital receipts. The Council has taken a prudent approach to financing the capital programme by deploying revenue reserves and cash balances instead of using external borrowing where possible as this produces a lower net cost.

The table below provides more detail of the spend in 2024/25:

	Approved budget	Budget rephased from 2023/24	External funding	Total gross capital budget	Outturn	Budget rephased to 2025/26	(Under)/ over spend
	£000	£000	£000	£000	£000	£000	£000
Chief operating officer	1,610	-	-	1,610	2,163	-	553
Chief planning officer	3,228	-	-	3,228	2,732	496	-
Corporate services	114	1,035	-	1,149	742	1,003	596
Housing strategy	4,356	12,761	98	17,215	6,681	10,439	(95)
Leisure & health	933	124	-	1,057	1,033	63	39
Operations	2,150	1,039	-	3,189	1,520	469	(1,200)
Strategic insight & delivery	73	3,503	100	3,676	1,752	2,797	873
3CICT shared service	321	455	-	776	180	593	(3)
	12,785	**18,917**	**198**	**31,900**	**16,803**	**15,860**	**763**

The reasons for the large budget re-phase to 2025/26 include:

- £10,134,000 – phasing of the Markets Towns and Future High Streets programmes to future years as whole life costs were included in the original budget
- £2,378,000 – works at Hinchingbrooke Country Park were delayed due to Covid and changes linked to planning
- £650,000 – the enhancements to commercial properties have been delayed
- £590,000 – late commencement of ICT projects due to problems in procuring services of sufficient quality
- £496,000 – CIL funded projects delays at organisations receiving grants
- £469,000 – extending the life of the existing fleet to maximise value for money

Covid-19 and Ukrainian conflict grants

During 2020/21 and 2021/22, the Council received some Covid-19 related ringfenced grants. It also received grants during 2022/23 to support the cost-of-living crisis and for those fleeing from the conflict in Ukraine.

Following the receipt of a grant, the Council had to determine whether in administering the grant it was acting as an agent or principal.

Where the Council was acting as agent the following conditions applied:

- it was acting as an intermediary between the recipient and the government department.
- it did not have control of the grant conditions and there was no flexibility in determining the level of grant payable.

Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable.
.
As presented in the table below, in relation to Covid-19 related grants:

- £205,000 of the contain outbreak management fund still remains at the end of 2024/25 and will need to be repaid during 2025/26.

	Brought forward					Grant remaining at 31 March 2025
	Council acting as agent	Council acting as principal	Grants received 2024/25	Spend 2024/25	Grant repaid to/(from) government	
	£000	£000	£000	£000	£000	£000
Contain outbreak management fund	-	(206)	-	1	-	(205)
	-	**(206)**	**-**	**1**	**-**	**(205)**

Other new grants received by the Council as highlighted previously relating to the Ukrainian conflict are presented below and show a further instance of the Council acting as an agent of the government.

The balance on the Homes for Ukraine grants will be utilised in 2025/26.

	Brought forward					Grant remaining at 31 March 2025
	Council acting as agent	Council acting as principal	Grants received 2024/25	Spend 2024/25	Grant repaid to/(from) government	
	£000	£000	£000	£000	£000	£000
Homes for Ukraine - tariff	-	(1,797)	(549)	637	-	(1,709)
	-	**(1,797)**	**(549)**	**637**	**-**	**(1,709)**

Corporate and budgetary risks

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The corporate risk register plays an integral role in supporting production of the corporate plan and is a key pillar of its organisational governance.

Key corporate risks are detailed in the annual governance statement. The Council currently has a number of significant projects covering a wide range of services, which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council. Specific risks relating to partnerships and projects have been incorporated into the annual governance statement where appropriate. The Council's annual governance statement provides more detailed insight into its vision strategy and corporate direction.

Basis of preparation

This statement of accounts has been prepared on the basis of the income and expenditure during the 2024/25 financial year and the known assets and liabilities at 31 March 2025. Moreover, the accounts have been prepared on a going concern basis.

Disclosures are included within the statement of accounts based on an assessment of their materiality. A disclosure is considered material if, through an omission or a misstatement, the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

Receipt of further information

If you would like to receive further information about these accounts, please do not hesitate to contact me at Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN.

Acknowledgements

The production of the statement of accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues from the finance team and other services that have assisted in the preparation of the annual accounts. I would also like to thank them for all their support during the financial year.

Suzanne Jones FCPFA FIRRV
Corporate Director of Finance & Resources (S151 Officer)

1. Statement of accounts explanations

The statement of accounts comprises:

❖ Statement of responsibilities
❖ Core financial statements
❖ Notes to the core financial statements
❖ Supplementary financial statements
❖ Notes to the supplementary financial statements

The objective of each of the accounting statements is:

❖ Statement of responsibilities

Identifies the officer who is responsible for the proper administration of the Council's financial affairs. The purpose is for the chief finance officer to sign a statement that the accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year then ended.

❖ Core financial statements

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 movement in reserves statement and the expenditure and funding analysis.

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.

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 is 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'.

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.

Expenditure and funding analysis – shows how the annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement

❖ Notes to the core financial statements

Provides support to the core financial statements, which informs the reader and gives sufficient information, to present a good understanding of the Council's activities.

❖ Supplementary financial statements

Collection fund – this account reflects the statutory requirement for billing authorities to maintain a separate collection fund, which shows the transactions of the Council in relation to non-domestic rates and council tax and illustrates the way in which these have been distributed.

❖ Notes to the supplementary financial statements

Provides support to the supplementary financial statements, which informs the reader and gives sufficient information, to present a good understanding of the Council's activities.

2. Brief note of significant items in the core financial statements

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 sets out comprehensive requirements for group accounts. These require councils to consider all their interests and to prepare a full set of group financial statements when they have material interests in subsidiaries, associates or joint ventures.

The Council has a wholly owned subsidiary, HDC Ventures Ltd. Group accounts have not been prepared on the basis of materiality.

3. Brief note explaining significance of any pension liability or asset

Any surplus or deficit on the Council's pension fund is required to be shown within the balance sheet. The effect of the Council's share of the pension fund administered by Cambridgeshire County Council has been assessed by the scheme's actuary as at 31 March 2025. The current valuation shows a surplus on the fund of £53,362,000 (£24,914,000 surplus at 31 March 2024) based upon the nationally set criteria.

In line with the Code of Practice the Council requested an asset ceiling calculation from the actuary, which resulted in the creation of a pension liability of £17,426,000 to be held on the balance sheet under long term liabilities. The actual contributions payable by the Council are based upon the actuary's own assumptions in a valuation that is undertaken on a triennial basis. This valuation was last undertaken at 31 March 2025.

The Council's responsibilities

The Council is required to:

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

The Corporate Director of Finance and Resources

The Corporate Director of Finance and Resources is legally and professionally 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 2024/25* - the Code.

In preparing this statement of accounts, I have:

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

The Corporate Director of Finance and Resources has also:

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

I certify that the statement of accounts presents a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2025.

Suzanne Jones FCPFA FIRRV
Corporate Director of Finance & Resources (S151 Officer)
19 June 2025

Certificate of approval – Chair of Corporate Governance Committee

This is the unaudited statement of accounts. The Corporate Governance Committee of Huntingdonshire District Council, at its meeting on 18 June 2025, delegated authority to me as Chair of the Panel to approve the statement of accounts.

Councillor Michael Burke
19 June 2025

Comprehensive income and expenditure statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; 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.

2023/24				2024/25		
Gross expenditure £000	Gross income £000	Net expenditure £000		Gross expenditure £000	Gross income £000	Net expenditure £000
36,615	(31,312)	5,303	Chief operating officer	36,833	(30,614)	6,219
4,670	(1,908)	2,762	Chief planning officer	5,749	(2,226)	3,523
779	(19)	760	Corporate leadership team	1,216	(1)	1,215
7,328	(3,345)	3,983	Corporate services	9,311	(1,434)	7,877
212	(9)	203	Economic development	221	(7)	214
5,239	(396)	4,843	Housing strategy	6,515	(676)	5,839
7,314	(6,046)	1,268	Leisure & health	8,091	(7,215)	876
9,695	(2,140)	7,555	Operations	9,620	(2,168)	7,452
144	-	144	Programme delivery	-	-	-
4,285	(3,448)	837	Strategic insight & delivery	4,409	(3,086)	1,323
8,533	(5,806)	2,727	3CICT shared service	8,695	(5,684)	3,011
84,814	**(54,429)**	**30,385**	**Cost of services**	**90,660**	**(53,111)**	**37,549**
		8,990	Other operating income & expenditure - note 11			9,266
		(2,663)	Financing and investment income & expenditure - note 12			(10,774)
		(38,748)	Taxation and non-specific grant income - note 13			(47,616)
		(2,036)	**Surplus on provision of services**			**(11,575)**
		(6,433)	Surplus on the revaluation of non-current assets			(3,859)
		145	Deficit/(gain) on financial assets measured at fair value through other comprehensive income			(69)
		10,380	Remeasurement of net defined benefit			14,051
		4,092	**Other comprehensive income and expenditure**			**10,123**
		2,056	**Total comprehensive income and expenditure**			**(1,452)**

Movement in reserves statement

This 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.

	General fund balance £000	**Earmarked general fund reserves** £000	**Capital receipts reserve** £000	**Capital grants unapplied** £000	**Total usable reserves** £000	**Unusable reserves** £000	**Total council reserves** £000
Balance 1 April 2024	**(2,175)**	**(33,300)**	**(4,547)**	**(56,767)**	**(96,789)**	**(77,217)**	**(174,006)**
Movement in reserves during 2024/25							
Surplus on provision of services	(11,575)	-	-	-	(11,575)	-	(11,575)
Other comprehensive income and expenditure	-	-	-	-	-	10,123	10,123
Total comprehensive income and expenditure	**(11,575)**	**-**	**-**	**-**	**(11,575)**	**10,123**	**(1,452)**
Adjustments between accounting basis and financing basis under regulations (note 9)	7,964	-	(174)	(2,563)	5,227	(5,227)	-
Net (increase)/decrease before transfers to earmarked reserves	**(3,611)**	**-**	**(174)**	**(2,563)**	**(6,348)**	**4,896**	**(1,452)**
Transfers to/(from) earmarked reserves	3,611	(3,611)	-	-	-	-	-
(Increase)/decrease in year	**-**	**(3,611)**	**(174)**	**(2,563)**	**(6,348)**	**4,896**	**(1,452)**
Balance at 31 March 2025	**(2,175)**	**(36,911)**	**(4,721)**	**(59,330)**	**(103,137)**	**(72,321)**	**(175,458)**

	General fund balance £000	Earmarked general fund reserves £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total council reserves £000
Balance 1 April 2023	**(2,175)**	**(28,940)**	**(4,527)**	**(56,639)**	**(92,281)**	**(83,781)**	**(176,062)**
Movement in reserves during 2023/24							
Surplus on provision of services	(2,036)	-	-	-	(2,036)	-	(2,036)
Other comprehensive income and expenditure	-	-	-	-	-	4,092	4,092
Total comprehensive income and expenditure	**(2,036)**	**-**	**-**	**-**	**(2,036)**	**4,092**	**2,056**
Adjustments between accounting basis and financing basis under regulations (note 9)	(2,324)	-	(20)	(128)	(2,472)	2,472	-
Net increase before transfers to earmarked reserves	**(4,360)**	**-**	**(20)**	**(128)**	**(4,508)**	**6,564**	**2,056**
Transfers to/(from) earmarked reserves	4,360	(4,360)	-	-	-	-	-
Increase in year	**-**	**(4,360)**	**(20)**	**(128)**	**(4,508)**	**6,564**	**2,056**
Balance at 31 March 2024	**(2,175)**	**(33,300)**	**(4,547)**	**(56,767)**	**(96,789)**	**(77,217)**	**(174,006)**

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 are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is 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. 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 (e.g., 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 2024 £000		note	31 March 2025 £000
84,663	Property, plant and equipment	14	91,196
65	Heritage assets		65
70,285	Investment property	15	73,201
641	Intangible assets	16	517
3,582	Long term investments	17	3,651
2,482	Long term debtors	17	3,609
161,718	**Long term assets**		**172,239**
45,600	Short term investments	17	47,750
213	Inventories	18	226
16,996	Short term debtors	19	16,346
17,304	Cash and cash equivalents	20	17,869
80,113	**Current assets**		**82,191**
(2,988)	Bank overdraft	20	(2,278)
(268)	Short term borrowing	17	(268)
(19,680)	Short term creditors	22	(17,627)
(2,842)	Grants received in advance - capital	22, 31	(2,842)
(2,924)	Provisions	39	(3,732)
(28,702)	**Current liabilities**		**(26,747)**
(34,263)	Long term borrowing	17	(34,255)
(569)	Other long term liabilities	17	(544)
(4,291)	Net pensions liability	37	(17,426)
(39,123)	**Long term liabilities**		**(52,225)**
174,006	**Net assets**		**175,458**
(96,789)	Usable reserves	23	(103,137)
(77,217)	Unusable reserves	24	(72,321)
(174,006)	**Total reserves**		**(175,458)**

Corporate Director of Finance & Resources (S151 Officer)
19 June 2025

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.

2023/24 £000		note	2024/25 £000
2,036	Net surplus on the provision of services		11,575
10,367	Adjustment to deficit on the provision of services for non cash movements	25	(2,049)
(8,887)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	25	(15,874)
3,516	Net cash flows from operating activities		(6,348)
1,259	Net cash flows from investing activities	26	7,002
501	Net cash flows from financing activities	27	621
5,276	Net (decrease)/increase in cash and cash equivalents		1,275
9,040	Cash and cash equivalents at the beginning of the reporting period		14,316
14,316	Cash and cash equivalents at the end of the reporting period	20	**15,591**

1. Accounting Policies

1.1 General principles

The statement of accounts summarises the Council's transactions for the 2024/25 financial year and its position at 31 March 2025. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (England) Regulations 2015 (SI 2011 no.817), which require the accounts 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 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Unless otherwise stated the convention used in this document is to round amounts to the nearest thousand pounds. Throughout the statements all credit balances are shown with parentheses e.g. (£1,234).

1.2 Accruals of expenditure and income

All transactions of the Council are accounted for in the year in which they take place, not simply when the cash payments are made or received. In particular:

- fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services;

- supplies and services are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet;

- interest receivable on investments is 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;

- where income and expenditure has 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected; and

- income and expenditure are credited and debited to the relevant service revenue account unless they properly represent capital receipts or capital expenditure.

1.3 Cash and cash equivalents

Cash comprises cash in hand and call account deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation 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; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either at least 4% of the underlying amount measured by the adjusted capital financing requirement or the asset life method where the MRP is determined by reference to the life of the asset and an equal amount charged each year. Depreciation, impairment losses and amortisations are therefore replaced by minimum revenue provision, by way of an adjusting transaction within the capital adjustment account in the movement in reserves statement for the difference between the two.

1.5 Council tax and non-domestic rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of major preceptors (including government for NDR) and, as principals, 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 more or less than predicted.

The council tax and NDR income included in the comprehensive income and expenditure statement (CIES) 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 CIES 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.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the financing and investment income in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.6 Employee benefits

1.6.1 Benefits payable during employment

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

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g., time off in lieu) earned by employees but not taken before the year end which employees can carry into the next financial year. The accrual is made at the wage and salary rates applicable in the following year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services but is 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.

1.6.2 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 relevant service costs line in the comprehensive income and expenditure statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

When 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 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 pension enhancement termination benefits 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.

1.6.3 Post-employment benefits

The majority of Council employees are members of the local government pension scheme, administered by Cambridgeshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The local government scheme is accounted for as a defined benefits scheme:

- the liabilities of Cambridgeshire County Council's superannuation fund 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 an appropriate discount rate based on the indicative rate of return on high quality corporate bonds as identified by the actuary.
- the assets of Cambridgeshire County Council's superannuation 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 pensions 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 arising from current year decisions whose effect relates to years of service earned in earlier years (debited to the net cost of services in the comprehensive income and expenditure statement as part of non-distributed costs).
        - net interest on the defined benefit liability, i.e., net interest expense for the Council – the change during the year in the net defined benefit liability that arises from the passage of time (charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).

- re-measurement comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit asset (charged to the pensions reserve as other comprehensive income and expenditure).
  - actuarial gains and losses – changes in the net pensions asset 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 pensions reserve as other comprehensive income and expenditure).
  - any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit asset.
- contributions paid to Cambridgeshire County Council's pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. This is not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount 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 transfers to and from the pensions 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 but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to 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.

1.6.4 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.

1.7 Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that have occurred between the balance sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date – the statement of accounts is adjusted to reflect such events.

- those that are indicative of conditions that arose after the balance sheet date – the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

1.8 Financial instruments

1.8.1 Financial liabilities

Financial liabilities are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are measured at fair value. 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.

This means that for the borrowings the Council has, 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.

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

1.8.2.1 Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the balance sheet when the Council 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 for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the balance sheet is the outstanding principal receivable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount receivable for the year.

However, the authority has made a number of loans to voluntary organisations at less than market rates (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.

The Council's business model to collect cash flow comprises:

- loans to other local authorities
- loans to small companies
- short term cash investments
- trade receivables

1.8.2.2 Financial assets measured 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. The fair value gains and losses are recognised as they arrive in (surplus)/deficit on the provision of services.

1.8.2.3 Financial assets measured fair value through other comprehensive income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument; and the Council's business model is both to collect cash flow and sell the instrument. The Council has shown the following assets within this category:

- CCLA property fund

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

- instruments with quoted market prices – the market price
- other instruments with fixed ad 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 in active markets for identical assets that the Council 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
- level 3 inputs – unobservable inputs for the asset.

1.8.2.4 Expected credit loss model

The Council recognises expected credit losses on all of its financial assets held at amortised cost.

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 an important 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.

1.9 Government grants and other 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 not credited to the comprehensive income and expenditure statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using 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 not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or taxation and non-specific grant income 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 has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

1.10 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.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at cost less accumulated depreciation and any accumulated impairment loss. 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. 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.

1.11 Inventories and long-term contracts

Inventories are included in the balance sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of the comprehensive income and expenditure statement being charged in the year during which the cost of goods or services were received or provided.

1.12 Investment property

Investment properties are those (land or a building, or part of a building, or both) that are held solely to earn rentals or for capital appreciation or both. 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, based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s length. 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 and costs relating to investment properties are posted to the financing and investment income and expenditure line in the comprehensive income and expenditure statement and result in a gain or loss 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 any sale proceeds credited to the capital receipts reserve.

1.13 Leases

1.13.1 The Council as lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 *Leases* to include arrangements with nil consideration, peppercorn or nominal payments.

- Initial measurement

  Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council’s incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

  - fixed payments, including in-substance fixed payments
  - variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
  - amounts expected to be payable under a residual value guarantee
  - the exercise price under a purchase option that the Council is reasonably certain to exercise
  - lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
  - penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

- Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases;
- leases where rent reviews do not necessarily reflect market conditions;
- leases with terms of more than five years that do not have any provision for rent reviews; and
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate;
- there is a change in the group’s estimate of the amount expected to be payable under a residual value guarantee;
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option; or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

- Low value and short lease exemption

As permitted by the code, the Council excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

- Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

1.13.2 The Council as lessor

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.

- Finance leases

  Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the balance sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the balance sheet (whether property, plant or 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. A gain, representing the Council's net investment in the lease, is 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), matched by a lease (long term debtor) asset in the balance sheet.

  Lease rentals receivable are apportioned between:

  - a charge for the acquisition of the interest in the property – applied to write down the lease debtor, and
  - finance income (credited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).

  The gain credited to the comprehensive income and expenditure statement on disposal is not permitted by statute to increase the general fund balance and is required to be treated as a capital receipt. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future years, this is posted out of the general fund balance to the deferred capital receipts reserve in the movement in reserves statement.

  The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account.

- 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. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as expenses over the lease term on the same basis as rental income.

1.14 Overheads and support services

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

1.15 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.

1.16 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, or for administrative purposes, and that are expected to be used during more than one financial year are classified as property, plant and equipment.

1.16.1 Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure in excess of £10,000 on fixed assets is capitalised. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

1.16.2 Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- assets surplus to requirements - fair value
- specialised land & buildings –depreciated replacement cost (DRC) which is used as an estimate of current value
- other land and buildings - EUV
- vehicles, plant and equipment – DRC
- infrastructure assets – DRC
- community assets – historic cost
- assets under construction – historic cost
- heritage assets – historic cost

Assets included in the balance sheet at current value are revalued on a rolling basis within a three-year timeframe. Increases in valuations are matched by credits in the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the comprehensive income and expenditure statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

1.16.3 Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for:

- 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 the balance (up to the amount of the accumulated gains)
- where there is no balance on the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant line(s) in the comprehensive income and expenditure account.

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.

1.16.4 Disposals and non-current assets held for resale

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 resale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating costs line in the comprehensive income and expenditure statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provision of services. Depreciation is not charged on non-current assets held for resale.

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

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the comprehensive income and expenditure statement as part of the gain or loss on disposal. Receipts from disposals are credited to the comprehensive income and expenditure statement 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 in the revaluation reserve are transferred to the capital adjustment account. Amounts 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 movement in reserves statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the movement in reserves statement.

1.16.5 Depreciation

Depreciation is provided in respect of all the relevant property, plant and equipment, other than investment properties, where a finite useful life has been determined. This is with the intention of writing off their balance sheet values in equal annual instalments over their remaining expected useful lives. This is commonly referred to as the ‘straight line’ method. An exception is made for assets without a determinable finite life (i.e., freehold land and certain community assets) and assets that are not yet available for use (i.e., assets under construction).

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charge on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the capital adjustment account.

1.16.6 Componentisation

The objective of component accounting is to follow proper accounting practice by ensuring that property, plant and equipment is accurately and fairly included in the Council’s balance sheet, and that the comprehensive income and expenditure statement properly reflects the consumption of economic benefits of those assets over their useful lives through depreciation charges.

In order to do this, the Council must first determine which of its assets have a material value. For Huntingdonshire District Council materiality in this instance has been set as any asset with a carrying value equal to or greater than 10% of the total carrying value for any asset group.

Where an asset is deemed material then the Council must ensure that the overall value of an asset is fairly apportioned over significant components that need to be accounted for separately and that their useful lives and the method of depreciation are determined on a reasonable and consistent basis. For Huntingdonshire District Council significance has been set at equal to or greater than 10% of the asset’s cost but with a de-minimis threshold of £100,000.

1.17 Provisions, contingent liabilities and contingent assets

1.17.1 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 less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

1.17.2 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 recognised in the balance sheet but disclosed in a note to the accounts.

1.17.3 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.

1.18 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 revenue account. The value is then appropriated from the reserve and credited to the general fund balance so that there is no charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council.

1.19 Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the movement in reserves statement from the general fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.20 VAT

VAT is only included within the revenue and capital income and expenditure accounts to the extent that it is irrecoverable.

2. Accounting standards not yet adopted

The Code of Practice on Local Council Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the 2024/25 code.

The code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified; this would therefore result in an impact on disclosures spanning two financial years.

The accounting changes to be introduced in the 2025/26 code are:

- changes to IFRS 17 insurance contracts (replacement of IFRS 4) issued in May 2017
- effects of changes in foreign exchange rate (lack of exchangeability) (amendments to IAS 21) issued in August 2023
- adaptations and interpretations of IAS 16, property plant and equipment and IAS 38, intangible assets

These changes are not expected to have a material impact on the Council’s statements.

3. Critical judgements in applying accounting policies

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

The critical judgements made in the statement of accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.

4. Assumptions made about the future and other major sources of estimation uncertainty

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council’s balance sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Business rates - The participants in the Council’s non-domestic rates collection fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014. To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2025. An estimated provision of £2,020,000 has been included in the collection fund in respect of successful appeals costs. The Council’s share of any such collection fund costs is 40% or £808,000 of the total provision and this is included in the general fund balance.

  The estimate has been calculated using the Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of the total provision up to and including 31 March 2025.

- Council tax (surplus)/deficit - Assumptions are made on the likely (surplus)/deficit for the year in the January prior to the year end. The information forms part of the budget setting process for Huntingdonshire District Council, Cambridgeshire County Council, Cambridgeshire Police & Crime Commissioner, Cambridgeshire Fire Council and Cambridgeshire & Peterborough Combined Council. If the actual (surplus)/deficit differs significantly from the estimated assumption position from January, there will be an impact in the following year's budget process. A higher deficit could mean more savings being required or an increased council tax.

- Debt impairment - At 31 March 2025, the Council had a balance for sundry debtors of £7,205,000. A review of significant balances suggested that expected credit losses of 31% (£2,220,000) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate, which was not the case during 2024/25, the Council would require additional funds to set aside as an allowance.

- Earmarked reserves - The Council has a large number of earmarked reserves, which are reviewed annually to assess the expected year-end balance. The expected reserve balances form part of the budget setting process. Although the reserve levels are not prescribed, major variations could have an impact on service budgets as expected funds may not be available, which could lead to savings being required in year.

- Pensions liability - Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Hymans LLP, is engaged to provide the Council with expert advice about the assumptions to be applied, which represent the market conditions at the reporting date.

  During 2024/25 the Council's actuaries advised that the net pension asset had increased by £28,448,000 to a surplus position of £53,362,000. In line with the code of practice the Council requested an asset ceiling calculation from the actuary. This resulted in the creation of a pension liability of £17,426,000 to be held on the balance sheet under long term liabilities. The effects on the net pensions liability of changes in individual assumptions can be measured and are a result of the changes in the financial assumptions used by the actuary, Hymans Robertson LLP.

- Property, plant and equipment - Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. In the current economic climate there will be increased pressure on all budgets, leading to difficult choices which might result in the Council being less able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £28,100 for every year that useful lives had to be reduced.

  In line with the Code of Practice on Local Council Accounting in the United Kingdom 2024/25, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, surplus assets and assets under construction. For all these assets, the total value for 2024/25 for land is £59,630,000 and buildings is £45,594,000 (2023/24 land is £53,497,000 and buildings is £42,803,000).

5. Material items of income and expenditure

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

6. Events after the balance sheet date

The unaudited Statement of Accounts were issued on 19 June 2025. Where events taking place before this date provided information about the conditions existing at 31 March 2025, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information. The financial statement and notes would not be adjusted for events which took place after 31 March 2025 if they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date.

7 Expenditure and funding analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement.

	2024/25					
	Net expenditure in the comprehensive income and expenditure statement	Adjustments between the funding and accounting basis				Net expenditure chargeable to the general fund
		Adjustments for capital purposes	Net change for the pensions adjustment	Other Differences	Total Adjustments	
	£000	£000	£000	£000	£000	£000
Chief operating officer	6,219	(311)	154	-	(157)	6,062
Chief planning officer	3,523	(2,815)	68	-	(2,747)	776
Corporate leadership team	1,215	-	24	-	24	1,239
Corporate services	7,877	(307)	397	-	90	7,967
Economic development	214	-	5	-	5	219
Housing strategy	5,839	(5,862)	11	218	(5,633)	206
Leisure & health	876	(740)	106	-	(634)	242
Operations	7,452	(1,440)	146	-	(1,294)	6,158
Strategic insight & delivery	1,323	(197)	65	-	(132)	1,191
3CICT shared service	3,011	(12,321)	120	-	(12,201)	(9,190)
Net cost of services	**37,549**	**(23,993)**	**1,096**	**218**	**(22,679)**	**14,870**
Other income and expenditure	(49,124)	18,224	(180)	12,599	30,643	(18,481)
(Surplus)/deficit for the year	**(11,575)**	**(5,769)**	**916**	**12,817**	**7,964**	**(3,611)**
Opening general fund balance at 1 April 2023						(35,475)
Closing general fund balance at 31 March 2024						**(39,086)**

	2023/24					
	Net expenditure in the comprehensive income and expenditure statement	Adjustments between the funding and accounting basis				Net expenditure chargeable to the general fund
		Adjustments for capital purposes	Net change for the pensions adjustment	Other Differences	Total Adjustments	
	£000	£000	£000	£000	£000	£000
Chief operating officer	5,303	(544)	141	-	(403)	4,900
Chief planning officer	2,762	(2,210)	58	-	(2,152)	610
Corporate leadership team	760	-	17	-	17	777
Corporate services	3,983	207	410	-	617	4,600
Economic development	203	-	6	4	10	213
Housing strategy	4,843	(4,578)	10	-	(4,568)	275
Leisure & health	1,268	(747)	86	-	(661)	607
Operations	7,555	(1,620)	129	-	(1,491)	6,064
Programme delivery	144	-	-	-	-	144
Strategic insight & delivery	837	(456)	59	-	(397)	440
3CICT shared service	2,727	(222)	112	-	(110)	2,617
Net cost of services	**30,385**	**(10,170)**	**1,028**	**4**	**(9,138)**	**21,247**
Other income and expenditure	(32,421)	1,302	258	5,254	6,814	(25,607)
(Surplus)/deficit for the year	**(2,036)**	**(8,868)**	**1,286**	**5,258**	**(2,324)**	**(4,360)**
Opening general fund balance at 1 April 2023						(31,115)
Closing general fund balance at 31 March 2024						**(35,475)**

7.1.1 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 or 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 for which conditions were satisfied in the year.

7.1.2 Net change for the pensions adjustment

Net change for the removal of pension contributions and the addition of IAS19 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 comprehensive income and expenditure statement.

7.1.3 Other differences

Other differences between amounts debited/(credited) to the comprehensive income and expenditure statement and amounts payable/(receivable) to be recognised under statute:

- For **financing and investment income and expenditure** the other difference column recognises adjustments to the general fund for the timing differences for premiums and discounts.

- The charge under **taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and non-domestic rates 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.

7.1.4 Segmental income

The table above shows net expenditure, the income analysed on a segmental basis is shown below:

2023/24 £000		2024/25 £000
(31,312)	Chief operating officer	(30,614)
(1,908)	Chief planning officer	(2,226)
(19)	Corporate leadership team	(1)
(3,345)	Corporate services	(1,434)
(9)	Economic development	(7)
(396)	Housing strategy	(676)
(6,046)	Leisure & health	(7,215)
(2,140)	Operations	(2,168)
(3,448)	Strategic insight & delivery	(3,086)
(5,806)	3CICT shared service	(5,684)
(54,429)		**(53,111)**

8. Expenditure and income analysed by nature

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

2023/24 £000		2024/25 £000
	Expenditure	
29,623	Employees	32,769
17,351	Other service expenses	18,709
(1,265)	Support service recharges	(874)
15,193	Depreciation, amortisation, REFCUS & investment property fair value adjustment	11,385
394	Interest payments	390
3,054	Transfer & grant payments	3,810
9,169	Precepts & levies	10,729
26,053	Benefit payments	26,067
99,572	**Total expenditure**	**102,985**
	Income	
(29,149)	Fees, charges & other service income	(31,222)
(3,448)	Interest and investment income	(3,988)
(28,867)	Income from council tax & non-domestic rates	(31,354)
(15)	Post stock transfer capital receipts	(229)
(38,110)	Government grants & contributions	(42,739)
(19)	Proceeds from disposal of non-current assets	(175)
(2,000)	Levies	(4,853)
(101,608)	**Total income**	**(114,560)**
(2,036)	**Surplus on the provision of services**	**(11,575)**

9. Adjustments between accounting basis and funding basis under regulations

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 made 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 against which the adjustments are made.

- **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 therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment.

- **Capital receipts reserve**
  The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historic 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**
  The capital grants unapplied account 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.

	2024/25		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
Adjustments to the revenue resources			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	916	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)	79	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	(683)	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	4,431	-	(13,421)
Total adjustments to the revenue resources	**4,743**	**-**	**(13,421)**
Adjustments between revenue and capital resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	404	(404)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	2,823	-	-
Total adjustments between revenue and capital resources	**3,227**	**(404)**	**-**
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	261	-
Repayment of loans	(6)	(31)	-
Application of capital grants to finance capital expenditure	-	-	10,858
Total adjustments to capital resources	**(6)**	**230**	**10,858**
Total adjustments	**7,964**	**(174)**	**(2,563)**

	2023/24		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
Adjustments to the revenue resources			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	1,286	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)	(47)	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	(1,730)	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	(4,533)	-	(7,035)
Total adjustments to the revenue resources	**(5,024)**	**-**	**(7,035)**
Adjustments between revenue and capital resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	35	(35)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	2,660	-	-
Total adjustments between revenue and capital resources	**2,695**	**(35)**	**-**
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	136	-
Repayment of loans	5	(121)	
Application of capital grants to finance capital expenditure	-	-	6,907
Total adjustments to capital resources	**5**	**15**	**6,907**
Total adjustments	**(2,324)**	**(20)**	**(128)**

10. Movements in earmarked reserves

This note sets out the amounts set aside from general fund balances 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 and 2024/25.

	Balance 1 April 2023	Transfers in 2023/24	Transfers out 2023/24	Balance 31 March 2024	Transfers in 2024/25	Transfers out 2024/25	Balance 31 March 2025
	£000	£000	£000	£000	£000	£000	£000
S.106 agreements	(707)	(416)	174	(949)	(275)	596	(628)
Commuted S.106 payments	(915)	(206)	85	(1,036)	(47)	90	(993)
Repairs & renewals fund	(1,908)	(2,130)	-	(4,038)	(83)	745	(3,376)
Strategic transformation reserve	(719)	-	198	(521)	-	185	(336)
Collection fund reserve	(3,190)	-	842	(2,348)	-	731	(1,617)
Commercial investment fund	(5,939)	(1,673)	1,808	(5,804)	(1,701)	70	(7,435)
Market towns investment fund	(450)	-	71	(379)	-	-	(379)
Budget surplus reserve	(4,896)	(1,976)	-	(6,872)	-	306	(6,566)
Special reserve	(656)	-	-	(656)	-	656	-
Local government reorganisation	-	-	-	-	(1,000)	-	(1,000)
Other reserves	(9,560)	(3,971)	2,834	(10,697)	(7,971)	4,087	(14,581)
	(28,940)	**(10,372)**	**6,012**	**(33,300)**	**(11,077)**	**7,466**	**(36,911)**

The following paragraphs provide an explanation of these reserves.

- S106 agreements - contains payments made by developers to meet their planning approval obligation to contribute to the funding of infrastructure and community requirements. As a relevant project is completed it is funded in all or part from this reserve.
- Commuted S106 payments - represents payments made by developers to meet their planning approval obligation to contribute to the funding of the maintenance of specified assets for a set period of years. As relevant maintenance costs are incurred funding is transferred from the reserve.
- Repairs and renewals funds - some services contribute an annual sum, and the funds are used to pay for one-off repair or renewal items, thereby smoothing the spending on large maintenance items.
- Strategic transformation reserve - to fund workflow streams associated with initiatives to improve the efficiency of the Council.
- Collection fund - excess non-domestic rates and council tax received from the collection fund due to be repaid in future years.
- Commercial investment fund - revenue allocation to meet future investment in commercial investment strategy.
- Market towns investment fund - a fund to support the redevelopment of Huntingdonshire's market towns.
- Budget surplus reserve - contains surplus funds that exceed the £2,175,000 maximum threshold for the general fund balance.
- Other reserves - this is a summary of other less significant reserves that support on-going service activity, including local plan activity, district council elections, new trading company, community infrastructure levy administration, IT projects, housing support, community support projects and landlord activities.

11. Other operating income and expenditure

2023/24 £000		2024/25 £000
8,470	Parish precepts	9,061
(15)	Post stock transfer capital receipts	(229)
554	Drainage board levies	609
(19)	Gain on the disposal of non-current assets	(175)
8,990		**9,266**

12. Financing and investment income and expenditure

2023/24 £000		2024/25 £000
394	Interest payable and similar charges	390
(252)	Pensions interest cost and expected return on pensions assets	183
(3,448)	Interest receivable	(3,988)
730	Income and expenditure in relation to investment properties and changes in their fair value	(5,939)
(87)	Other investment, trading operations and shared services	(1,420)
(2,663)		**(10,774)**

13. Taxation and non-specific grant income

2023/24 £000		2024/25 £000
(18,522)	Council tax income	(19,653)
(10,345)	Non-domestic rates	(11,701)
(2,806)	Non-ringfenced government grants	(2,965)
(1,914)	Developer contributions (CIL & s.106)	(3,365)
(5,161)	Capital grants	(9,932)
(38,748)		**(47,616)**

14. Property, plant and equipment

14.1 Measurement bases used

The gross carrying amount of assets has been determined on the following bases:

- land and buildings - existing use value
- vehicles, plant and equipment - depreciated historic cost
- infrastructure assets - depreciated historic cost
- community assets - historic cost
- surplus assets – fair value
- assets under construction - historic cost

14.2 Depreciation methods used

Depreciation is calculated on a straight-line basis over the useful life of an asset.

14.3 Useful lives or depreciation rates used

The useful life of an asset is the period over which it is expected to deliver productive benefit to the Council.

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

- other land and buildings – 10 to 50 years
- vehicles, plant, furniture & equipment – 2 to 25 years
- infrastructure assets – 10 to 40 years

14.4 Effects of changes in estimates

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls

14.5 Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least once every three years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The market review takes a broader view of the way in which material or economic factors may have affected the overall levels of value which are stated in the accounts, to reflect a true position and give an impairment allowance (where required) against the 2024/25 accounts.

The valuations at 31 March 2025 have been carried out by Wilks, Head & Eve LLP, who also prepared a valuation report.

The significant assumptions applied in estimating the fair values are:

- operational assets – the total value has been apportioned between land and building parts, with the building representing the depreciable amount;

- vehicles, plant, equipment and infrastructure assets are valued at historic cost, as at the date of acquisition and subsequent capital enhancement expenditure less depreciation. Community assets, and assets under construction are valued at historic cost at the date of acquisition and subsequent capital enhancement. Consequently, there is no ongoing revaluation review for these assets.

- assets surplus to requirements – these have been assessed to fair value on the basis of market value.

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
Carried at historical cost	-	9,301	3,673	1,117	-	2,004	16,095
Valued at current cost as at:							
31 March 2025	25,848	-	-	-	-	-	25,848
31 March 2024	13,134	-	-	-	2,374	-	15,508
31 March 2023	33,745	-	-	-	-	-	33,745
Total cost or valuation	**72,727**	**9,301**	**3,673**	**1,117**	**2,374**	**2,004**	**91,196**

14.6 Capital commitments

At 31 March 2025 the Council was contractually committed to capital works valued at approximately £8,422,000 (31 March 2024 £6,353,000). The schemes are listed in the table below:

Service	Scheme	31 March 2025 £000
Chief operating officer	Disabled facilities grants	862
Chief planning officer	A14 upgade	8
	Transport project	2,004
Corporate services	Fareham offices works	46
	Re-letting enhancement works	2
Housing strategy	Housing	305
	Market towns/future high streets	475
	The Old Falcon project	117
	UK shared prosperity fund	31
Leisure & health	Energy efficiency	521
	Leisure centre future improvements	105
Operations	Food waste collection	1,788
	Vehicles & plant	1,227
	Waste bins	15
Strategic insight & delivery	Changing places	14
	Civil parking enforcement	640
	Hinchingbrooke country park	98
	Secure cycle storage	4
	St Neots riverside park path & cycleway	19
3CICT shared services	Data centre racks	79
	Hardware replacement	10
	Income management system replacement	52
		8,422

14.7 Movement on property, plant and equipment

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
Cost or valuation							
At 1 April 2024	**69,926**	**23,824**	**9,367**	**451**	**2,374**	**1,136**	**107,078**
Additions	809	3,194	-	667	-	868	5,538
Revaluation increases recognised in the revaluation reserve	6,924	-	-	-	-	-	6,924
Revaluation decreases/reversals recognised in the revaluation reserve	(3,421)	-	-	-	-	-	(3,421)
Revaluation increases recognised in the surplus on the provision of services	684	-	-	-	-	-	684
Revaluation decreases recognised in the surplus on the provision of services	(320)	-	-	-	-	-	(320)
Derecognition - disposals	-	(706)	(356)	-	-	-	(1,062)
Other movements in cost or valuation	(372)	-	-	(1)	-	-	(373)
At 31 March 2025	**74,230**	**26,312**	**9,011**	**1,117**	**2,374**	**2,004**	**115,048**
Accumulated depreciation							
At 1 April 2024	**(1,110)**	**(15,963)**	**(5,342)**	**-**	**-**	**-**	**(22,415)**
Depreciation charge for the year	(1,121)	(1,754)	(352)	-	-	-	(3,227)
Depreciation written back on revaluation	356	-	-	-		-	356
Derecognition - disposals	-	706	356	-	-	-	1,062
Other movements	372	-	-	-	-	-	372
At 31 March 2025	**(1,503)**	**(17,011)**	**(5,338)**	**-**	**-**	**-**	**(23,852)**
Net book value							
At 31 March 2025	**72,727**	**9,301**	**3,673**	**1,117**	**2,374**	**2,004**	**91,196**
At 1 April 2024	**68,816**	**7,861**	**4,025**	**451**	**2,374**	**1,136**	**84,663**

	Other land & buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total PP&E £000
Cost or valuation							
At 1 April 2023	**62,966**	**23,212**	**10,008**	**451**	**1,917**	**1,840**	**100,394**
Additions	952	1,469	-	-	-	595	3,016
Revaluation increases recognised in the revaluation reserve	5,781	-	-	-	961	-	6,742
Revaluation decreases/reversals recognised in the revaluation reserve	(907)	-	-	-	(23)	-	(930)
Revaluation increases recognised in the surplus on the provision of services	788	-	-	-	-	-	788
Revaluation decreases recognised in the surplus on the provision of services	(134)	-	-	-	(1)	-	(135)
Derecognition - disposals	-	(857)	(641)	-	-	-	(1,498)
Reclassification of assets as REFCUS	-	-	-	-	-	(444)	(444)
Reclassification of assets as investment property	-	-	-	-	-	(855)	(855)
Other movements in cost or valuation	480	-	-	-	(480)	-	-
At 31 March 2024	**69,926**	**23,824**	**9,367**	**451**	**2,374**	**1,136**	**107,078**
Accumulated depreciation							
At 1 April 2023	**(641)**	**(14,873)**	**(5,626)**	**-**	**-**	**-**	**(21,140)**
Depreciation charge for the year	(1,090)	(1,947)	(357)	-	-	-	(3,394)
Depreciation written back on revaluation	621	-	-	-		-	621
Derecognition - disposals	-	857	641	-	-	-	1,498
At 31 March 2024	**(1,110)**	**(15,963)**	**(5,342)**	**-**	**-**	**-**	**(22,415)**
Net book value							
At 31 March 2024	**68,816**	**7,861**	**4,025**	**451**	**2,374**	**1,136**	**84,663**
At 1 April 2023	**62,325**	**8,339**	**4,382**	**451**	**1,917**	**1,840**	**79,254**

15. Investment properties

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 £000		2024/25 £000
(3,922)	Rental income from investment property	(4,783)
1,317	Direct operating expenses arising from investment property	1,690
(2,605)		**(3,093)**
3,335	Net losses from fair value adjustments	(2,846)
730		**(5,939)**

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 £000		2024/25 £000
70,932	**Balance at 1 April**	**70,285**
1,833	Additions	70
(3,335)	Net (losses)/gains from fair value adjustments	2,846
855	Transfers from property, plant and equipment	-
70,285	**Balance at 31 March**	**73,201**

Valuation techniques

There has been no change in valuation techniques used during the year for valuing investment properties. The fair value is measured on an annual basis as at 31 March. In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Fair value hierarchy

In order to increase the consistency and comparability in fair value measurements, the method by which fair values are assessed are separated into three levels. The three levels are based on the inputs to the valuation techniques that are used to measure fair value.

- **Level 1 inputs**
  Quoted prices in active markets for identical assets or liabilities that the Council can access at the measurement date.

- **Level 2 inputs**
  Inputs (other than quoted prices within level 1) that are observable for the asset or liability, either directly or indirectly.

- **Level 3 inputs**
  Unobservable inputs for the asset or liability.

Details of how the fair value hierarchy inputs apply to the Council's investment properties are demonstrated in the table below:

Fair value inputs level 2 other significant observable inputs at 31 March 2024		Fair value inputs level 2 other significant observable inputs at 31 March 2025
£000		£000
	Asset type	
9,789	Retail	9,454
17,731	Office	17,731
42,765	Commercial	46,016
70,285		**73,201**

The Council has no level 1 and 3 fair value inputs.

Transfers between levels of the fair value hierarchy

There were no transfers between levels during the year.

Significant observable inputs level 2

The fair value for investment properties is based on the market approach, using current market conditions and sale prices for similar assets in the local Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant.

16. Intangible assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life assigned to software is generally 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of £196,000 was charged to revenue in 2024/25; this was either charged to ICT and then absorbed as an overhead across all the service headings in the net expenditure of services or charged directly to services.

The movement on intangible asset balances during the year is as follows:

2023/24 £000		2024/25 £000
	Balance at start of year	
3,212	Gross carrying amounts	2,860
(2,457)	Accumulated amortisation	(2,219)
755	**Net carrying amount at start of year**	**641**
81	Additions	72
(433)	Disposals or retirements	(228)
(195)	Amortisation for the period	(196)
433	Reversal of amortisation on disposals or retirements	228
(114)	**Net carrying amount at end of year**	**517**
	Comprising:	
2,860	Gross carrying amounts	2,704
(2,219)	Accumulated amortisation	(2,187)
641		**517**

17. Financial instruments

17.1 Categories of financial instruments

The following categories of financial instruments are carried in the balance sheet:

31 March 2024			31 March 2025	
Long term £000	**Current** £000		**Long term** £000	**Current** £000
		Investments		
3,582	-	Financial assets held at fair value through other comprehensive income	3,651	-
-	45,600	Financial assets held at amortised costs	-	47,750
3,582	**45,600**	**Total investments**	**3,651**	**47,750**
		Debtors		
2,482	7,970	Loans and receivables	3,609	9,493
2,482	**7,970**	**Total debtors**	**3,609**	**9,493**
6,064	**53,570**	**Total financial assets**	**7,260**	**57,243**

31 March 2024 Long term £000	31 March 2024 Current £000		31 March 2025 Long term £000	31 March 2025 Current £000
		Borrowings		
(34,263)	(268)	Financial liabilities held at amortised cost	(34,255)	(268)
(34,263)	**(268)**	**Total borrowings**	**(34,255)**	**(268)**
		Other long term liabilities		
(569)	-	Financial liabilities held at fair value through profit and loss	(544)	-
(569)	**-**	**Total other long term liabilities**	**(544)**	**-**
		Creditors		
-	(10,141)	Financial liabilities held at amortised cost	-	(7,783)
-	**(10,141)**	**Total creditors**	**-**	**(7,783)**
(34,832)	**(10,409)**	**Total financial liabilities**	**(34,799)**	**(8,051)**

17.2 Income, expense, gains and losses

2023/24 Financial assets: loans and receivable £000	2023/24 Financial liabilities: liabilities measured at amortised cost £000		2024/25 Financial assets: loans and receivable £000	2024/25 Financial liabilities: liabilities measured at amortised cost £000
-	394	Interest expense	-	390
(3,448)	-	Interest income	(3,988)	-
(3,448)	**394**	**Net loss/(gain) for the year**	**(3,988)**	**390**

17.3 Fair values of assets and liabilities

Financial instruments, except those classified at amortised cost, are carried in the balance sheet at fair value. The fair value is taken from the market price. The fair values of instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2025, using the following methods and assumptions:

- loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.
- CCLA property fund is in a form of shares which are actively traded and have a market price. The net asset value quoted as at the end of trading on 31 March 2025 was used in evaluating this fund.

Financial instruments classified at amortised cost are carried in the balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2025 using the following methods and assumptions:

- loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local Council loans.
- the fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2025.
- no early repayment or impairment is recognised for any financial instrument.
- the fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

IFRS 13 introduces a three level of hierarchy for the inputs into fair value calculations:

- level 1- quoted prices in active markets for identical assets or liabilities
- level 2 - inputs other than quoted prices that are observable for the asset or liability, e.g., interest rates or yields for similar instruments
- level 3 - fair value is determined using unobservable inputs, e.g., non-market data such as cash flow forecasts or estimated creditworthiness.

There have not been any transfers between hierarchy levels during the financial year.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

31 March 2024			31 March 2025	
Carrying amount	**Fair value**		**Carrying amount**	**Fair value**
£000	£000		£000	£000
		Assets		
59,634	59,634	Loans and receivables	64,503	64,503
		Liabilities		
(45,241)	(36,840)	Financial liabilities	(42,850)	(32,561)

31 March 2024 Carrying amount £000	31 March 2024 Fair value £000		Fair value level	31 March 2025 Carrying amount £000	31 March 2025 Fair value £000
		Financial liabilities held at amortised cost			
(34,263)	(25,862)	Long term loans from PWLB	2	(34,255)	(23,966)
(34,263)	(25,862)	**Total**		(34,255)	(23,966)
(10,978)	(10,978)	Liabilities for which fair value is not disclosed		(8,595)	(8,595)
(45,241)	**(36,840)**	**Total financial liabilities**		**(42,850)**	**(32,561)**
		Recorded on the balance sheet as:			
(10,141)	(10,141)	Short term creditors		(7,783)	(7,783)
(268)	(268)	Short term borrowing		(268)	(268)
(10,409)	**(10,409)**	**Short term financial liabilities**		**(8,051)**	**(8,051)**
(34,263)	(25,862)	Long term borrowing		(34,255)	(23,966)
(569)	(569)	Other long term liabilities		(544)	(544)
(34,832)	**(26,431)**	**Long term financial liabilities**		**(34,799)**	**(24,510)**
(45,241)	**(36,840)**	**Total financial liabilities**		**(42,850)**	**(32,561)**
		Financial assets held at fair value through other comprehensive income			
3,582	3,582	Property fund	1	3,651	3,651
		Financial assets held at amortised cost			
45,600	45,600	Short term investment	1	47,750	47,750
49,182	**49,182**	**Total**		**51,401**	**51,401**
10,452	10,452	Assets for which fair value is not disclosed		13,102	13,102
59,634	**59,634**	**Total financial assets**		**64,503**	**64,503**
		Recorded on the balance sheet as:			
7,970	7,970	Short term debtors		9,493	9,493
45,600	45,600	Short term investments		47,750	47,750
53,570	**53,570**	**Short term financial assets**		**57,243**	**57,243**
2,482	2,482	Long term debtors		3,609	3,609
3,582	3,582	Long term investments		3,651	3,651
6,064	**6,064**	**Long term financial assets**		**7,260**	**7,260**
59,634	**59,634**	**Total financial assets**		**64,503**	**64,503**

The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the Council's portfolio of loans includes loans where the interest rate payable is lower than the current rates available for similar loans as at the balance sheet date.

The financial liabilities are shown below:

31 March 2024 £000			31 March 2025 £000
	Long term		
(5,000)	PWLB - 3.91%	495152 19/12/2008 to 19/12/2057	(5,000)
(5,000)	PWLB - 3.90%	495153 19/12/2008 to 19/12/2058	(5,000)
(5,000)	PWLB - 2.78%	506436 02/10/2017 to 02/10/2037	(5,000)
(7,293)	PWLB - 2.49%	508696 11/03/2019 to 11/03/2039	(7,292)
(11,963)	PWLB - 2.18%	509389 26/06/2019 to 26/06/2039	(11,963)
(8)	Salix		-
(34,263)			**(34,255)**

18. Inventories

2023/24					2024/25			
Leisure centres £000	Diesel £000	Other £000	Total £000		Leisure centres £000	Diesel £000	Other £000	Total £000
37	**183**	**182**	**402**	**Balance at 1 April**	**36**	**25**	**152**	**213**
-	665	-	665	Purchases	-	553	-	553
-	(628)	-	(628)	Recognised as an expense in yea	-	(607)	-	(607)
(1)	(195)	(30)	(226)	Stock adjustment	(5)	71	1	67
36	**25**	**152**	**213**	**Balance at 31 March**	**31**	**42**	**153**	**226**

Other inventories comprise refuse sacks, staff uniforms and IT hardware.

19. Short term debtors

31 March 2024 £000		31 March 2025 £000
4,031	Central government bodies	2,055
6,053	Other local authorities	6,913
4	NHS bodies	35
9,220	Other entities and individuals	9,563
19,308		18,566
(2,312)	Expected credit losses	(2,220)
16,996		**16,346**

20. Cash and cash equivalents

31 March 2024 £000		31 March 2025 £000
9	Cash held	9
542	Bank balances	497
16,753	Short term deposits	17,363
17,304		17,869
(2,988)	Bank overdraft	(2,278)
14,316		**15,591**

21. Assets held for sale

Assets held for sale are expected to be sold within twelve months of the balance sheet date. The asset is carried at carrying value or expected sale proceeds, whichever is lower.

There are no assets held for sale at 31 March 2025.

22. Short term creditors

31 March 2024 £000		31 March 2025 £000
	Creditors and receipts in advance	
(5,866)	Central government bodies	(4,339)
(3,526)	Other local authorities	(1,114)
(273)	NHS bodies	(270)
(10,015)	Other entities and individuals	(11,904)
(19,680)		(17,627)
	Capital grants and other receipts in advance	
(2,842)	Central government bodies	(2,842)
(22,522)		**(20,469)**

23. Usable reserves

Movements in usable reserves are summarised below:

	1 April 2023	Movements Debits	Movements Credits	31 March 2024	Movements Debits	Movements Credits	31 March 2025
	£000	£000	£000	£000	£000	£000	£000
General fund	**(2,175)**	124,321	(124,321)	**(2,175)**	139,666	(139,666)	**(2,175)**
Capital receipts reserve	**(4,527)**	136	(156)	**(4,547)**	261	(435)	**(4,721)**
Capital grants unapplied	**(56,639)**	6,907	(7,035)	**(56,767)**	10,858	(13,421)	**(59,330)**
Earmarked reserves	**(28,940)**	6,012	(10,372)	**(33,300)**	7,466	(11,077)	**(36,911)**
	(92,281)	**137,376**	**(141,884)**	**(96,789)**	**158,251**	**(164,599)**	**(103,137)**

24. Unusable reserves

Movements in unusable reserves are summarised below:

	1 April 2023	Movements Debits	Movements Credits	31 March 2024	Movements Debits	Movements Credits	31 March 2025
	£000	£000	£000	£000	£000	£000	£000
Capital adjustment account	**(45,153)**	15,962	(14,134)	**(43,325)**	14,632	(19,698)	**(48,391)**
Revaluation reserve	**(35,241)**	900	(7,180)	**(41,521)**	3,515	(7,223)	**(45,229)**
Financial instruments adjustment account	**(97)**	192	-	**95**	-	(341)	**(246)**
Financial instruments revaluation reserve	**156**	-	-	**156**	304	(111)	**349**
Deferred capital receipts	**30**	-	-	**30**	-	-	**30**
Pensions reserve	**(4,803)**	14,068	(4,974)	**4,291**	18,489	(5,354)	**17,426**
Collection fund adjustment account	**1,327**	1,730	-	**3,057**	683	-	**3,740**
	(83,781)	**32,852**	**(26,288)**	**(77,217)**	**37,623**	**(32,727)**	**(72,321)**

24.1 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 and gains recognised on donated assets 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 9 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2023/24 £000	2023/24 £000		2024/25 £000	2024/25 £000
	(45,153)	**Balance at 1 April**		**(43,325)**
		Reversal of items relating to capital expenditure debited to the comprehensive income and expenditure statement		
3,394		Charges for depreciation of non-current assets	3,227	
195		Amortisation of intangible assets	196	
(653)		Revaluation increases recognised in the surplus on the provision of services	(364)	
3,335		Movement in the market value of investment properties recognised in the surplus on the provision of services	(2,846)	
8,922		Revenue expenditure funded from capital under statute	11,172	
(153)		Adjusting amounts written out of the revaluation reserve	(151)	
		Capital financing applied in the year		
(136)		Use of the capital receipts reserve to finance new capital expenditure	(261)	
(1,817)		Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	(2,050)	
(6,907)		Application of grants to capital financing from the capital grants unapplied account and earmarked reserves	(10,858)	
(2,660)		Statutory provision for the financing of capital investment charged against the general fund	(2,823)	
116		Repayment of long term debtors	37	
(1,808)		Capital expenditure charged to general fund	(345)	
	1,828	Net movements		(5,066)
	(43,325)	**Balance at 31 March**		**(48,391)**

24.2 Revaluation reserve

The revaluation reserve contains the gains 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			2024/25	
£000	£000		£000	£000
	(35,241)	**Balance at 1 April**		**(41,521)**
(7,180)		Upward revaluation of assets	(7,223)	
747		Downward revaluation or impairment of assets not charged to the surplus on the provision of services	3,364	
	(6,433)	Surplus on revaluation of non-current assets not posted to the surplus on the provision of services		(3,859)
	153	Difference between fair value depreciation and historical cost depreciation - amounts written off to the capital adjustment account		151
	(41,521)	**Balance at 31 March**		**(45,229)**

24.3 Financial instruments adjustment account

The financial instruments adjustment account absorbs the differences between accounting for the fair value of loans given to individuals and organisations, and the actual income credited to the general fund. The fair value of car loans was immaterial and has not been included.

2023/24		2024/25
£000		£000
(97)	**Balance at 1 April**	**95**
-	Correction to categorisation of financial instruments	(304)
192	Amount by which finance costs charged to the comprehensive income and expenditure statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(37)
95	**Balance at 31 March**	**(246)**

24.4 Financial instruments revaluation reserve

These financial instruments are carried at their fair value. Movements in fair value are posted to the financial instruments revaluation reserve and taken to the deficit on the revaluation of financial assets (FVOCI elected) line in the comprehensive income and expenditure statement.

2023/24		2024/25
£000		£000
156	**Balance at 1 April**	**156**
-	Correction to categorisation of financial instruments	304
-	Revaluation of investments	(111)
156	**Balance at 31 March**	**349**

24.5 Deferred capital receipts reserve

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the capital receipts reserve.

2023/24 £000		2024/25 £000
30	**Balance at start and end of year**	**30**

24.6 Pensions reserve

The pensions 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 benefits 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. In 2024/25, the actuarial valuation has seen a significant increase in the asset surplus. Under the International Accounting Standard (IAS19) the Council must disclose the lower of the actuarial valuation or asset ceiling calculation. The asset ceiling calculation resulted in a lower valuation and has therefore been included within the accounts for 2024/25.

2023/24 £000		2024/25 £000
(4,803)	**Balance at 1 April**	**4,291**
10,380	Actuarial (gains)/losses on pensions assets and liabilities	14,051
3,688	Reversal of items related to retirement benefits debited or credited to the comprehensive income and expenditure statement	4,438
(4,974)	Employer's contributions and direct payments to pensioners payable in year	(5,354)
4,291	**Balance at 31 March**	**17,426**

24.7 Collection fund adjustment account

The collection fund adjustment account manages the differences arising from the recognition of council tax income in the comprehensive income and expenditure statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

2023/24 £000		2024/25 £000
1,327	**Balance at 1 April**	**3,057**
1,730	Amount by which council tax income and non-domestic rates income credited to the comprehensive income and expenditure statement is different from council tax and non-domestic rates calculated for the year in accordance with statutory requirements	683
3,057	**Balance at 31 March**	**3,740**

25. Cash flow statement

25.1 Adjustments to net deficit on the provision of services for non-cash movements

2023/24 £000		2024/25 £000
3,394	Depreciation	3,227
(653)	Impairment and revaluations	(364)
195	Amortisation	196
(9,655)	Decrease in creditors	(2,389)
13,259	Decrease in debtors	255
189	Decrease/(increase) in inventories	(13)
(1,286)	Pension liability	(916)
-	Carrying amount of non-current assets sold	-
4,924	Other non-cash items charged to the net surplus or deficit on the provision of services	(2,045)
10,367		**(2,049)**

25.2 Adjustments for items included in the net deficit on the provision of services that are investing and financing activities

2023/24 £000		2024/25 £000
(35)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(403)
(8,852)	Any other items for which the cash effects are investing or financing cash flows	(15,471)
(8,887)		**(15,874)**

25.3 Operating activities

Operating activities within the cash flow statement include the following cash flows:

2023/24 £000		2024/25 £000
3,410	Interest received	4,025
(392)	Interest paid	(390)

26. Cash flow statement - investing activities

2023/24 £000		2024/25 £000
(4,671)	Purchase of property, plant and equipment, investment property and intangible assets	(5,548)
(5,600)	Purchase of short term and long term investments	(2,150)
(197)	Other payments for investing activities	(1,178)
35	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	403
11,692	Other receipts from investing activities	15,475
1,259		**7,002**

27. Cash flow statement - financing activities

2023/24 £000		2024/25 £000
(4)	Other payments for financing activities	(24)
(92)	Repayments of short- and long-term borrowing	(8)
597	Council tax and non-domestic rates adjustments	653
501		**621**

28. Reconciliation of liabilities arising from financing activities

	01 April 2024	Financing cash flows	Changes which are not financing cash flows		31 March 2025
			Acquisition	Other non-financing cash flows	
	£000	£000	£000	£000	£000
Long term borrowings	(34,263)	-	-	8	(34,255)
Short term borrowings	(268)	8	-	(8)	(268)
Lease liabilities	(544)	-	-	-	(544)
Total liabilities from financing activitie	(35,075)	8	-	-	(35,067)

	01 April 2023	Financing cash flows	Changes which are not financing cash flows		31 March 2024
			Acquisition	Other non-financing cash flows	
	£000	£000	£000	£000	£000
Long term borrowings	(34,272)	-	-	9	(34,263)
Short term borrowings	(349)	92	-	(11)	(268)
Lease liabilities	(544)	-	-	-	(544)
Total liabilities from financing activitie	(35,165)	92	-	(2)	(35,075)

29. Members' allowances

The Council paid the following amounts to members of the Council during the year:

2023/24		2024/25
£000		£000
413	Allowances	436
3	Expenses	3
416		**439**

30. Officers' remuneration

30.1 Senior officers' remuneration

There is a requirement to disclose the individual remuneration of senior officers (those whose remuneration is more than £50,000 and are a designated head of a paid service and/or have responsibility for the management of the Council). The following table sets out the remuneration for senior officers whose salary is above £50,000 or, where employed during the financial year, for those earning more than £150,000 (excluding pension contributions) then they must be named.

	2024/25				
	Salary (including allowances)	Election fees	Total remuneration excluding pension contributions	Employer pension contributions	Total remuneration including pension contributions
	£000	£000	£000	£000	£000
Chief executive officer	138	9	147	24	171
Corporate director - place	113	-	113	20	133
Corporate director - people (1)	96	1	97	8	105
Corporate director - communities	89	1	90	15	105
Corporate director - finance & resources & s151 officer (3)	54	-	54	9	63
Director of finance & corporate resources - s151 officer (4)	30	1	31	5	36

(1) Left 29/09/2024
(2) Previously chief operating officer
(3) Started 02/10/2024
(4) Left 30/06/2024

	2023/24				
	Salary (including allowances)	**Election fees**	**Total remuneration excluding pension contributions**	**Employer pension contributions**	**Total remuneration including pension contributions**
	£000	£000	£000	£000	£000
Corporate director - people (1)	116	-	116	20	136
Director of finance & corporate resources - s151 officer	88	-	88	15	103
Chief operating officer	83	-	83	14	97
Assistant director - strategic insight & delivery	83	-	83	14	97
Corporate director - people (2)	79	-	79	13	92
Chief executive officer (3)	76	1	77	13	90
Corporate director - place (4)	4	-	4	1	5

(1) Interim managing director until 30/09/2023
(2) Interim position - ended 31 March 2024
(3) Started 11/09/2023
(4) Started 18/03/2024

30.2 Officers' remuneration

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

2023/24 Number of employees		2024/25 Number of employees
19	£50,000 - £54,999	23
15	£55,000 - £59,999	15
10	£60,000 - £64,999	14
1	£65,000 - £69,999	3
3	£70,000 - £74,999	5
1	£75,000 - £79,999	3
-	£85,000 - £89,999	1
-	£90,000 - £94,999	1
-	£100,000 - £104,999	2
50		**67**

31. External audit costs

The Council has incurred the following costs in relation to the audit of the statement of accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

2023/24 £000		2024/25 £000
152	Fees payable to the appointed auditor with regard to external audit services	167
13	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	26
165		**193**

32. Grant income

The Council credited the following revenue grants and contributions to the comprehensive income and expenditure statement:

2023/24 £000		2024/25 £000
	Credited to taxation and non specific grant income	
(1,273)	New homes bonus	(1,699)
(1,552)	Other non-ringfenced grants	(1,266)
(5,161)	Capital grants	(9,932)
(7,986)		**(12,897)**
	Credited to services	
(24,384)	Rent allowances	(24,005)
(463)	Benefits administration	(284)
(1,702)	Improvement grants	(1,899)
(3,575)	Other grants	(3,654)
(30,124)		**(29,842)**

The Council has received some grants that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned. The balances at the year-end are as follows:

31 March 2024 £000		31 March 2025 £000
	Capital	
(2,842)	Cambridgeshire Horizons - Other	(2,842)
(2,842)		**(2,842)**
	Other	
(52)	Mortgage rescue scheme	-
(61)	Preventing repossessions	-
(113)		**-**

The Council has received some grants that have no conditions attached; they have been recognised as income but are held in the capital receipts unapplied account pending their use to fund the relevant capital scheme. The balances at the year-end are as follows:

31 March 2024 £000		31 March 2025 £000
(1)	Building foundations from growth	(1)
(85)	Changing Places	(85)
(54,614)	Community infrastructure levy	(54,915)
-	Food waste collection	(1,802)
(1,142)	Future high streets	(1,141)
-	Godmanchester doctor's surgery	(48)
-	Home office reserve	(17)
(651)	Housing fund	(856)
(155)	Huntingdon on-street wi-fi	(155)
(119)	Insurance contribution	(119)
-	Ramsey produce hub	(25)
-	Shop fronts	(98)
-	St Ives highways improvement	(10)
-	St Neots digital information	(37)
-	Vibrant communities	(20)
-	Other	(1)
(56,767)		**(59,330)**

33. Related party transactions

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

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

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in note 29. Some members are also:

- elected members of other councils, including the county council, parish and town councils.
- nominated representatives of Huntingdonshire District Council on various organisations, including the Cambridgeshire and Peterborough Combined Council.

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

During 2024/25, the Council:

- paid £13,625,000 to the county council (£6,638,000 for pensions and £6,987,000 for other services); and
- received £1,680,000 from the county council.

The Council also has shared services arrangements with Cambridge City Council (CCC) and South Cambridgeshire District Council (SCDC) for ICT, building control, legal and CCTV services:

Payments (from)/to	**CCC**	**SCDC**
	£000	£000
Building control	139	-
CCTV	(456)	-
ICT services	(3,017)	(2,581)
Legal services	324	-

The home improvement agency is a shared service between the Council, Cambridge City Council and South Cambridge District Council; the agency is managed by Cambridge City Council. The Council's grant applicants' contribution to the agency for 2024/25 was £312,000 (2023/24 £294,000), which represents 15% of the disabled facilities grant that the agency manages on behalf of the Council. The Council also incurred relocation costs where the agency received a contribution of £nil in 2024/25 (2023/24 £2,000).

Huntingdonshire District Council are responsible for billing and collecting council tax and national non-domestic rates on behalf of the following preceptors:

- Cambridgeshire County Council
- Cambridgeshire and Peterborough Police and Crime Commissioner
- Cambridgeshire and Peterborough Fire Council
- Cambridgeshire and Peterborough Combined Council

Full details of the amounts payable to each of the organisations are shown in the collection fund on page 84.

In respect of 2024/25 52 members out of the 52 members who served the Council and 17 officers out of the 17 officers in post returned a related party transaction disclosure form.

Following a comprehensive review of relevant statutory and voluntary disclosures and other ad-hoc information sources, the following councillors and officers (as either an individual or family interest) have disclosed a related party; this is shown below:

Organisation	Person	Relationship	Payments made by the organisation to the Council 2024/25 £	Payments made by the Council to the organisation 2024/25 £	Interest
BID Huntingdon	Cllr Wakeford	Director	*	17,404 7,275 1,483	Vibrant Communities grant Games cafe Shop front grant
Cambridgeshire County Council	Cllr Blackwell Cllr Bywater Cllr Corney Cllr Costello Cllr Criswell Cllr Dew Cllr Ferguson Cllr Gardener Cllr Gleadow Cllr Hunt Cllr Sanderson Cllr Slade Cllr I Taylor Cllr S Taylor Cllr Tevlin	Partner relationship Member Member Member Member Member Member Member Committee appointee Committee appointee Member Partner	100,000 58,938 17,745	27,000 10,000	Grant for council tax pilot scheme Healthy Weight grant Care Together grant UKSPF funding Other grant contributions
Cambridgeshire & Peterborough Combined Authority	Cllr Conboy Cllr Davenport-Ray Cllr Hassall Cllr Hodgson-Jones Cllr Neish Cllr Wakeford	Committee appointee Committee appointee Committee appointee Committee appointee	*	*	
Disability Huntingdonshire	Cllr Wells	Trustee	*	2,000	Community chest grant
Food for Naught	Cllr Howell	Director/trustee	*	2,580	Grant contribution
Godmanchester Town Council	Cllr Conboy Cllr D Mickelburgh	Member Member	-	750	Vibrant Communities grant
Houghton & Wyton Timebank	Cllr Keane	Member	*	4,000	Vibrant Communities grant
Huntingdon Commemoration Hall	Cllr McAdam	Trustee	*	2,500 5,000 2,358	Community chest grant Vibrant communities grant Shop front grant

Organisation	Person	Relationship	Payments made by the organisation to the Council 2024/25 £	Payments made by the Council to the organisation 2024/25 £	Interest
Huntingdon Town Council	Cllr Blackwell Cllr M Kadewere Cllr P Kadewere Cllr McAdam Cllr Sanderson	Member Member Member Member Member	*	300,000 11,000	Contribution to purchase of Cromwell Museum Cromwell Museum grant
Loves Farm Community Association/ Centre	Cllr Davenport-Ray Cllr Pickering Cllr Pitt	Trustee Member Member	*	1,000	Community chest grant
NHS	Cllr Beuttell Cllr Bywater Cllr Howell Cllr I Taylor Cllr S Taylor Cllr Tevlin	Partner relationship Partner relationship Employee Employee Partner relationship Member	*	100,000	UKSPF grant
Ramsey Town Council	Cllr Brereton Cllr Clarke Cllr Costello	Member Member Member	*	3,658 7,758	Vibrant Communities grant Biodiversity grant
Social Echo North Huntingdon CIC	Cllr Howell	Director	*	1,800	Community chest grant
St Ives Town Council	Cllr Burke Cllr Gleadow Cllr Kerr Cllr Mokbul Cllr Wells	Member Partner relationship Member Member Member	*	11,797 30,000	Vibrant Communities grant Contribution to Warners Park pavilion
St Neots Town Council	Cllr Banks Cllr Michael Cllr Slade Cllr Terry	Member Member Member Member	*	5,388 16,675	Biodiversity grant Improvement grant Moores Walk
The Wildlife Trust	Cllr Hassall	Member	*	6,417	Other grant contributions
Yaxley Parish Council	Cllr Gulson	Member	*	298 8,000	Vibrant Communities grant Biodiversity grant

* There are payments to and from Huntingdonshire District Council however these are normal business transactions and are therefore not related party transactions and do not need to be declared.

34. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, 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.

A net increase in the CFR reflects the Council's need to borrow to finance capital expenditure. The borrowing will be repaid from an annual revenue charge (minimum revenue provision) which reflects the use of the assets over their useful lives.

2023/24 £000		2024/25 £000
72,261	**Opening capital financing requirement**	**72,341**
	Capital investment	
2,421	Property, plant and equipment	4,670
81	Intangible assets	72
8,478	Revenue expenditure funded from capital under statute	11,172
1,833	Investment properties	70
595	Assets under construction	868
	Sources of finance	
(136)	Capital receipts	(261)
(1,817)	Grants and other contributions	(2,050)
(2,365)	Capital grants unapplied reserve - community infrastructure levy	(3,305)
(4,542)	Capital grants unapplied reserve - other	(7,553)
(1,808)	Use of earmarked reserves	(345)
(2,660)	Minimum revenue provision	(2,823)
72,341	Closing capital financing requirement	**72,856**
80	Increase in underlying need to borrow (unsupported by government financial assistance)	**515**

35. Leases

35.1 Council as lessee

The Council's lease contracts comprise leases of investment properties and operational land and buildings.

- Right of use assets

  The table below shows the change in the value of right-of-use assets held under leases by the Council:

	Investment properties	Land & buildings	Total
	£000	£000	£000
Balance at 1 April 2024	369	41,730	42,099
Additions	-	410	410
Revaluations	479	(188)	291
Depreciation	-	(749)	(749)
Balance at 31 March 2025	**848**	**41,204**	**42,052**

- Transactions under leases

  The Council incurred the following expenses and cash flows in relation to leases:

2023/24		2024/25
£000		£000
	Comprehensive income and expenditure statement	
39	Interest expense on lease liabilities	39
56	Expense relating to short-term leases	7
(117)	Income from subletting right-of-use assets	(172)
	Cash Flow Statement	
176	Minimum lease payments	260

- Maturity analysis of lease liabilities

  The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

2023/24		2024/25
£000		£000
-	Less than one year	-
545	One to five years	544
2,637	More than five years	2,599
3,182	**Total undiscounted liabilities**	**3,143**

35.2 Council as lessor

35.2.1 Finance leases

The Council has no finance leases as lessor.

35.2.2 Operating leases

The Council leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses.

- Transactions under leases

The authority made the following gains and losses as a lessor during the year:

2023/24 £000		2024/25 £000
(4,295)	Total lease income	(5,019)
-	Share of lease income relating to variable lease payments that do not depend on an index or a rate	(152)
(4,295)		**(5,171)**

- Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

2023/24 £000		2024/25 £000
(3,788)	Less than one year	(3,215)
(11,520)	One to five years	(8,244)
(27,122)	More than five years	(22,909)
(42,430)	**Total undiscounted liabilities**	**(34,368)**

36. Termination benefits and exit packages

The Council approved 9 compulsory redundancies (2023/24: 0) and 0 voluntary redundancies (2023/24: 0). In addition, a further 8 employees left the council in 2024/25 with a compromise agreement (2023/24: 4).

All costs in respect of termination benefits and exit packages have been debited to the year in which the decision was made. The following table shows the banding of employee terminations and the total cost to the Council per band.

	Number of redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £000	2024/25 £000
£0 - £20,000	-	7	4	5	4	12	21	105
£20,001 - £40,000	-	-	-	2	-	2	-	54
£40,001 - £60,000	-	1	-	1	-	2	-	99
£60,001 - £80,000	-	1	-	-	-	1	-	65
	-	**9**	**4**	**8**	**4**	**17**	**21**	**323**

37. Defined benefit pension schemes

37.1 Participation in pensions schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Cambridgeshire County Council – this is a funded defined benefit final salary 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.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

37.2 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 post-employment/retirement benefits is reversed out of the general fund via the movement in reserves statement.

The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year:

2023/24 £000		2024/25 £000
	Comprehensive income and expenditure statement	
	Cost of services	
3,940	Current service cost	3,844
-	Past service cost	411
	Financing and investment income and expenditure	
8,674	Net interest expense	8,839
(8,926)	Expected return on scheme assets	(10,072)
-	Interest on the effect of the asset ceiling	1,416
3,688	**Total post employment benefit charged to the surplus on the provision of service**	**4,438**
	Other post employment benefit charged to the comprehensive income and expenditure statement	
	Re-measurement of the net defined benefit liability comprising:	
12,046	Return on plan assets (excluding the amount included in the net interest expense)	(6,377)
980	Actuarial gains and losses arising on changes in demographic assumptions	316
11,546	Actuarial gains and losses arising on changes in financial assumptions	30,498
-	Changes in the effect of the asset ceiling	30,621
(5,747)	Other experience gains	1,679
(29,205)	Asset ceiling adjustment	(70,788)
(10,380)	**Total post employment benefit charged to other comprehensive income and**	**(14,051)**
(6,692)	**Total post employment benefit charged to the comprehensive income and**	**(9,613)**

2023/24 £000		2024/25 £000
	Movement in reserves statement	
(3,688)	on the provision of services for post employment benefits in accordance with the code	(4,438)
	Actual amount charged against the general fund for pensions in the year:	
4,796	Employer contributions to the scheme	5,166
178	Retirement benefits payable to pensioners	188
1,286	**Total movement in pensions reserve**	**916**

The amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement during 2024/25 is a loss of £14,051,000 (a gain of £10,380,000 during 2023/24).

37.3 Assets and liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefit scheme is as follows:

	31 March 2024	31 March 2025
	£000	£000
Fair value of plan assets	208,166	211,171
Present value of funded liabilities	(181,357)	(156,113)
Present value of unfunded liabilities	(1,895)	(1,696)
	24,914	53,362
Asset ceiling adjustment	(29,205)	(70,788)
Net asset/(liability) arising from the defined benefit obligation	**(4,291)**	**(17,426)**

Following the pensions valuation by the Council's actuary, Hymans Robertson LLP, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2025 resulting in a pension plan asset. IAS19 requires that, where a pension plan asset exists, it is measured at the lower of:

- the surplus in the defined benefit plan; and
- the asset ceiling

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuary's calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

The Council has therefore limited the pension asset recognised in its balance sheet to the asset ceiling. The adjustment has been recognised within other comprehensive income and expenditure of the comprehensive income and expenditure statement.

37.4 Assets and liabilities in relation to post-employment benefits

Reconciliation of the present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities		Unfunded liabilities: discretionary benefits	
	2023/24	2024/25	2023/24	2024/25
	£000	£000	£000	£000
Opening balance at 1 April	(181,859)	(181,357)	(1,978)	(1,895)
Current service cost	(3,940)	(3,844)	-	-
Interest cost	(8,674)	(8,839)	-	-
Change in financial assumptions	11,641	30,487	(95)	11
Change in demographic assumptions	980	316	-	-
Experience gain on defined benefit obligation	(5,747)	1,679	-	-
Estimated benefits paid net of transfers in	7,462	7,204	-	-
Past service costs including curtailments	-	(411)	-	-
Contributions by scheme participants	(1,220)	(1,348)	-	-
Unfunded pension payments	-	-	178	188
Closing balance at 31 March	**(181,357)**	**(156,113)**	**(1,895)**	**(1,696)**

Reconciliation of the fair value of the scheme assets:

	Funded liabilities 2023/24	Funded liabilities 2024/25
	£000	£000
Opening balance at 1 April	188,640	208,166
Interest on assets	8,926	10,072
Return on assets less interest	12,046	(6,377)
Contributions by employer including unfunded	4,796	5,166
Contributions by scheme participants	1,220	1,348
Estimated benefits paid plus unfunded net of transfers in	(7,462)	(7,204)
Closing balance at 31 March	**208,166**	**211,171**

Pension scheme assets comprised:

	31 March 2024				31 March 2025			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset
	£000	£000	£000		£000	£000	£000	
UK debt securities	-	17,697	17,697	9%	-	18,729	18,729	9%
Equity securities	14,108	-	14,108	7%	14,932	-	14,932	7%
Private equity	-	25,370	25,370	12%	-	26,749	26,749	13%
UK property	-	16,816	16,816	8%	-	19,936	19,936	9%
Cash	4,519	-	4,519	2%	4,921	-	4,921	2%
Derivatives	-	1	1	0%	-	(3)	(3)	0%
Other investment funds:								
Equities	-	84,855	84,855	41%	-	82,794	82,794	39%
Infrastructure	-	14,924	14,924	7%	-	15,309	15,309	7%
Other bonds	-	29,876	29,876	14%	-	27,804	27,804	13%
	18,627	**189,539**	**208,166**		**19,853**	**191,318**	**211,171**	

37.5 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The local government pension scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2025.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an ‘underpin’ which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

The significant assumptions used by the actuary have been:

2023/24		2024/25
	Mortality assumptions	
	Longevity at 65 for current pensioners:	
21.8	Men	21.7
24.4	Women	24.4
	Longevity at 65 for future pensioners:	
22.1	Men	22.0
25.8	Women	25.8
3.25%	Rate of increase in salaries	3.25%
2.75%	Rate of increase in pensions	2.75%
4.85%	Rate for discounting scheme liabilities	5.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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 assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in assumption £000
Longevity (increase by 1 year)	3-5%
Rate of increase in salaries (increase by 0.1%)	140
Rate of increase in pensions (increase by 0.1%)	2,928
Rate for discounting scheme liabilities (decrease by 0.1%)	(2,986)

37.6 Impact on the Council’s cash flows

The objectives of the scheme are to keep employers’ contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The contribution rate set by the current triennial valuation took effect from the financial year starting 1 April 2022.

The scheme has taken account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales 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.

Employer contributions for 2025/26 are estimated at £4,967,000.

37.7 Scheme history

	31 March 2021	31 March 2022	31 March 2023	31 March 2024	31 March 2025
	£000	£000	£000	£000	£000
Present value of liabilities:					
Local government pension scheme	(269,842)	(261,461)	(181,859)	(181,357)	(156,113)
Discretionary benefits	(2,519)	(2,371)	(1,978)	(1,895)	(1,696)
Fair value of assets in the local government pension scheme	179,317	193,742	188,640	208,166	211,171
Asset ceiling adjustment	-	-	-	(29,205)	(70,788)
(Deficit)/surplus in the scheme:					
Local government pension scheme	(90,525)	(67,719)	6,781	(2,396)	(15,730)
Discretionary benefits	(2,519)	(2,371)	(1,978)	(1,895)	(1,696)
Total	(93,044)	(70,090)	4,803	(4,291)	(17,426)

37.8 History of experience gains and losses

	2020/21	2021/22	2022/23	2023/24	2024/25
	%	%	%	%	%
Differences between the expected and actual return on assets	18.16	5.60	5.12	5.79	(3.02)
Experience gains and losses on liabilities	(0.86)	1.39	2.17	3.14	(1.06)

37.9 Past pension scheme amendments

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme, and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being done by the Government Actuary's Department, as the Local Government Pension Scheme actuary, to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed, however, at the date of these financial statements the full assessment is not complete.

Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, Huntingdonshire District Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

38. 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 changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses 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. 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.

38.1 Credit risk

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

In relation to investments, the Council has adopted CIPFA's code of practice on treasury management in the public services, has an agreed treasury management strategy which addresses risk, and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's prudential code.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £98,218,000 (2023/24 £88,286,000) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. The risk of not being able to recover the principal sums applies to all of the Council's deposits but there was no evidence as at 31 March 2025 that this was likely to occur and there are no investments that as at 31 March 2025 were with institutions that had failed.

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

The following analysis summarises the Council's potential maximum exposure to credit risk on receivables, based on historical experience of default and uncollectability. It relates to the sundry debtor element of the total debtors, including debts of individuals, entities and housing benefit claimants.

	Amount at 31 March 2025	Average historial experience of default	Historial experience adjusted for market conditions at 31 March 2025	Estimated maximum exposure to default and uncollectability at 31 March 2025	Estimated maximum exposure to default and uncollectability at 31 March 2024
	£000			£000	£000
Sundry debtors	3,620	1.66%	1.66%	1,247	1,363

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and customers.

The Council does not generally allow credit for customers. The due but not impaired amount can be analysed by age as follows:

31 March 2024		31 March 2025
£000		£000
3,152	Less than three months	2,232
601	Three to six months	373
727	Six months to one year	3,204
3,793	More than one year	1,397
8,273		**7,205**

38.2 Liquidity risk

The Council manages its liquidity position through the risk management procedures above as well as through cash flow management procedures required by the code of practice. In the event of an unexpected cash requirement the Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need. The Council is also required to provide a balanced budget through the Local Government Act 1992, which ensures sufficient monies are raised to cover the annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

38.3 Market risk

38.3.1 Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments and borrowings. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the (surplus)/deficit on the provision of services will rise
- investments at fixed rates – the fair value of the investments asset will fall
- borrowings at variable rates – the interest expense charged to the (surplus)/deficit on the provision of services will rise
- borrowings at fixed rates – the fair value of the borrowings liability will fall

Changes in interest payable and receivable on variable rate investments will be posted to the surplus on the provision of services or other comprehensive income and expenditure lines and affect the general fund balance, subject to influences from government grants. Movements in the fair value of fixed rate investments will be reflected in the other comprehensive income and expenditure line.

The Council has strategies for managing interest rate risk. The annual treasury management strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, fixed rate investments may be taken for longer periods to secure better long-term returns.

The treasury management team has a strategy for assessing interest rate exposure that feeds into the setting of the annual budget, and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

38.3.2 Price risk

At 31 March 2025 the Council had £4,000,000 invested in the local authorities' property fund which is a professionally managed diversified property portfolio.

This investment is classified as a financial asset elected for fair value though other comprehensive income (FVOCI), meaning that all movements in price will impact on gains and losses recognised in other comprehensive income and expenditure.

A gain of £69,000 in respect of the local authorities property fund has been recognised in other comprehensive income and expenditure in 2024/25 (2023/24 a loss of £145,000). This reflects general movements in the value of the shares, and the spread between the 'offer' price at which the shares were purchased and the 'bid' price that any purchaser would pay for them.

The Council does not invest in equity shares and is not exposed to losses arising from movements in the prices of the shares.

38.3.3 Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

39. Provisions, contingent assets and contingent liabilities

39.1 Provisions

A provision is made where an obligating event is expected to occur within the next 12 months.

	Short term provisions		
	NDR appeals provision	**Insurance claim**	**Total**
	£000	£000	£000
Balance at 1 April 2023	**(1,318)**	**(13)**	**(1,331)**
Amounts used in 2023/24	(2,911)	-	(2,911)
Amounts charged to services in 2023/24	1,318	-	1,318
Balance at 31 March 2024	**(2,911)**	**(13)**	**(2,924)**
Amounts used in 2024/25	(3,719)	-	(3,719)
Amounts charged to services in 2024/25	2,911	-	2,911
Balance at 31 March 2025	**(3,719)**	**(13)**	**(3,732)**

- Non-domestic ratings (NDR) appeals – the council has made a provision of £9,297,000 for non-domestic ratings appeals which based upon its best estimates of the actual liability of known appeals as at the year-end. £3,719,000 would have to be borne by the Council, with the balance being met from the other preceptors. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

- Insurance - this provision relates to a workplace related illness acquired by an employee who was working for a predecessor Council pre-1974. It has not been possible to identify the insurer who provided employees liability cover and consequently the Council will be responsible for the cost of the claim.

39.2 Contingent assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. At 31 March 2025, the Council had no material contingent assets.

39.3 Contingent liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2024.

2023/24 Estimated value of contingent liability £000		2024/25 Estimated value of contingent liability £000
2,400	**Environment related** The Environmental Protection Act 1990 Part IIA makes the Council liable for the costs of remediation of contaminated land where no other responsible person can be identified. The Council is in discussion with Cambridgeshire County Council over the planning position of a site owned by a company which is currently treating the leachate from a possible orphan site. If the planning application made to the County Council is approved, this will reduce the probability of abandonment and the likelihood of the Council becoming liable will reduce considerably. However, at this time there is a possibility that the Council could be liable if the site is abandoned. Current estimates are that the cost of leachate treatment would cost £150,000 per annum for 15 years	2,250
	Corporate related	
654	Some years ago, the Council was insured by Municipal Mutual Insurance (MMI); unfortunately whilst the Council was insured by MMI they went into liquidation. Following the collapse of MMI, a scheme of arrangement was made that allowed MMI to 'run-off' the business and deal with outstanding claims. Due to the increasing numbers of liability claims that MMI continued to receive, MMI pursued the matter of their continuing liability through the courts. The supreme court gave judgement in March 2012. This clarified MMI's position in respect of future claims and led ultimately to increasing liabilities for MMI. The scheme of arrangement was enforced in January 2014. A £0.201m levy has been charged against the Council, which represents 25% of the total claims paid by MMI on behalf of the Council since 1993 (£0.855m) less a protected liability sum of £50k as agreed by the Financial Services Compensation Board. The contingent liability shown for 2024/25 is the balance of the total	654

40. Going concern

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

The accounts have been prepared on the going concern basis. In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2026, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

Our most recent year-end balances are reported in the movement in reserves statement. Our expected general fund and earmarked reserve position is predicted to remain above the minimum level set by the Council’s Corporate Director of Finance and Resources (s151 officer) throughout the going concern period.

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. The key assumptions within this forecast include, for example, that central Government funding remains in line with current projections. Should central government funding fall, the projected minimum levels of reserves and liquidity are not expected to be significantly affected.

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 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.

Collection fund

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 Council in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

2023/24					2024/25		
Council tax	NNDR	Total			Council tax	NNDR	Total
£000	£000	£000		note	£000	£000	£000
			Income				
(144,497)	-	(144,497)	Income from council tax		(153,426)	-	(153,426)
-	(63,978)	(63,978)	Income collectable from business		-	(71,659)	(71,659)
-	(6,411)	(6,411)	Transitional protection payment		-	(1,759)	(1,759)
(144,497)	**(70,389)**	**(214,886)**			**(153,426)**	**(73,418)**	**(226,844)**
			Expenditure				
			Precepts and demands				
101,513	-	101,513	Cambridgeshire County Council	C2	107,063	-	107,063
17,930	-	17,930	Cambridgeshire Police & Crime Commissioner	C2	18,869	-	18,869
5,258	-	5,258	Cambridgeshire Fire Authority	C2	5,437	-	5,437
790	-	790	Cambidgeshire & Peterborough Combined Authority	C2	2,379	-	2,379
18,725	-	18,725	Huntingdonshire District Council	C2	19,694	-	19,694
			Payments of NNDR 1 proportionate shares				
-	33,880	33,880	Government	C3	-	35,964	35,964
-	6,098	6,098	Cambridgeshire County Council	C3	-	6,474	6,474
	678	678	Cambridgeshire Fire Authority	C3		719	719
-	27,104	27,104	Huntingdonshire District Council	C3	-	28,771	28,771
			Distribution of previous year estimated (deficit)/surplus				
-	(2,088)	(2,088)	Government	C1	-	(922)	(922)
213	(375)	(162)	Cambridgeshire County Council	C1	(506)	(166)	(672)
38	-	38	Cambridgeshire Police & Crime Commissioner	C1	(89)	-	(89)
11	(41)	(30)	Cambridgeshire Fire Authority	C1	(26)	(18)	(44)
-	-	-	Cambidgeshire & Peterborough Combined Authority	C1	(4)	-	(4)
36	(1,671)	(1,635)	Huntingdonshire District Council	C1	(93)	(738)	(831)
			Charges to the collection fund				
-	996	996	Renewable energy		-	1,110	1,110
-	2,235	2,235	Enterprise zone growth		-	1,995	1,995
-	227	227	Cost of collection		-	231	231
1,447	422	1,869	Increase in provision for bad and doubtful debts		442	199	641
-	3,982	3,982	Increase in provision for appeals	C4	-	2,020	2,020
145,961	**71,447**	**217,408**			**153,166**	**75,639**	**228,805**
1,464	**1,058**	**2,522**	**(Surplus)/deficit for the year**		**(260)**	**2,221**	**1,961**
(456)	5,209	4,753	Accumulated deficit/(surplus) b/fwd		1,008	6,267	7,275
1,008	**6,267**	**7,275**	**Accumulated (surplus)/deficit c/fwd**		**748**	**8,488**	**9,236**

Notes to the collection fund

C1. General

The collection fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate collection fund. The statements show the transactions of the billing Council in relation to the collection from taxpayers of council tax and non-domestic rates (NDR) and its distribution to local government bodies and the government.

The Council has a statutory requirement to operate a collection fund as a separate account to the general fund. The purpose of the collection fund therefore is to isolate the income and expenditure relating to council tax and NNDR. The administrative costs associated with the collection process are charged to the general fund.

Collection fund surpluses declared by the billing Council in relation to council tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Huntingdonshire, the council tax precepting bodies are Cambridgeshire County Council, Cambridgeshire Police and Crime Commissioner, Cambridgeshire Fire Council and Cambridgeshire & Peterborough Combined Council.

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give councils a greater incentive to grow businesses in their area. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

Surpluses declared by the billing Council in relation to the collection fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by local authorities in England stipulates that a collection fund income and expenditure account is included in the Council's financial statements. The collection fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between Huntingdonshire District Council and the major preceptors in proportion to their demand on the fund for the year. The major preceptors' share of the assets and liabilities of the Collection Fund are shown as a debtor/(creditor) in Huntingdonshire District Council's accounts. Huntingdonshire District Council's share of the assets and liabilities are held in the Collection Fund Adjustment Account reserve.

C2. Calculation of council tax

Council tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A* - H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the collection fund by the Council for the forthcoming year and dividing this by the council tax base (i.e., the equivalent number of band D dwellings).

Band	2024/25 Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents
A*	36.1	5/9	20.1
A	14,673.3	6/9	9,782.2
B	23,230.5	7/9	18,068.1
C	18,573.3	8/9	16,509.5
D	11,238.4	9/9	11,238.4
E	7,381.8	11/9	9,022.2
F	2,720.0	13/9	3,928.9
G	1,064.2	15/9	1,773.7
H	72.0	18/9	144.0
			70,487.1
Allowance for non-collection			(398.5)
Council tax support scheme			(3,992.7)
Council tax base			**66,095.9**

C3. Non-domestic rates

The Council collects non-domestic rates (NDR) 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 previous financial years the total amount due, less certain allowances, was paid to a central pool (the NDR pool) administered by central government, which, in turn, paid to local authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/14, the administration of NDR changed following the introduction of a business rates retention scheme which aims to give councils a greater incentive to grow businesses in their area but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NDR to the central pool, local authorities retain a proportion of the total collectible rates due. Huntingdonshire District Council’s share is 40% with the remainder paid to our precepting bodies, central government 50%, Cambridgeshire County Council 9% and Cambridgeshire Fire Council 1%.

The business rates shares payable for 2024/25 were estimated before the start of the financial year as £35,964,136 to central government, £6,473,545 to Cambridgeshire County Council, £719,283 to Cambridgeshire Fire Council and £28,771,310 to Huntingdonshire District Council. These sums have been paid in 2024/25 and charged to the collection fund in the year.

When the scheme was introduced, central government set a baseline level for each Council 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 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, Huntingdonshire District Council paid a tariff of £22,320,059 from the general fund in 2024/25.

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 outstanding as at 31 March 2025. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2023/24 has been calculated as £2,020,000 (2023/24: £3,982,000).

The total non-domestic rateable value at 31 March 2025 was £178,539,091 (31 March 2024: £179,433,210). The national non-domestic rate multiplier for the year was 49.9p for small businesses (2023/24: 49.9p) and 54.6p for all other businesses (2023/24: 51.2p).

C4. Non-domestic rates appeals

The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic rating list entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes.

	NNDR appeals provision
	£000
Balance at 1 April 2023	**(3,294)**
Amounts used in 2023/24	(7,277)
Amounts charged to services in 2023/24	3,294
Balance at 31 March 2024	**(7,277)**
Amounts used in 2024/25	(9,297)
Amounts charged to services in 2024/25	7,277
Balance at 31 March 2025	**(9,297)**

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Glossary of terms

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

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

Amortisation
The gradual write-off of initial costs of assets.

Asset
An item having value to the Council in monetary terms.

Balance
Unallocated reserves held to resource unpredictable expenditure demands.

Business improvement district
A levy on local business to provide funding to develop the immediate area covered by the levy. The levy is agreed by majority vote.

Capital charges
Charges made to service department revenue accounts, comprising depreciation (where appropriate) based on the value of the asset employed.

Capital expenditure
Expenditure on the acquisition of non-current assets which will be used in providing services beyond the current accounting period, or expenditure on non-current assets.

Capital financing charges
The annual cost of depreciation, leasing charges and other costs of funding capital expenditure.

Capital adjustment account
The account which reflects the extent to which the Council's resources have been applied to finance capital expenditure and to meet future debt redemption or other credit liabilities.

Capital receipts
Income received from selling non-current assets.

Carrying amount
The value of an asset or liability in the balance sheet.

CIPFA
This is the Chartered Institute of Public Finance and Accountancy which is the body that represents accounting in the public sector.

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

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

Contingent liabilities
These are amounts for which the Council may be, but is not definitely, liable.

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

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

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

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

Depreciation
The amount an asset has dropped in value is the amount it has been judged to have depreciated. Accountants use depreciation to demonstrate how much of the property, plant and equipment value has been used and therefore lowered during a financial year, for example because of wear and tear.

Earmarked reserves
Money set aside for a specific purpose.

Exceptional item
A material item in the comprehensive income and expenditure statement that falls within the ordinary activities of the Council, but which needs to be disclosed separately by virtue of its size to give a fair presentation of the accounts.

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

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

Impairment
A reduction in the value of property, plant and equipment to below its carrying amount on the balance sheet.

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

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

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

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

Local enterprise partnership
A government initiative to boost economic growth within defined and agreed geographical areas. Funding to enable this growth is derived from the non-domestic rates collected for that area and channelled into the "partnership" to fund schemes.

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

Non-domestic rates
Rates which are levied on business properties. From 1st April 2013, as a consequence of the Local Government Finance Act 2012, a local non-domestic rating regime was introduced that included the business rates retention scheme (see also tariff and safety net).

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

Precept
A payment to the Council's general fund, or another local council, from the Council's collection fund.

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

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

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

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

Responsible financial officer
The designated post within the Council, as determined by the Accounts and Audit Regulations 2015, which holds the statutory S.151 responsibility (Local Government Act 1972). This responsibility is in respect of ensuring the proper administration of the Council's financial affairs. This post was formerly known as Chief Financial Officer.

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

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

Revaluation reserve
The account that reflects the amount by which the value of the Council's assets has been revised following revaluation or disposal.

Revenue expenditure
Spending on day-to-day items, including salaries and wages, premises costs and supplies and services.

Revenue support grant
A grant from central government towards the cost of providing services.

Safety net
The scheme for localising non-domestic rates (NDR) includes a safety net provision. Where the actual NDR after tariff is less than 92.5% of the funding baseline, central government makes a safety net payment to the Council equal to the difference between the actual NDR and the funding baseline.

Section 106
Under planning regulations developers can be requested to make contributions to on and off-site facilities required as a result of their development.

Tariff
The scheme for localising non-domestic rates (NDR) includes baselines for both the amount of NDR the Council receives and the amount of Council funding from NDR. The Council pays central government a tariff equal to the difference between the two baselines.

True and fair view override
As required by the Accounts and Audit Regulations 2015, paragraph 8.2, the Responsible Financial Officer is required to certify that the statement of accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the “true and fair view override”. This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e., to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the “true and fair view” is appropriately acknowledged in the notes to the accounts.

Abbreviations

CFR	capital financing requirement
CIES	comprehensive income and expenditure statement
CIL	community infrastructure levy
CIPFA	chartered institute of public finance and accountancy
CPFA	chartered public finance accountant
DRC	depreciated replacement cost
EFA	expenditure and funding analysis
FTE	full time equivalent
IAS	international accounting standards
IFRIC	international financial reporting interpretations committee
IFRS	international financial reporting standards
LEP	local enterprise partnership
LGPS	local government pension scheme
LLPG	local land and property gazetteer (UK)
MHCLG	ministry for housing, communities and local government
MRP	minimum revenue provision
MTFS	medium term financial strategy

NBV	net book value
NDR	non-domestic rates
NHB	new homes bonus
NNDR	national non-domestic rates (business rates)
PWLB	public works loans board
RICS	royal institution of chartered surveyors
RSG	revenue support grant
S106	section 106
SOLACE	society of local Council chief executives

HUNTINGDONSHIRE DISTRICT COUNCIL
AUDIT OF ACCOUNTS 2024/25
NOTICE OF PUBLIC RIGHTS

Notice given in accordance with the Local Audit and Accountability Act 2014 and Section 15 of the Accounts and Audit Regulations 2015

Notice is hereby given that the unaudited Statement of Accounts for 2024/25 and the Annual Governance Statement have been prepared and published on the council's website. These are subject to change.

The Statement of Accounts includes the Narrative Report and the Annual Governance Statement prepared in accordance with the Accounts and Audit Regulations.

The Council's accounts are subject to external audit by **Claire Mellons, Partner, Ernst & Young LLP, Citygate, St James' Boulevard, Newcastle Upon Tyne, NE1 4JD.**

Members of the public and local government electors have certain rights in the audit process:

From 19 June 2025 to 31 July 2025 inclusive (excluding weekends), between 9.30 am and 4.30pm, at Pathfinder House, St Mary's Street, Huntingdon any person interested has the opportunity to inspect and make copies of the accounts and books, deeds, contracts, bills, vouchers, receipts and other documents should contact the Director of Finance and Corporate Resources on 01480 387072 or at suzanne.jones@huntingdonshire.gov.uk to discuss their requirements.

From 19 June 2025 to the 31 July 2025, a local government elector for the area of the Council, or his or her representative, may by prior arrangement ask the auditor questions about the accounts. Please contact the auditor at the address above to make arrangements.

During this period, a local government elector for the area, or his or her representative, may object to the Council's accounts asking that the auditor issue a report in the public interest (under section 27 of the local Audit and Accountability Act 2014) and/or apply for a declaration that an item in the accounts is contrary to law (under Section 28 of the Local Audit and Accountability Act 2014). Written notice of a proposed objection and the grounds on which it is to be made must be sent to the auditor at the address given above and copied to the Council at the address given below.

Dated 19 June 2025

Mrs Suzanne Jones FCPFA FIRRV
Corporate Director of Finance and Resources
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
PE29 3TN

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Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	External Auditor's Annual Planning Report for 2024/25
Meeting/Date:	Corporate Governance Committee 18 June 2025
Executive Portfolio:	Executive Councillor for Finance & Resources Cllr Brett Mickelburgh
Report by:	Corporate Director – Finance and Resources
Wards affected:	All

Executive Summary:

This report sets out the draft Annual Planning Report for the external audit work that EY will carry out in respect of the 2024/25 external audit work.

Recommendation:

The Committee is

RECOMMENDED

to comment on and note the External Auditor's Annual Planning Report set out at Appendix 1.

1. PURPOSE OF THE REPORT

1.1 This report presents the Committee the External Auditor's Annual Planning Report for 2024/25 which will be presented by the External Auditor.

2. BACKGROUND

1.1 The purpose of the auditor's annual report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements.

1.2 The commentary aims to draw to the attention of the Council and the wider public, relevant issues from the work undertaken by the auditors, including recommendations arising in the current year, and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

3. LEGAL IMPLICATIONS

3.1 None

4. RESOURCE IMPLICATIONS

4.1 No additional resource requirements arise from this report.

5. LIST OF APPENDICES INCLUDED

Appendix 1 – Auditor's Annual Planning Report for 2024/25

CONTACT OFFICER

Name/Job Title:	Suzanne Jones, Corporate Director – Finance and Resources
Tel No:	01480 388214
Email:	suzanne.jones@huntingdonshire.gov.uk

Huntingdonshire District Council

Provisional Audit Planning Report

Year ending 31 March 2025

29 April 2025

Corporate Governance Committee
Huntingdonshire District Council
Pathfinder House, St Mary's Street
Huntingdon
PE29 3TN

29 April 2025

Dear Corporate Governance Committee Members

Provisional Audit Planning Report

Attached is the provisional audit planning report for the upcoming meeting of the Corporate Governance Committee. This report aims to provide the Corporate Governance Committee of Huntingdonshire District Council ('the Council') with a basis to review the proposed audit approach and scope for the 2024/25 audit. This is in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements. This report summarises our evaluation of the key issues driving the development of an effective audit. We have aligned our audit approach and scope accordingly. The report also addresses the broader impact of Government proposals aimed at establishing a sustainable local audit system.

As the Council's body charged with governance, the Corporate Governance Committee plays a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support a timely and efficient audit. Failure to achieve this will affect the level of resources required to fulfil our responsibilities. We will assess and report on the adequacy of the Council's external financial reporting arrangements, as well as the effectiveness of the Corporate Governance Committee in fulfilling its role within those arrangements as part of our Value for Money assessment. We will also consider invoking other statutory reporting powers to highlight any weaknesses in these arrangements if deemed necessary. We direct Corporate Governance Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) for expectations on preparing financial statements (see Appendix A).

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

We welcome the opportunity to discuss this report with you on 18 June 2025 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Claire Mellons

Partner

For and on behalf of Ernst & Young LLP

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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 (https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the **Corporate Governance Committee and management of Huntingdonshire** District Council. Our work has been undertaken so that we might state to the **Corporate Governance Committee and management of Huntingdonshire 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 **Corporate Governance Committee and management of Huntingdonshire 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 2024/25 audit strategy overview

2024/25 audit strategy overview

Context

Timely, high-quality financial reporting and audit of local bodies play a crucial role in our democratic system. It aids in effective decision-making by local bodies and ensures transparency and accountability to local taxpayers. There is a consensus that the delay in publishing audited financial statements by local bodies has reached an unacceptable level, and it is acknowledged that cooperation among all stakeholders in the sector is necessary to address this issue. The reasons for the backlog are well-documented and include:

- Insufficient capacity within the local authority financial accounting profession.
- Increased complexity of reporting requirements within the sector.
- Insufficient capacity within audit firms with public sector experience.
- Heightened regulatory pressure on auditors, leading to an expanded scope and extent of audit procedures performed.

The Ministry for Housing, Communities and Local Government (MHCLG) has collaborated with the Financial Reporting Council (FRC) and other system partners to develop and implement measures to address the backlog. SI 2024/907, along with the NAO Code and the Local Authority Reset and Recovery Implementation Guidance, have been created to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). In February 2025, responsibilities for leadership of the local audit system transferred from the FRC back to MHCLG. This change follows the December 2024 launch of the Government's strategy for reforming the local audit system in England, which includes plans to establish a Local Audit Office. The approach to addressing the backlog consists of three phases:

- **Phase 1: Reset;** clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024. This is largely complete.
- **Phase 2: Recovery from Phase** 1; from 2023/24, use backstop dates to prevent a recurrence of the backlog and allow assurance to be rebuilt over multiple audit cycles. The backstop date for the audit of the 2024/25 financial statements is 27 February 2026. Auditors are waiting for guidance from the system leader to effectively, efficiently and consistently build back assurance over disclaimed audit periods.
- **Phase 3: Reform;** involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As detailed in our Audit Results Report presented to the Corporate Governance Committee on 29 January 2025, we disclaimed our audit opinion on the Council's 2023/24 financial statements.

We did not gain assurance over all closing balances in 2023/24. Consequently, we do not have assurance over all opening balances for 2024/25. This means we do not have assurance over in-year movements and some closing balances for 2024/25. Although we will continue to undertake work in 2024/25 to rebuild assurance ahead of the backstop date (subject to guidance), we will not be able to obtain sufficient evidence to have reasonable assurance over all closing balances. We therefore expect to again issue a disclaimed audit opinion in 2024/25.

2024/25 audit strategy overview (cont'd)

Rebuild of assurance — current position

The National Audit Office issued Local Audit Reset and Recovery Implementation Guidance (LARRIG) 05 on 10 September 2024, detailing the principle of returning to a state where auditors can issue audit opinions on local authority financial statements with sufficient audit evidence. This process will take several years to achieve.

Restoring assurance will need local authorities and auditors to work together. We are waiting for guidance from the National Audit Office and Financial Reporting Council to ensure a consistent approach for restoring assurance for disclaimed periods. Until then, we are unable to commence the rebuilding work programme.

We will audit the 2024/25 closing balance sheet and in-year transactions, similar to our approach for 2023/24, as well as performing additional risk assessment procedures to assess the likelihood of a material misstatement in the opening reserve position for 2024/25. Updates on rebuilding assurance for the historical position will be provided as guidance is issued and its implications for the Council are evaluated taking into consideration the outcome of our risk assessment procedures. As the Council's financial statements for 2022/23 and 2023/24 were subject to a disclaimer of opinion, it is highly probable that our risk assessment procedures to assess the likelihood of a material misstatement in the opening reserve position will conclude that an elevated risk of material misstatement is associated with the reserve balances, because of the way in which they accumulate over successive years.

Responsibilities of management and those charged with governance

The Council's Section 151 Officer is responsible for preparing the financial statements in accordance with proper practices and confirming they give a true and fair view at 31 March 2025. To complete the audit in a timely and efficient manner, it is essential that the financial statements are supported by high-quality working papers and audit evidence, and that Council resources are available to support the audit process within agreed deadlines. The Audit Committee has an essential role in ensuring that it has assurance over both the quality of the financial statements and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where these conditions are not met, we will:

- Consider and report on the adequacy of the Council's external financial reporting arrangements as part of our assessment of Value for Money arrangements.
- Consider the use of other statutory reporting powers to draw attention to weaknesses in Council financial reporting arrangements, where deemed necessary.
- Assess the impact on available audit resource and where additional resources are deployed, seek a fee variation from PSAA. We have set out the factors that will lead to a fee variation at Appendix B, together with, at Appendix A, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.

2024/25 audit strategy overview (cont'd)

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Corporate Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current 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.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	Fraud Risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Valuation of Land and Buildings and Investment Property	Significant risk	No change in risk or focus	The 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 balances recorded in the Balance Sheet. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.
IFRS 16 Implementation	Inherent risk	New risk	2024-25 is the first-year implementation of IFRS16 and introduces a number of significant changes which go beyond accounting technicalities. The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

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2024/25 audit strategy overview (cont'd)

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Corporate Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current 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	The Local Authority Accounting Code of Practice and IAS19 require the Council to disclose its membership in the Local Government Pension Scheme in its financial statements. Due to the significant estimation and judgement involved, an actuary is engaged for calculations. ISAs (UK) 500 and 540 mandate procedures on using management experts and assumptions for fair value estimates.

We will continue to keep the Corporate and Governance Committee updated on our assessment of any changes to audit risk.

2024/25 audit strategy overview (cont'd)

Council Materiality

Planning materiality

£1.90m

Materiality has been set at £1.9m, which represents 2% of 2023/24 gross expenditure on provision of services.

Performance materiality

£0.95m

Performance materiality has been set at £0.95m, which represents 50% of materiality.

Audit differences

£0.10m

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, and collection fund) greater than £0.10m. Other misstatements identified will be communicated to the extent that they merit the attention of the Corporate Governance Committee.

We will keep the Corporate Governance Committee updated on any changes to materiality levels as the audit progresses.

2024/25 audit strategy overview (cont'd)

Audit scope

This audit planning report covers the work that we plan to perform to provide you with:

- our audit opinion on whether the financial statements give a true and fair view of the financial position as at 31 March 2025 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 the value for money arrangements in Section 3.

We 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 required mandatory procedures in accordance with applicable laws and auditing standards.

When planning the audit we consider 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 the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant.

Considering the above, our professional duties require us to independently assess audit risks and take appropriate actions. The Terms of Appointment with the PSAA permit fee adjustments based on 'the auditor's assessment of risk and the work needed to meet their professional responsibilities'. Therefore, we outline these risks in this audit planning report and will discuss any impact on the proposed scale fee with management.

2024/25 audit strategy overview (cont'd)

Audit scope (cont'd)

Effects of climate-related matters on financial statements

Public interest in climate change is growing. We recognize that climate-related risks may span a long timeframe, and while these risks exist, their impact on the current financial statements may not be immediately significant. However, it remains essential to understand these risks to conduct a proper evaluation. Additionally, comprehending climate-related risks may be pertinent in the context of qualitative disclosures in the notes to the financial statements and in assessing value-for-money arrangements.

We inquire about climate-related risks during every audit as part of our understanding of the entity and its environment. As we continually re-evaluate our risk assessments throughout the audit, we consider the information obtained to help us assess the level of inherent risk.

Audit scope and approach

We plan to adopt a substantive audit approach.

2024/25 audit strategy overview (cont'd)

Value for Money

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

The value for money planning and related risk assessment aims to collect enough evidence to document our evaluation of the Council's arrangements, allowing us to prepare a commentary based on three reporting criteria. This process includes identifying and reporting any significant weaknesses in those arrangements and making suitable recommendations.

We will provide a commentary on the Council's arrangements against three reporting criteria:

- Financial sustainability – How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance – How the Council ensures that it makes informed decisions and properly manages its risks.
- 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.

Commentary on value for money arrangements will be included in the 2024/25 Auditor's Annual Report. This will need to be issued by 30 November 2025 to comply with the revised requirements of the NAO Code.

Timeline

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

02 Audit risks

Our response to significant risks

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

Presumptive risk of management override of controls*

What is the risk?

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

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

- Identifying fraud risks during the planning stages.
- Inquiry of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- Considering whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud.
- Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Undertake procedures to identify significant unusual transactions.
- Consider whether management bias was present in the key accounting estimates and judgments in the financial statements.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required.

Our response to significant risks (cont'd)

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

Inappropriate capitalisation of revenue expenditure*

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

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

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

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

What will we do?

- Test Property, Plant and Equipment (PPE)/Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- Assess whether the capitalised spend clearly enhances or extends the useful like of asset rather than simply repairing or maintaining the asset on which it is incurred.
- Consider whether any development or other related costs that have been capitalised are reasonable to capitalize, i.e., the costs incurred are directly attributable to bringing the asset into operational use.
- Test REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources.
- Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

Our response to significant risks (cont'd)

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

Valuation of Land and Buildings and Investment Property

What is the risk?

- The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges.
- In the 2023/24 signed accounts, the fair value of PPE was £84.66 million, and the fair value of Investment Property was £70.28 million. We note that within PPE, our focus is on Land and Buildings and Surplus Assets.
- Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet.
- In 2023/24 we identified misstatements and valuation differences during our audit of valuations and there is a risk that these may reoccur

What will we do?

We will carry out a range of procedures including:

- Consider the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5-year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Consider changes to useful economic lives as a result of the most recent valuation;
- Test accounting entries have been correctly processed in the financial statements; and
- Engage the support of our EY Real Estate colleagues for any assets were information to support the valuation is not readily available.

Other areas of audit focus

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

What is the risk/area of focus, and the key judgements and estimates?

IFRS 16 - Leases

- IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/24 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Council's 2024/25 accounts.
- IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the Council is lessee these will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.
- Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Council will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g., RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.
- Based on our prior year work the Council had made some progress in collecting the information necessary to implement IFRS 16 and determine the impact on its financial statements. Therefore, we have assessed this as inherent risk.

Our response: Key areas of challenge and professional judgement

We will:

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

Other areas of audit focus

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

What is the risk/area of focus, and the key judgements and estimates?

Pension Liability Valuation (Inherent Risk)

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Cambridgeshire Pension Fund.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Council.

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

Our response: Key areas of challenge and professional judgement

We will:

- Liaise with the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council
- Assess the work of the pension fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team
- Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

What else will we do?

We will consider outturn information available at the time we undertake our work after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets.

We will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

03 Value for Money risks

Value for Money

Council's responsibilities for value for money

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

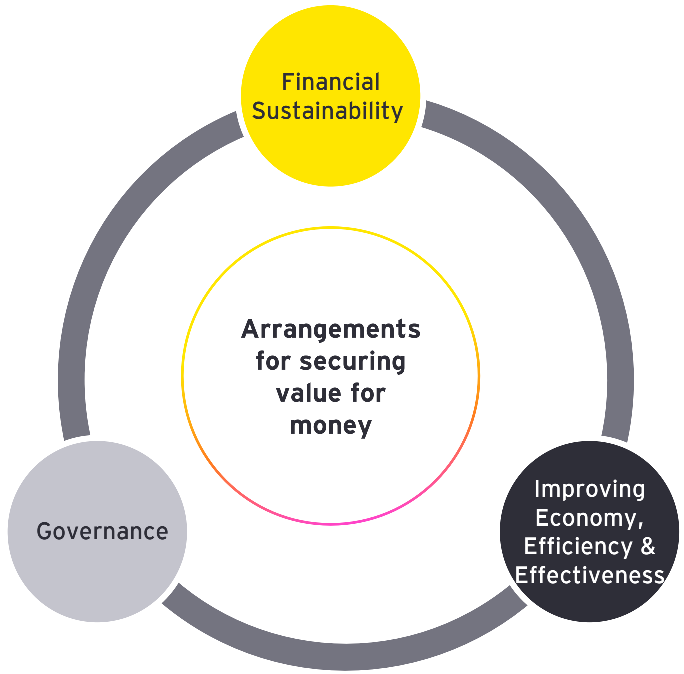
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its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

Auditor Responsibilities

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

The specified reporting criteria are:

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



Value for Money (cont'd)

Planning and identifying risks of significant weakness in VFM arrangements

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

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

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

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

Responding to identified risks of significant weakness

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

Value for Money (cont'd)

Reporting on VFM

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

Additionally, we are required to provide a commentary on the value for money arrangements in the Auditor's Annual Report. The NAO Code specifies that this commentary should be clear, readily understandable, and highlight any issues we wish to draw to the Council's or the wider public's attention. This may include matters that are not considered significant weaknesses in arrangements but should still be brought to the Council's awareness. It will also cover details of any recommendations from the audit and the follow-up of previously issued recommendations, along with our assessment of their satisfactory implementation. Our 2024/25 Auditor's Annual Report requires to be issued by 30 November 2025 to comply with the revised requirements of the NAO Code.

Status of our 2024/25 VFM planning

We have yet to complete our detailed value for money planning; however, we have already identified a risk of significant weakness in arrangements in relation to the effectiveness of the Internal Audit Function in 2024/25 following our reporting for 2023/24. We also expect to have some focus on the Council's governance arrangements for Local Government Reorganisation. We will update the next Corporate Governance Committee meeting on the outcome of our value for money planning and our planned response to any additional identified risks of significant weaknesses in arrangements.

Value for Money (cont'd)

Value for Money Risks

The table summarises the risk of significant weaknesses identified during our planning performed to date. We will review arrangements and risks regularly, updating our work if new risks arise and inform you of any additional significant weaknesses.

What is the risk of significant weakness?	What arrangements does this impact	Change from PY	Details and what we will do
As set out in our Audit Report issued on 26 February 2025, we identified a significant weakness in Governance arrangements following an independent external review of the internal audit function that raised concerns in relation to independence and objectivity; ethics and professionalism, governance, risk management and control processes; engagement workpapers and supervision; and engagement communication. As this report was received during the 2024/25 financial year we therefore considered there to be a risk that this weakness in arrangements was also present during 2024/25.	Governance	No change in risk or focus	We will review the Council's progress against the external review recommendations and action plan developed to address the findings of the independent review. We will also consider the content of reports from the new internal audit provider presented to the Corporate Governance during 2024/25.

04 Audit materiality

Materiality

Council materiality

For planning purposes, materiality for 2024/25 has been set at £1.9m. This represents 2% of the Council's 2023/24 gross expenditure on provision of services. It will be reassessed throughout the audit process. We consider that gross expenditure on the provision of services is the area of biggest interest to the users of the Council's accounts.

Gross expenditure on provision of services

£95.5m

Planning materiality
£1.90m

Performance materiality
£0.95m

Audit differences
£0.10m

We will keep the Corporate Governance Committee updated on any changes to materiality levels as the audit progresses.

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

Key definitions

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

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.95m which represents 50% of planning materiality.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement and balance sheet that have an effect on income and expenditure or that relate to other comprehensive income.

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

05 Scope of our audit

Audit process and strategy

Objective and Scope of our Audit scoping

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

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

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

Our opinion on other matters:

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

Other procedures required by the Code:

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

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

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

Audit process and strategy (cont'd)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.
- Reliance on the work of other auditors where appropriate;
- Reliance on the work of experts in relation to areas, such as pensions and property valuations.

Our initial assessment of the key processes across the Council has not identified any processes where we will seek to test key controls, either manual or IT. Our audit strategy will, as in previous years, follow a fully substantive approach. This will involve testing the figures within the financial statements rather than looking to place reliance on the controls within the financial systems. We assess this as the most efficient way of carrying out our work and obtaining the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics

We will use a data driven approach to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

Internal audit

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

06 Audit team

Audit team

Claire Mellons
Key Audit Partner

Julio Camm
Senior Manager

Katherine Anne Racelis
Lead Senior

PwC consulting actuary and EY Actuaries
Pensions Specialist

EY Real Estate
PPE Valuations Specialist

Use of specialists

- Our approach to the involvement of specialists, and the use of their work

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

Area	Specialists
Pensions disclosure	EY Actuaries, PwC (Consulting Actuary to the PSAA) and Hymans Robertson (Council's Actuary)
Valuation of Land and Buildings	EY Real Estate team (if required) and Wilks Head & Eve (Council's Specialist)

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

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

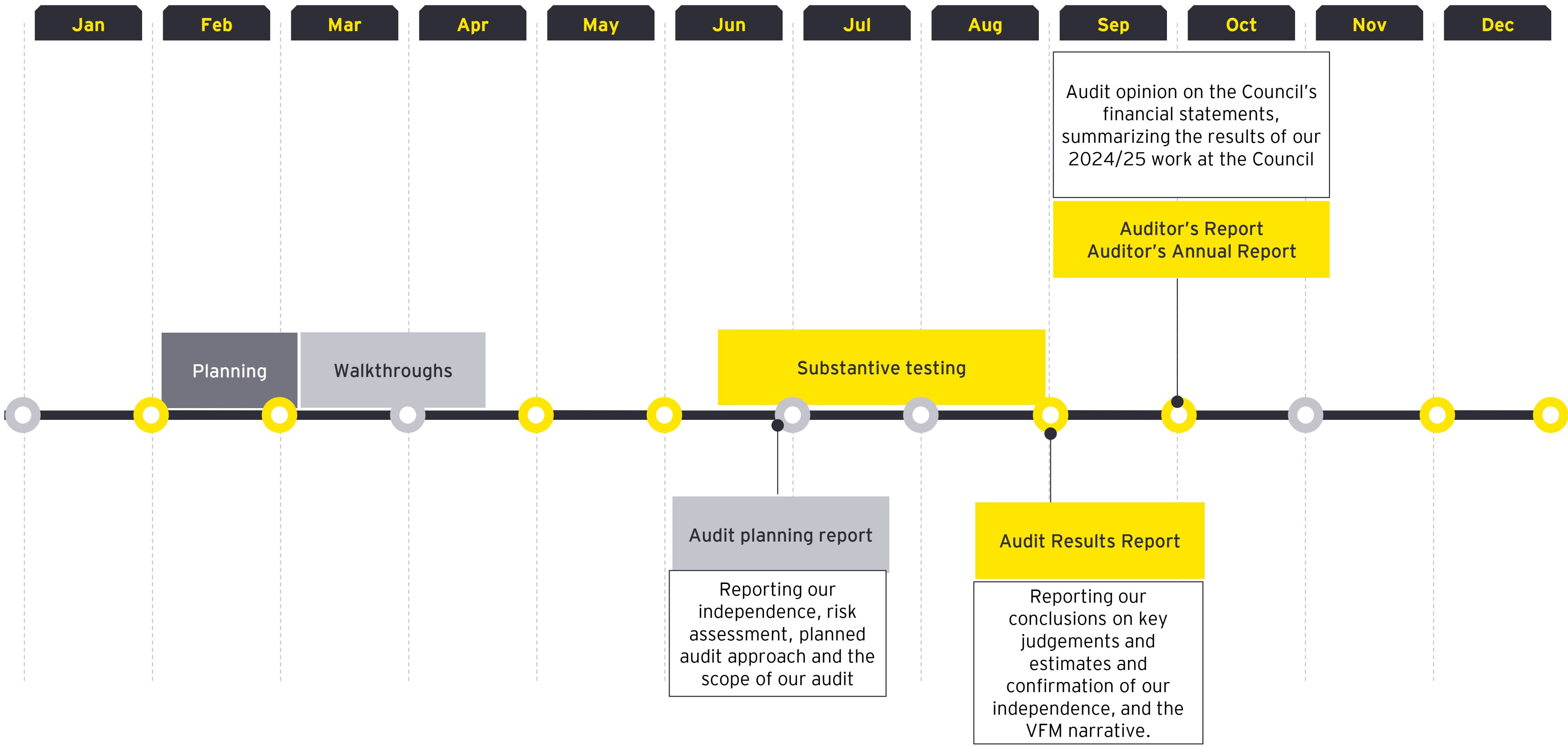
- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable
- Assess the reasonableness of the assumptions and methods used
- Consider the appropriateness of the timing of when the specialist carried out the work
-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

07 Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the 2024/25 audit cycle. From Committee, matters may arise that require immediate communication with the Corporate Governance Committee and we will discuss them with the Corporate Governance Committee Chair as appropriate.



08

Independence

Introduction

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

Relationships, services and related threats and safeguards

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

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Claire Mellons, 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 the Council. Examples include where we have an investment in the Council; 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.

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.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. 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.

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.**

09 Appendices

Appendix A — 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. 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 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 B — Fees

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

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

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

The agreed fee presented is based on the following assumptions:

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

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

	Current Year	Prior Year
	£	£
Scale Fee	166,727 Note 2	151,835 Note 1
Scale Fee Variations	TBC	35,000 Note 3
Total audit	**TBC**	**TBC**
Other non-audit services not covered above (Housing benefits)	TBC	TBC
Total other non-audit services	**TBC**	**TBC**
Total fees	**TBC**	**TBC**

All fees exclude VAT

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

- Consideration of correspondence from the public and formal objections.
- New accounting standards, for example full adoption or additional disclosures in respect of IFRS 16.
- Non-compliance with law and regulation with an impact on the financial statements.
- VFM risks of, or actual, significant weaknesses in arrangements and related reporting impacts.
- The need to exercise auditor's approach and Prior period adjustments.
- Modified financial statement opinions
- The impact on the extent of testing due to prior year disclaimers. For example, performing detail substantive testing for employee cost instead of substantive analytical procedures.

3. The final fee variation for 2023/24 will be set by PSAA but we estimate the 2023/24 fee variation to be in the region of £35,000 due to the following factors identified in the audit:

- Procedures performed to address the requirements of ISA 315 which were not built into the base fee
- Additional procedures and consultations required as a result of significant weakness in Value for Money issues identified
- Impact of errors identified in valuations work on our testing approach and the financial statements

Appendix C — Required communications with the Corporate Governance Committee

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

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of: ▪ The planned scope and timing of the audit ▪ Any limitations on the planned work to be undertaken ▪ The planned use of internal audit ▪ The significant risks identified When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit planning report – Corporate Governance Committee – June 2025
Significant findings from the audit	▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▪ Significant difficulties, if any, encountered during the audit ▪ Significant matters, if any, arising from the audit that were discussed with management ▪ Written representations that we are seeking ▪ Expected modifications to the audit report ▪ Other matters if any, significant to the oversight of the financial reporting process	Audit results report – 24 September 2025

Appendix C — Required communications with the Corporate Governance Committee (cont'd)

Required communications	What is reported?	Our Reporting to you When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▪ Whether the events or conditions constitute a material uncertainty ▪ 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	Audit results report - 24 September 2025
Misstatements	▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management	Audit results report – 24 September 2025
Fraud	▪ Enquiries of the corporate governance 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: 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 Corporate Governance Committee responsibility	Audit results report – 24 September 2025

Appendix C — Required communications with the Corporate Governance Committee (cont'd)

Required communications	What is reported?	Our Reporting to you When and where
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▪ Non-disclosure by management ▪ Inappropriate authorisation and approval of transactions ▪ Disagreement over disclosures ▪ Non-compliance with laws and regulations ▪ Difficulty in identifying the party that ultimately controls the entity	Audit results report - 24 September 2025
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence ▪ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.	Audit planning report – Corporate Governance Committee – June 2025 Audit results report - 24 September 2025

Appendix C — Required communications with the Corporate Governance Committee (cont'd)

Required communications	What is reported?	Our Reporting to you When and where
External confirmations	▪ Management's refusal for us to request confirmations ▪ Inability to obtain relevant and reliable audit evidence from other procedures	Audit results report - 24 September 2025
Consideration of laws and regulations	▪ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▪ Enquiry of the corporate governance committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the corporate governance committee may be aware of	Audit results report - 24 September 2025
Internal controls	▪ Significant deficiencies in internal controls identified during the audit	Audit results report - 24 September 2025
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report - 24 September 2025
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results report - 24 September 2025
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - 24 September 2025
Auditors report	▪ Any circumstances identified that affect the form and content of our auditor's report	Audit results report - 24 September 2025

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

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UKC-038566 (UK) 03/25. Creative UK.
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Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Internal Audit Update Report
Meeting/Date:	Corporate Governance Committee 18 June 2025
Executive Portfolio:	Executive Councillor for Governance & Democratic Services Cllr Jo Harvey
Report by:	Corporate Director – Finance and Resources
Wards affected:	All

Executive Summary:

This report sets out a summary of the work undertaken by the Internal Audit Service since the Committee last met in March 2025. RSM have prepared the update which will be presented by them.

Recommendation:

The Committee is

RECOMMENDED

to comment on and note the update on work undertaken by Internal Audit in the period from March 2025 to June 2025

1. PURPOSE OF THE REPORT

1.1 This report gives the Committee an update of the work of the Internal Audit Service since the last meeting.

2. BACKGROUND

1.1 The activities of the Internal Audit team are pivotal to the organisation's governance and control processes. The findings of audit reviews demonstrate compliance with controls and processes or identify where improvements need to be made. This is an inherent element of Priority 3 of the Corporate Plan (2023-2028) which is about 'doing our core work well' through 'delivering good quality, high value-for-money services with good control and compliance with statutory obligations'.

1.2 RSM will, in the capacity of Head of Internal Audit be at the meeting to present the update on the work that had been carried out.

3. LEGAL IMPLICATIONS

3.1 None

4. RESOURCE IMPLICATIONS

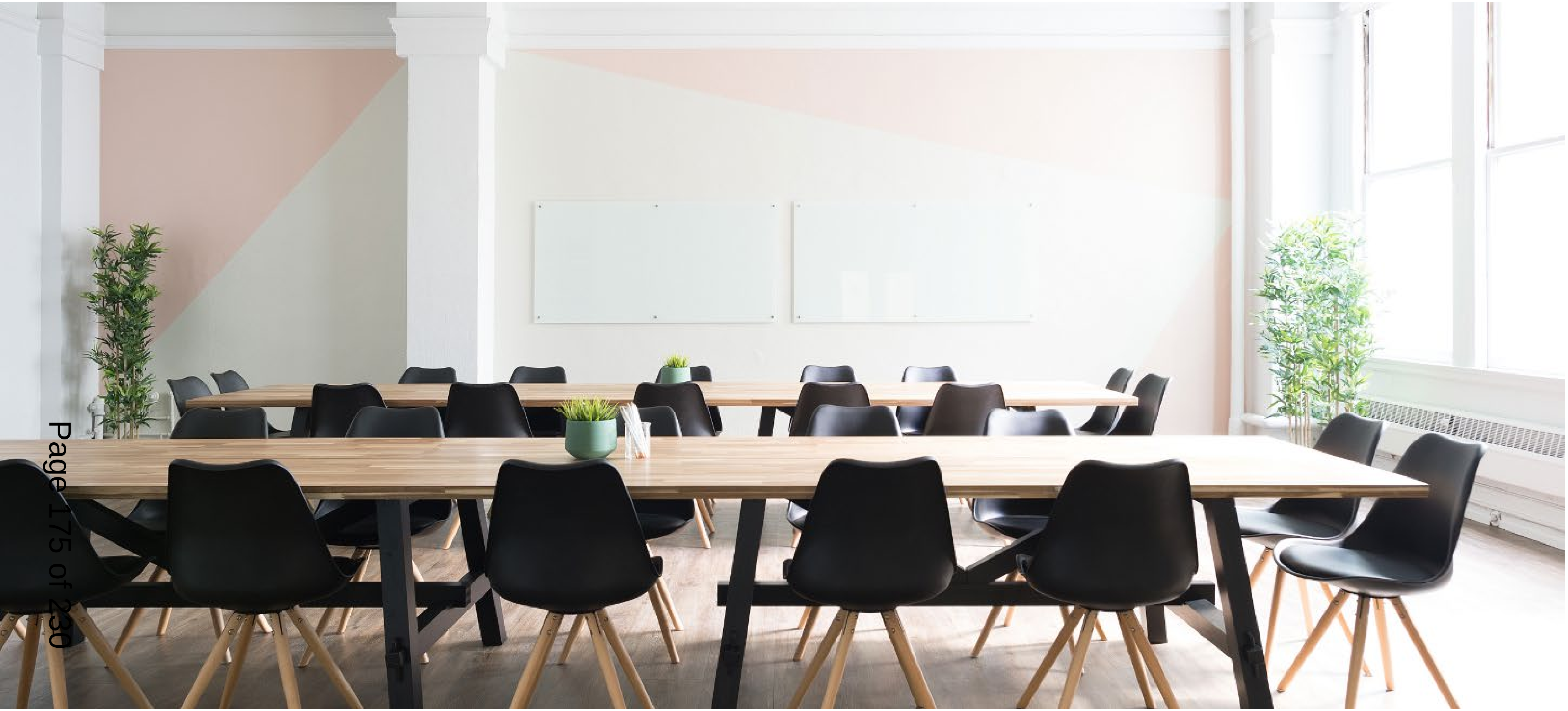
4.1 No additional resource requirements arise from this report.

5. LIST OF APPENDICES INCLUDED

Appendix 1 – Internal Update Report from RSM LLP

CONTACT OFFICER

Name/Job Title:	Suzanne Jones, Corporate Director – Finance and Resources
Tel No:	01480 388214
Email:	suzanne.jones@huntingdonshire.gov.uk



HUNTINGDONSHIRE DISTRICT COUNCIL

Internal Audit Progress Report

Corporate Governance Committee – 18 June 2025

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

CONTENTS

Appendices

KEY MESSAGES

The internal audit plan for 2024/25 was approved by the Corporate Governance Committee (CGC) on 29 May 2024. This report provides an update on progress against that plan and summarises the results of the work completed by to date.

Since the last CGC meeting in March 2025, we have finalised the following internal audit reports:

These are:

- **Commercial Estates Rent Review Processes and Invoicing** (**Limited Assurance**)
- **Home and Hybrid Working** (**Advisory**)
- **Committee Governance Structure** (**Reasonable Assurance**)
- **Follow Up of Management Actions** (**Reasonable Progress**) **[to note]**

A summary of the outcome of these reviews, are included in this report at Section 1.1 below

The following report is currently at **draft** report stage:

- Cyber Essentials Readiness (DRAFT) **[to note]**

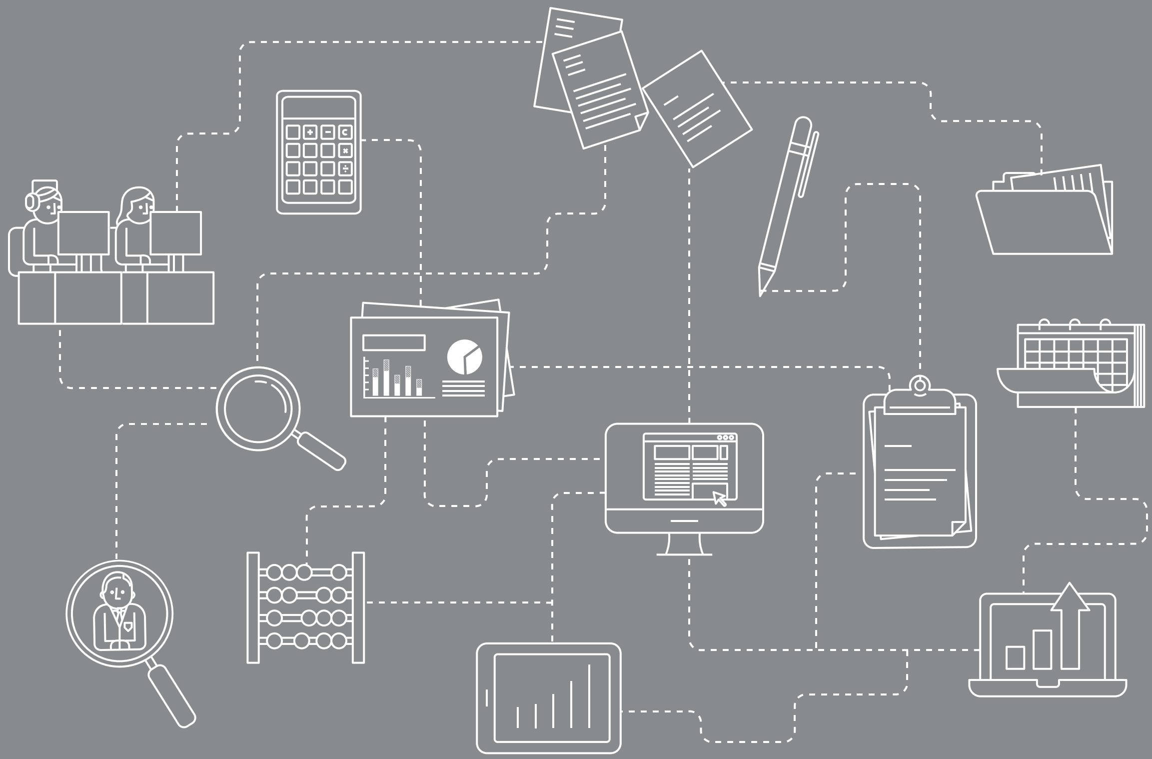
Details of the progress made against the 2024/25 internal audit plan are included at Appendix A. **[To note]**

We have completed our Annual Report for 2024/25 which is submitted to this meeting as a separate paper. **[To note]**

Details of the progress made and scheduling of the 2025/26 internal audit plan are included at Appendix B. **[To note]**

Final Reports

01



1. FINAL REPORTS

1.1 Summary of the key issues arising from the final reports being presented to this Committee

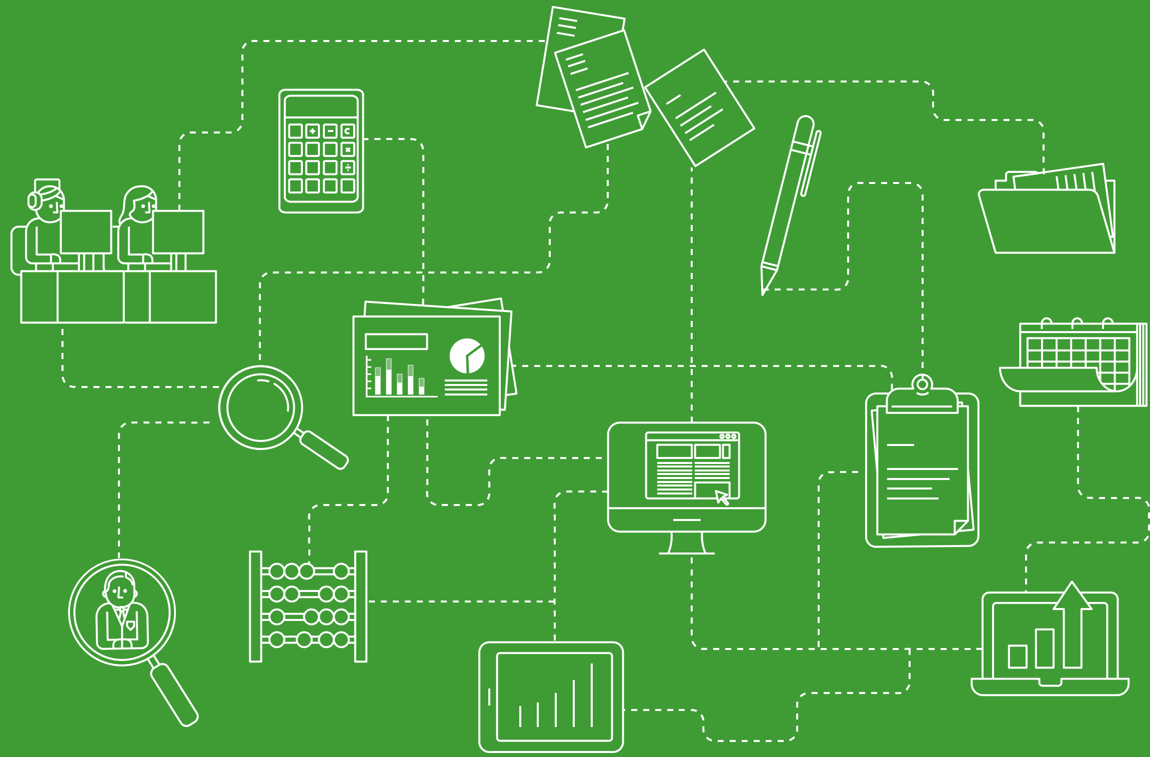
This section summarises the reports that have been finalised since the last meeting.

Assignment	Opinion issued	Actions agreed L	M	H
Commercial Estates Rent Review Processes and Invoicing The main issues identified from the audit are as follows: • There is no documented guidance on Commercial Estates Management aspects such as rent review, in order to govern, how rent reviews are managed and conducted. Rent review and invoicing procedures have also not been documented. • Rental property records are not fully complete and require updating. There is no documented oversight control in place to review this information on a periodic basis. • Rent reviews are not formally prioritised to ensure that they are completed in the most efficient manner. • There is no portfolio wide reporting and oversight of the completion status of rent reviews, despite reporting on other performance statistics to the Finance Performance Report submitted to Cabinet quarterly • Key controls applied during the invoicing process were not fully evidenced.	**Limited Assurance**	1	2	2
Home and Hybrid Working The main issues that emerged were: • There was no formal hybrid working policy or framework in place. • Office attendance expectations varied across teams and services. • There is no standard desk booking system in place. Consideration should be given to what system/approach should be implemented to maximise the use of available desk spaces over the five day working week. • Current office space may not be able to accommodate increased office attendance.	**Advisory**	3	9	2
Committee Governance Structure The main issues that emerged were: • The Constitution has not been subject to full and comprehensive review, and approval by the Full Council since 2016. During 2018 there were some amendments made which were submitted to the Corporate Governance Committee for consideration. We recognised the remit of the (ongoing) Constitution Review Working Group is to update and make the document fit for purpose and we therefore note that this weakness has been identified and is being addressed at the time of the audit. However, we would expect the Constitution to be subject to regular review (annual or bi-annual) and approval to support effective governance, and a formal and documented record to be held of all changes, with clear version control. We have agreed an action to ensure this is subject to follow up coverage and on the management action tracker. • A centralised action log is currently only used for Full Council and the Overview and Scrutiny Panels, limiting oversight for other committees.	**Reasonable Assurance**	3	5	0

Assignment	Opinion issued	Actions agreed L	M	H
• There is no standard agenda item to review the status of actions raised in previous meetings, making it more difficult to track progress and ensure follow-ups. • The meeting frequency for the Constitution Review Working Group will need to be reviewed to ensure it meets sufficiently regular, as we note just four meetings since May 2024, which could mean its programme of activity may be delayed. • The Employment Committee does not produce an annual report and self-assess its own effectiveness. We have agreed with management that introduction of this annual process will be considered by the new Monitoring Officer. • The current Scheme of Delegation is too high-level which leads to a lack of clarity around responsibilities and potential confusion over decision making authority.				
Follow Up Taking account of the issues identified in the audit and in line with our definitions, in our opinion Huntingdonshire District Council has made **reasonable progress** in implementing previously agreed management actions. Out of the 18 management actions followed up, we were able to confirm that 15 medium priority actions had been implemented. We found that one medium action had not yet been implemented, and two medium actions were in the process of being implemented (and we have revised these two action priorities to low as a result of the reduced risk exposure). Revised versions of these actions have been agreed. These were all of the actions that had been marked by management as 'Closed' (ie implemented) and reported through to the Corporate Governance Committee.	Reasonable Progress	2	1	0

Appendices

02



APPENDIX A: PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2024/25

The reviews shown in bold below have been finalised since the last CGC meeting. We have removed the audits from this table below that have already been reported to the CGC as being delayed or replaced.

	Assignment	Status / Opinion issued / Start date	Actions agreed			Original and Target CGC for final report	Actual CGC meeting
			Red	Amber	Green		
1	Minor works follow up - now Medium Term Civils Contract procurement	Final Report (No opinion) – Follow Up Assignment	0	3	0	July 2024	July 2024
2	Budget Management; financial sustainability	Final Report - Reasonable Assurance	0	6	0	July 2024	July 2024
3	Operations Vehicle Maintenance Processes	Final Report – Reasonable Assurance	0	5	0	July 2024	July 2024
4	One Leisure, Pool Operation Records	Final Report – Limited Assurance	2	2	0	March 2025	March 2025
5	DFG Grant Verification	Final Report - No opinion as Grant Review (no report available)	0	0	0	n/a	n/a
6	Green Bin Implementation and transfer to BAU operations	Final Report – Reasonable Assurance	0	3	0	March 2025	March 2025
7	Code of Procurement	Final Report – Limited Assurance	4	3	0	March 2025	March 2025
8	Key Financial Controls	Final Report – Limited Assurance	2	4	7	March 2025	March 2025
9	**Review of Commercial Estates rent review processes and invoicing**	**Final Report – Limited Assurance**	**2**	**2**	**1**	**June 2025**	**June 2025**
10	**Home and Hybrid Working**	**Final Report – Advisory**	**2**	**9**	**3**	**June 2025**	**June 2025**
11	**Committee Governance Structure**	**Final Report – Reasonable Assurance**	**0**	**5**	**3**	**June 2025**	**June 2025**
12	**Follow Up**	**Final Report – Reasonable Progress**	**0**	**1**	**2**	**June 2025**	**June 2025**
13	Cyber Essentials Readiness	Draft Report issued 30/05/2025				July 2025	

APPENDIX B: PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2025/26

Reviews shown in bold below have been finalised since the last CGC meeting.

	Assignment	Status / Opinion issued / Start date	Actions agreed H	M	L	Target CGC	Actual CGC meeting
1	Human Resources – Recruitment and Retention	Draft report issued 28/05/25				July 2025	
2	Payroll	Fieldwork in progress				September 2025	
3	Capital Expenditure	Fieldwork in progress				September 2025	
4	Data Quality and Performance Management	Fieldwork in progress				September 2025	
5	Transformation	Fieldwork in progress				September 2025	
6	Contract Management	Fieldwork in progress				September 2025	
7	Council Tax	June 2025 – planning				September 2025	
8	Housing Benefits	June 2025 – planning				September 2025	
9	Risk Management	July 2025 – planning				Sept / Nov 2025	
10	Procurement	July 2025 – planning				March 2026 (now Nov 2025)	
11	Capacity Planning	August 2025 – planning				November 2025	
12	Business Rates	August 2025 – planning				March 2026 (now Nov 2025)	
13	Creditors	September 2025 – planning				Nov 2025 / Jan 2026	
14	General Ledger	October 2025 – planning				January 2026	
15	Disabled Facility Grant (DFG) Verification	TBC – planning				TBC	
16	Artificial Intelligence (AI)	November 2025 – planning				March 2026	
17	Market Towns Programme	December 2025 – planning				March 2026	
18	Workforce Development Strategy	December 2025 – planning				March 2026	

	Assignment	Status / Opinion issued / Start date	Actions agreed H M L	Target CGC	Actual CGC meeting
19	**Follow Ups**	Dec 2025 / Mar 2026 – planning		March 2026 / June 2026	
20	**Effectiveness of CDIO Role**	January 2026 – planning		Mar / Jun 2026	
21	**Complaints and Compliments Management**	January 2026 – planning		June 2026	
22	**Democratic Services**	January 2026 – planning		June 2026	
23	**GDPR (Advisory)**	February 2026 – planning		June 2026	

APPENDIX C: OTHER MATTERS

Detailed below are the changes to the 2024/25 internal audit plan since the previous meeting of the CGC in March 2025:

Note	Auditable area	Reason for change

There have been no changes since the previous meeting of the Corporate Governance Committee in March 2025.

Detailed below are the changes to the 2025/26 internal audit plan since the previous meeting of the CGC in March 2025 where the plan was approved:

Note	Auditable area	Reason for change

We have commenced the scheduling process for the 2025/26 internal audits and there have been some minor changes to timing of reviews. This includes Risk Management moved to Q2, Capital Expendture moved to Q1, Data Quality and Performance Reporting moved to Q1 and Workforce Development Strategy has moved to commence in Q3. The DFG Grant Verification timing is under review and being scheduled.

Detailed below are the changes to the 2024/25 internal audit plan reported to the previous meetings of the CGC (January and March 2025):

Note	Auditable area	Reason for change
1	**Home and Hybrid Working Adivsory Review** (replaces the Development Management)	The CEO and Section 151 Officer requested we complete this review as it would add more value than the audit contained within the original 2024/25 IA plan.
2	**Committee Governance Structure** (replaces Asset Management Records, HDC properties)	The CEO and Section 151 Officer requested we complete this review as it would add more value than the audit contained within the original 2024/25 IA plan.
3	**Audits deferred from 2024/25 plan:** • Risk Management, implementation of strategy & follow up of previous actions • Corp Gov Scheme of Delegations • All Services, Contract Management • Partnership Working • All Services, Contract Management • Data Quality Standard Compliance	RSM has been informed that six audits from 2024/25 have been (informally) deferred by the previous internal audit manager during the current financial year. Of these six reviews, four had previously been deferred from the 2023/24 internal audit plan.
4	**Audits not commisioned from external specialists from 2024/25 plan:** • Facilities Management and ICT • Critical Application Security • Follow Ups, previous ICT actions • Immutable Backups • IT Governance and Strategy	Five IT reviews previously planned have not yet been delivered during 2024/25. Historically HDC commissioned these reviews externally. RSM is currently in discussions with the Section 151 Officer with regards to provision of a technology risk assignment for the 2024/25 internal audit plan.
5	**Additional Audits to be delivered in Q4 2024/25:** • IT Key Control / Cyber Essentials • Follow Up of previous actions / recommendations	RSM have agreed with the Section 151 Officer to undertake two reviews in Q4 of 2024/25 to provide some assurance around the key IT / Cyber controls in place at the Council and to undertake an independent review of previously agreed management actions / recommendations and provide some assurance that these issues and risks identified are being mitigated.

Annual Report 2024/25

Our Annual Report for 2024/25 has been submitted to this meeting as a separate agenda item.

Information and briefings

RSM has appended the following client briefings as information for members and officers:

- Driving Value for Artificial Intelligence (AI) – March 2025
- Client Briefing on Employment Right Bill – March 2025

FOR FURTHER INFORMATION CONTACT

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Alastair Foster, Managing Consultant

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Telephone: 01908 687800

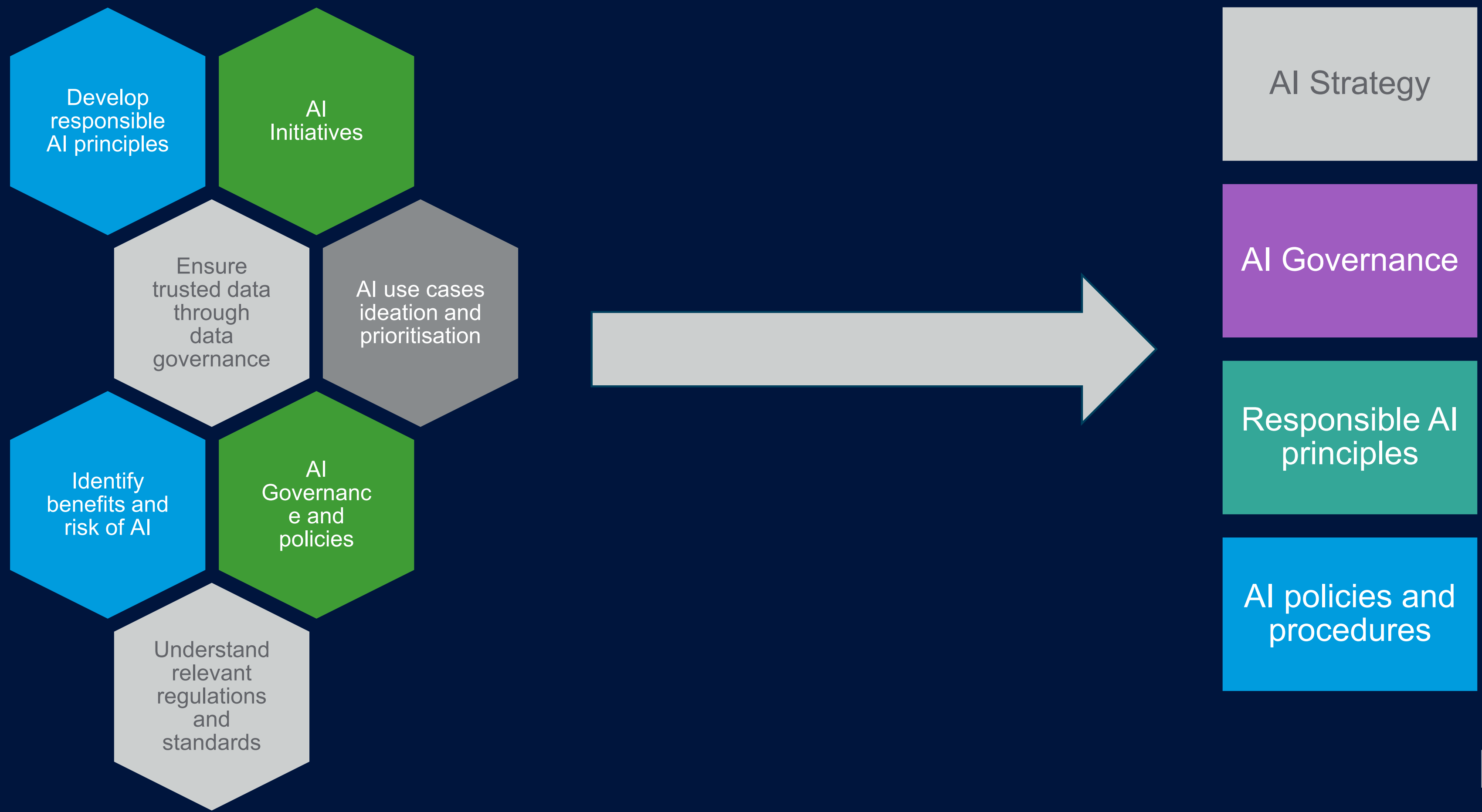
rsmuk.com

Driving value from AI

March 2025

RSM

Business value driven approach



RSM

Responsible AI principles

Data Privacy

Any data being used within AI models is collected, processed and stored in a way that complies with legal and regulatory requirements

Validity and Reliability

Ensuring AI systems accurately perform their intended tasks, while consistently producing stable results across different scenarios

Safety and Security

AI systems should be protected against breaches, misuse and other risks

Accountability

Ensuring clear responsibility for the outcomes of AI systems, including the ability to explain and justify decisions and actions

Ethics

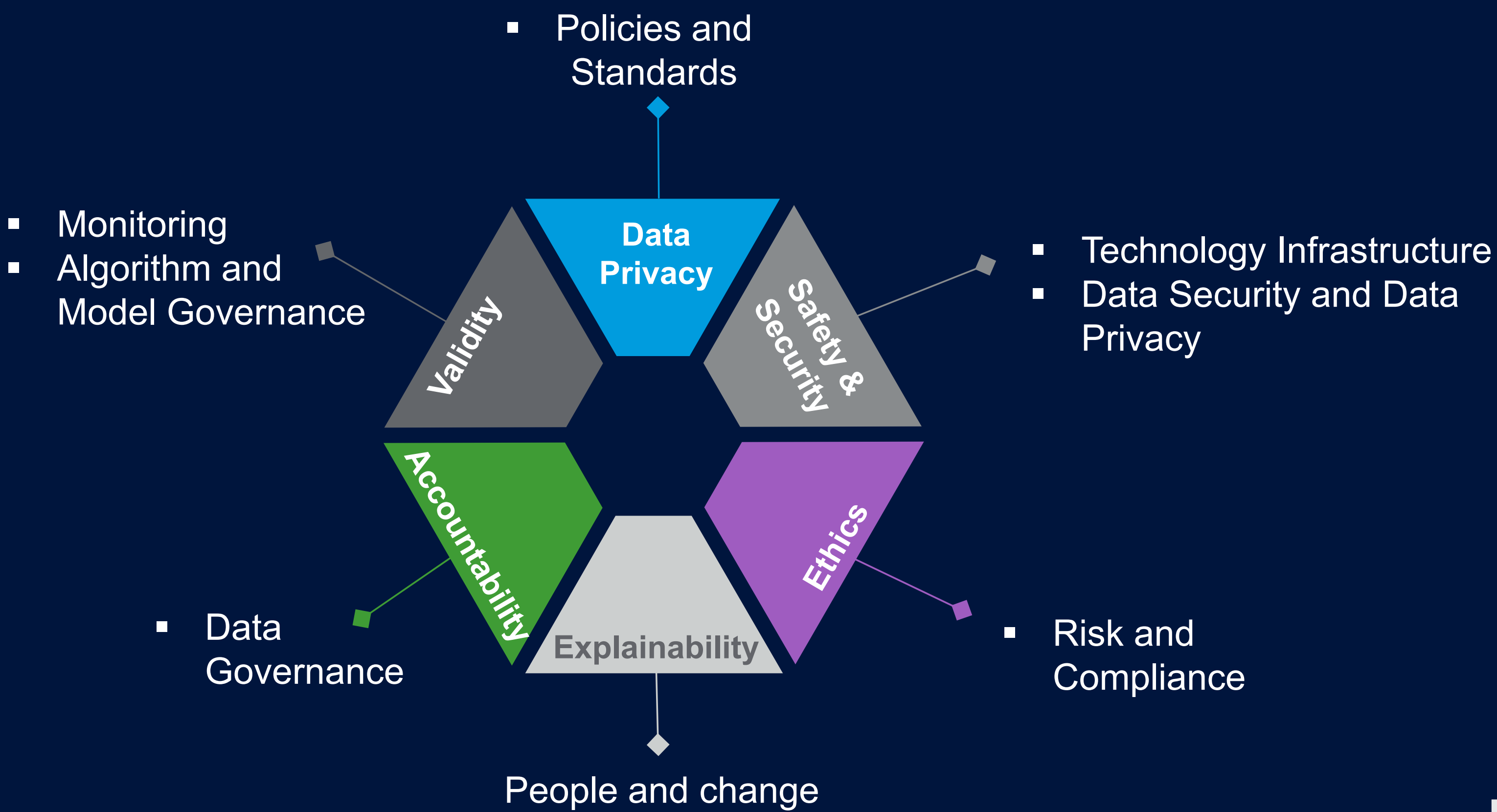
Ensuring models adhere to ethical guidelines and standards and are used responsibly and do not cause harm or injustice

Explainability

Can your AI solution provide reasoning for any decisions and actions

RSM

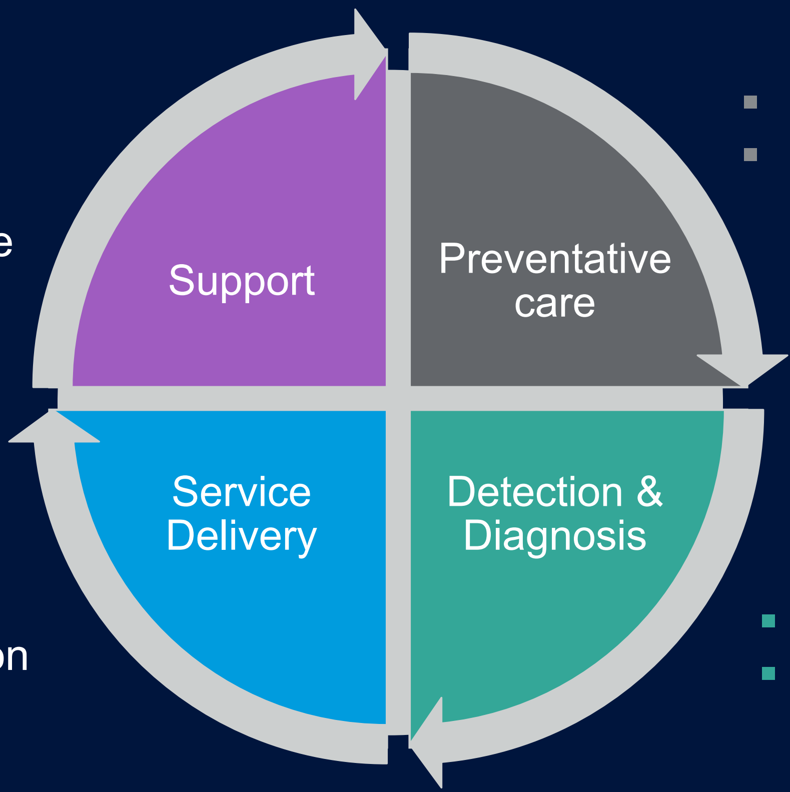
Components of AI Governance



RSM

AI in the healthcare value chain

- Front line support
- Support functions
- Reporting and Compliance



- **Wellness**
- **Self care and Prevention**

- Care delivery
- Monitoring and remediation

- Diagnostics and Personalisation
- Decision Support

Getting started with an AI strategy

Your AI strategy should align to your data strategy and be underpinned by concrete use cases and strong governance.

AI strategy

- Purpose led
- Use cases
- Data
- Organisation and talent
- Technology
- Governance

RSM

AI and ML risks and how to mitigate against them

It is imperative to ensure your AI solutions are fair, transparent, ethical and free from harm, and that your employees are properly equipped to use them.

Risk area	No.	Risks	Mitigation
Legal / regulatory / compliance	01	▪ Use of unauthorised data ▪ Accidentally sharing sensitive / client / personal data ▪ Explainability challenges	AI policy & guardrails AI assurance plan
Reputational / ethical	02	▪ Use of too much or too little data / data availability ▪ Incorrect outcome for you or your customer ▪ Bias and lack of transparency ▪ AI decisional risks and uncertain outcomes ▪ AI / ML attacks	Data strategy Cyber security controls
Internal competencies	03	▪ Shadow IT / teams experimenting without supervision or guardrails ▪ Lack of AI strategy / governance ▪ Lack of AI capabilities ▪ Lack of technical platforms to support AI use cases	AI strategy Digital strategy
Adoption	04	▪ Internal resistance ▪ Lack of education and awareness ▪ Poor user experience ▪ Talent management and development	AI education programme AI communication plan

RSM

Contact: Mohi Khan

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Employment Rights Bill update

19 March 2025

Employment Rights Bill – March 25 update

The Government's amendments to the Employment Rights Bill, have now passed through the House of Commons, and await the final stage of scrutiny from the House of Lords. The Government maintains the view that the Bill will increase productivity and create the right conditions for growth, with its stated aims to put more money in working people's pockets and making wages fairer and more secure.

However, with employers facing cost pressures from the April increase in NIC and NMW rates, some amendments will add to those woes, although there are some positive changes. The amendments are likely to be introduced given they have Government backing and whilst most changes won't take effect until 2026, there will be plenty for employers to do to get ready.

The key amendments are:

Right to guaranteed hours of work, reasonable notice for the cancellation and curtailment of shifts to include agency workers as well zero hours and low hours workers

This closes a loophole that might have led to employers circumventing the proposed rules for zero hours workers by sourcing temporary work from agencies instead. Other anti-avoidance provisions have been included to prevent the employer from purposely reducing the number of hours to lower the guaranteed hours of work they must offer or from having to do so at all. Whilst that may be hard to prove in theory, it opens the door for further litigation risk for employers and employment agencies too.

Among a myriad of concerns, these rules will also leave employers having to price in the uncertainty of the future cost of paying for work that isn't required if in the preceding 12 weeks casual workers have worked unusually high levels of hours and have accepted the offer of guaranteed hours of work.

200% penalties for underpaying holiday pay or SSP

The Fair Work Agency will have the power to issue notices of underpayment in relation to holiday pay and statutory sick pay in much the same way that HMRC currently has the power to do for underpayments of NMW. Enforcement powers will also apply in respect of the previous 6 years.

Fines for failing to maintain holiday pay records for 6 years

All employers will have to maintain adequate records that show compliance with holiday entitlement and pay obligations for a period of 6 years or be liable to a fine.

Secretary of State to have power to bring Employment Tribunal claims on behalf of workers

In a strange development the Secretary of State will have power to make an employment tribunal claim on behalf of a worker, and to provide legal assistance to parties involved in a claim. There appears to be no limitation to what claims this will apply to.

Currently, the conciliatory service ACAS, is the only government agency which is involved in tribunal claims but for the purposes of getting the parties to resolve disputes outside of the tribunal process. This amendment gives a government agency the power to step in on behalf of a worker to bring a claim against their employer. It is not clear what this is intended to tackle, and its application will really depend on what resources the government will have at its disposal. If this will be the remit of the Fair Work Agency (FWA), the government may have to implement the Business and Trade Committee's recommendation of at least 1 FWA inspector per 10,000 workers by 2029, equating to approximately 3,000 inspectors. With only 600 NMW, EAS and GLAA inspectors currently, this will require some significant investment.

Umbrella companies to come under regulatory enforcement

The current compliance requirements for employment agencies will be extended to include umbrella companies (and possibly Employers of Record too). This means that for the first time, umbrella companies will come under the remit of the Employment Agency Standards inspectorate (to be replaced by the FWA). Alongside this, the Treasury has announced its intention to bring forward legislation to make the agency that supplies the worker accountable for PAYE, or the end user if there is no agency.

Tougher sanctions for failing to consult but a relaxation of the establishment rule

The penalties for failing to collectively consult will be more severe as the maximum award would be increased from 90 days' gross pay to 180 days' gross pay for each affected employee.

The original draft of the Bill extended the collective consultation obligations to the entire business rather than limited to each single establishment placing, creating a considerable administrative burden in the case of small geographically focussed restructures. However, to welcome relief, collective consultation will still only be required in respect of proposed redundancies at a single establishment, although there is scope for the Government to introduce future thresholds.

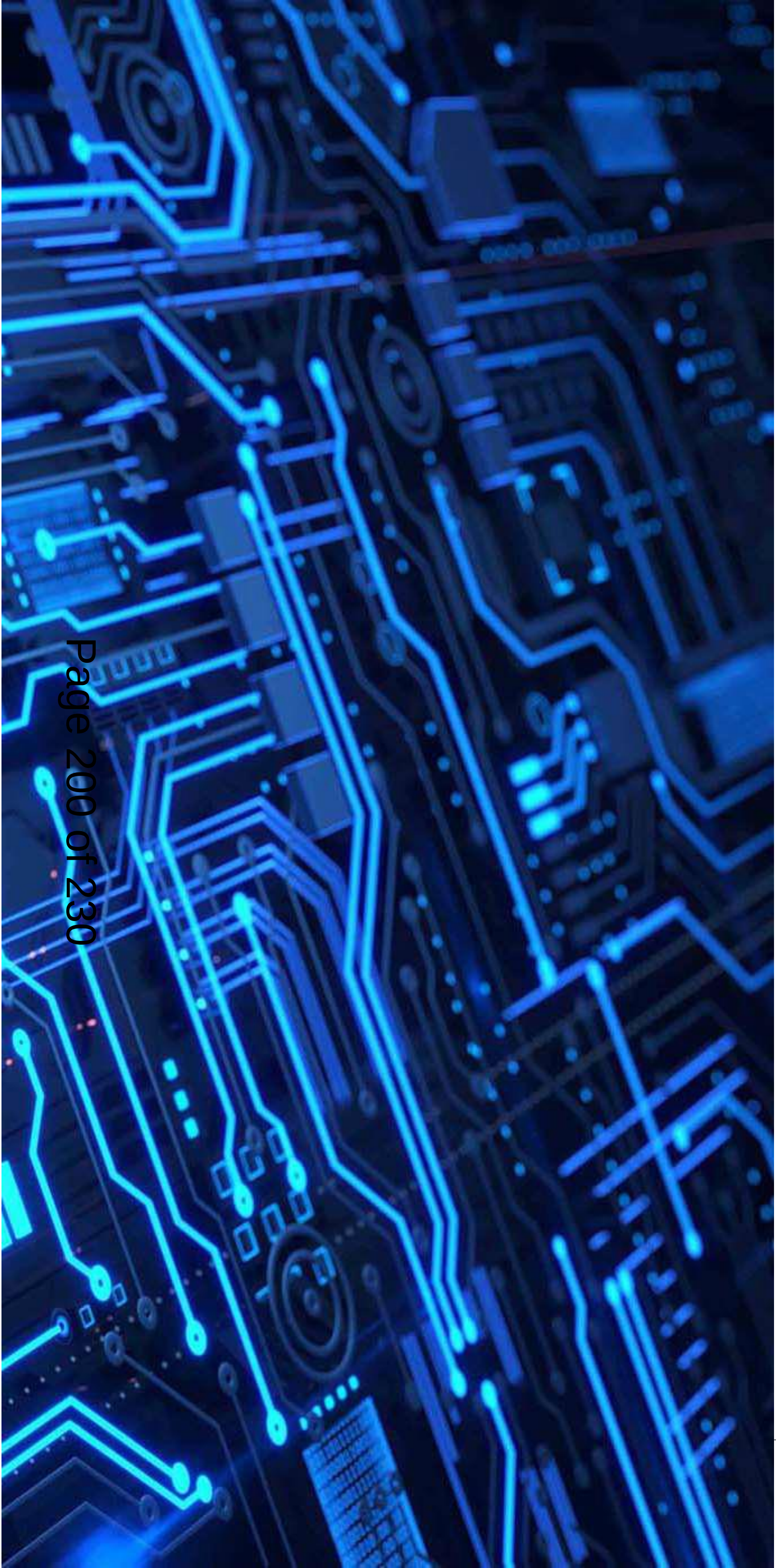
Broadening out of Trade Union access

The rights of access to workplaces will be extended beyond physical entry to include communications by any means, placing further notification obligations on employers even where TU recognition may be less sought after

Statutory sick pay rate to increase

The weekly rate of SSP to be the lower of £118.75 or 80% of employee's normal earnings from 6 April 2025. This is on top of the day one right to SSP introduced in the first draft of the Bill. This will not impact those employers who choose to pay enhanced company sick pay from the first day of sickness absence, but it will increase costs for those that only pay SSP from the fourth consecutive day of sickness absence.

Some employers will remain sceptical about whether the change will do anything to address the issue of an increasing number of employees taking leave of absence due to sickness. However, the Government's view is that allowing employees to take time off to recover will encourage them to stay in work rather than risk dropping out altogether.



RSM

If you would like to speak to a member of our legal team for an Employment Rights Bill readiness review, discuss your current preparations or have any technical queries, then please reach out to your usual RSM contact or Charlie Barnes.

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Head of Employment Legal
T +44 (0) 23 8064 6581
charlie.barnes@rsmuk.com

LEADING FIRM
Legal500
UNITED KINGDOM
2025

Testimonials received from Legal 500, 2024

“The RSM UK Legal LLP team is a dedicated, and highly experienced team. The client care is an important part of their day-to-day advice, whilst ensuring that the support is always available. Their professionalism, efficiency, and clear communication make any complex project manageable.”

“Product led employment service provided by the accountancy business. Different approach to the standard solicitor offering but excellent for issues such as minimum wage and other compliance concerns.”

“Approachable and a pleasure to work with…..very helpful and understanding towards our brand's vision and values.”

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Public
Key Decision – No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Draft Annual internal audit report 2024/25
Meeting/Date:	Corporate Governance Committee 18 June 2025
Executive Portfolio:	Executive Councillor for Governance & Democratic Services Cllr Jo Harvey
Report by:	Corporate Director – Finance and Resources
Wards affected:	All

Executive Summary:

RSM have prepared a draft annual internal audit report for 2024/25. This is the annual report that the Head of Internal Audit prepares to give assurance on the compliance with the governance framework. RSM will present the report to the Committee setting out the reasons for the opinion for 2024/25 being disclaimed.

Recommendation:

The Committee is

RECOMMENDED

to note, comment on and accept the draft Annual internal audit report for 2024/25.

1. PURPOSE OF THE REPORT

1.1 This report sets out for the Committee the draft Annual internal audit report for 2024/25 based on the professional judgement of the partner from RSM acting in the capacity of Head of Internal Audit.

2. BACKGROUND

1.1 The activities of the Internal Audit team are pivotal to the organisation's governance, risk management and control processes. The findings of audit reviews demonstrate compliance with controls and processes or identify where improvements need to be made. This is an inherent element of Priority 3 of the Corporate Plan (2023-2028) which is about 'doing our core work well' through 'delivering good quality, high value-for-money services with good control and compliance with statutory obligations'.

1.2 RSM have prepared the annual report based on their appointment from January 2025.

1.3 The report is appended to this report and will be present to the Committee by RSM.

3. LEGAL IMPLICATIONS

3.1 None

4. RESOURCE IMPLICATIONS

4.1 No additional resource requirements arise from this report.

5. LIST OF APPENDICES INCLUDED

Appendix 1 – Draft Annual internal audit report 2024/25 prepared by RSM LLP

CONTACT OFFICER

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HUNTINGDONSHIRE DISTRICT COUNCIL

DRAFT - Annual internal audit report 2024/25

31 March 2025

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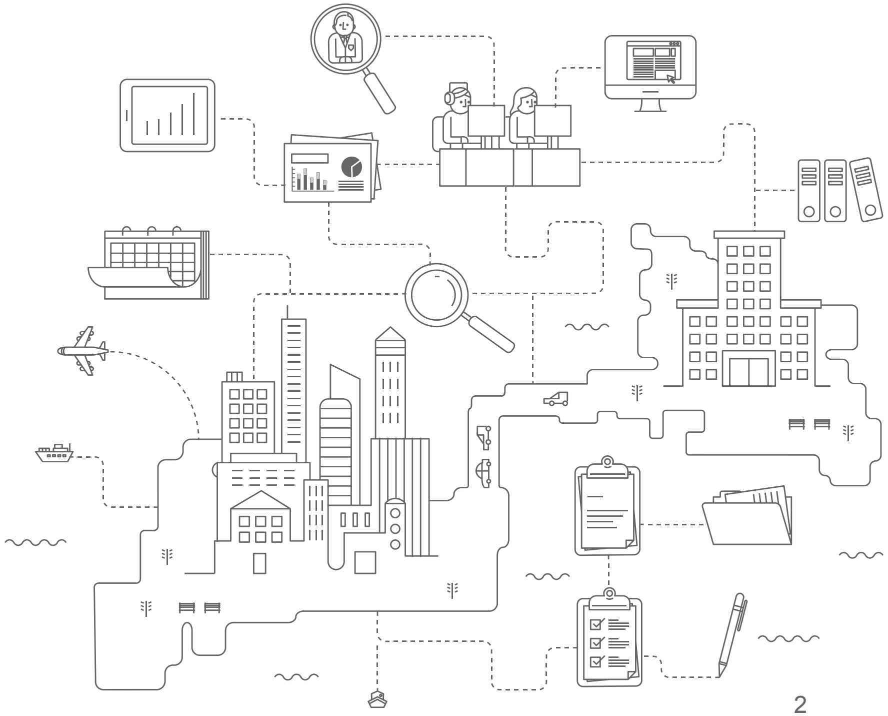

THE DRAFT ANNUAL INTERNAL AUDIT REPORT – DISCLAIMER OPINION

The DRAFT annual internal audit opinion is based upon, and limited to, the work performed on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. For the 12 months ending 31 March 2025 the head of internal audit report has concluded as follows:

Disclaimer Opinion:

A professional opinion on risk management, control and governance processes for the 2024/25 financial year as required by the Public Sector Internal Audit Standards (PSIAS) cannot be provided. There has been insufficient internal audit coverage that would comply with those standards to conclude on the adequacy and effectiveness of the Council's arrangements in 2024/25 as previously notified to the Corporate Governance Committee, Senior Leadership Team, including the Section 151 Officer and Chief Executive.

Reason for disclaimer opinion:

RSM were appointed on 20 January 2025 to initially support the Council in Q4 2024/25 with the delivery of some audits, support the in-house internal audit team, determine the status of the 2024/25 internal audit plan and provide an annual report for 2024/25. We had already concluded on our appointment, based on the independent EQA readiness assessment report, commissioned by the Council, and the gaps identified that the in-house internal audit team had not fully met the PSIAS in 2024/25 (for example we are not aware that any of the 4 high and 2 medium recommendations from the EQA readiness report have been implemented). We noted that recent years have resulted in various limitation of scope position statements within the Council's annual reports (this was the position for risk management and governance in 2023/24), with the 2022/23 annual report also concluding a limited (negative) opinion on the Council's risk management arrangements.

It remains management's responsibility to develop and maintain a sound system of risk management, internal control, governance and for the prevention and detection of errors, loss or fraud. The work of internal audit is not and should not be seen as a substitute for management responsibility around the design and effective operation of these systems.

Scope and Limitations

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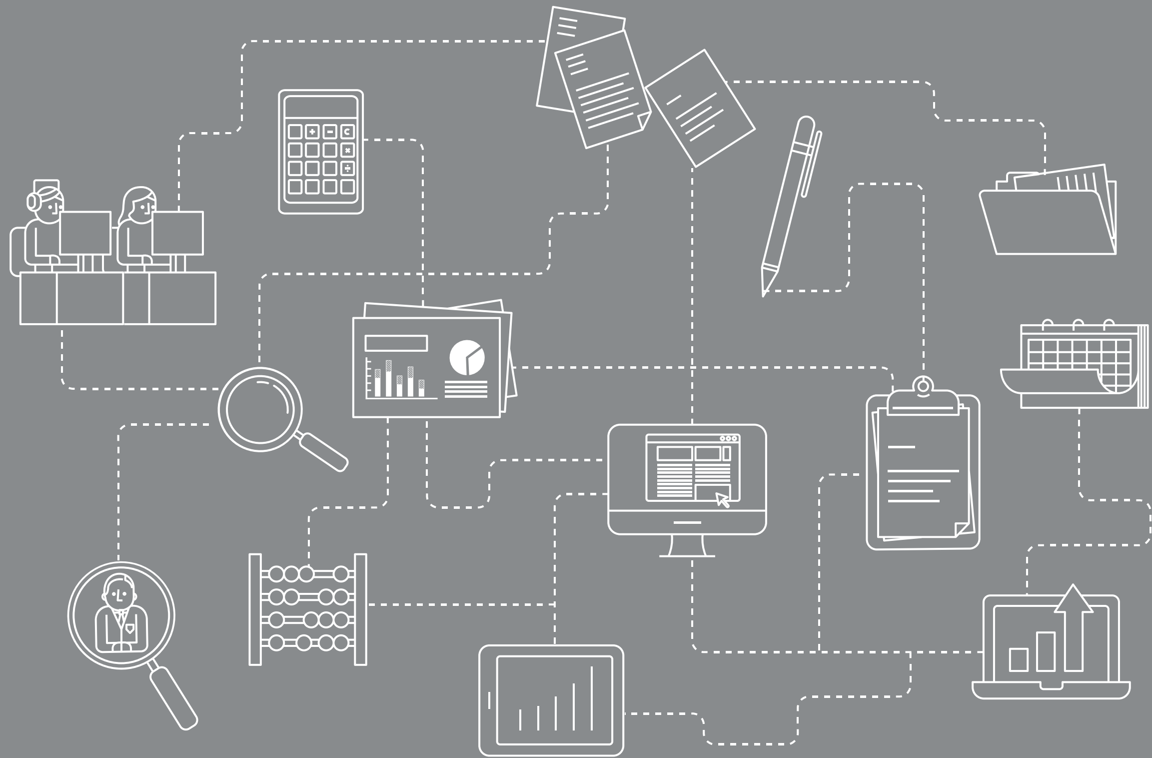


1 SCOPE AND LIMITATIONS OF OUR WORK

The formation of our draft opinion is achieved through a risk-based plan of work, agreed with management and approved by the Corporate Governance Committee (CGC), our opinion is subject to inherent limitations, as detailed below.

- Internal audit has not reviewed all risks and assurances relating to the organisation. Internal Audit coverage in 2024/25 has been limited following various changes to the Internal Audit team, including changes to the Head of Internal Audit, staff movements and resourcing challenges within the team. RSM were appointing in January 2025 to provide co-sourced internal audit support.

- The **disclaimer opinion** is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. The assurance framework is one component that the board takes into account in making its annual governance statement (AGS) to the Board (through the CGC).

- RSM had not prepared a risk-based plan for the 2024/25 financial year as we were appointed in mid-January 2025 as the co-sourced internal audit provider. An internal audit plan for 2024/25 was derived by a previous in-house internal audit manager and we understand developed using a previous risk management framework. This framework has not been subject to internal audit review and evaluation since 2022/23, and in 2022/23 a limited (negative) opinion was provided at the year-end by the Head of Internal Audit on the risk management arrangements.

  It should be noted that the Council has been actively working to further enhance and strengthen the risk management framework in 2024/25, with significant investment in this area in the last six months of 2024/25. For example, a new, refreshed strategic risk register has been drafted). We note there have been resourcing challenges and changes in senior staff in internal audit, which has we understand resulted in a lack of oversight and support to team members.

- The planned internal audit work for 2024/25 has been subject to various postponements / cancellations, and a total of 11 reviews initially planned were deferred to subsequent financial years and not replaced with other reviews in year. We are therefore of the view that sufficient internal audit coverage has not been performed to allow the provision of an annual opinion on the risk management, governance and internal control arrangements for 2024/25.

- We noted in our proposal document that 2023/24 had resulted in a ‘Limitation of scope’ position statement within the annual report, specifically in relation to the annual opinion on the control environment. The annual report stated: ‘This quantum of change has meant the 2023/24 Internal Audit plan was not fully implemented. Consequently, there is a temporary “limitation of scope” when reporting the annual opinion on the control environment. A “limitation of scope” can arise where there is a potential reduction in the level of assurance when developing an annual opinion. This should not be confused with an “adverse opinion,” which arises when sufficient work has been completed, and this concludes that internal control arrangements are not adequate and effective.’

- The disclaimer opinion is based on the findings and conclusions of the agreed work that has been delivered in 2024/25 which was limited to the area under review and agreed with management and lead individuals.

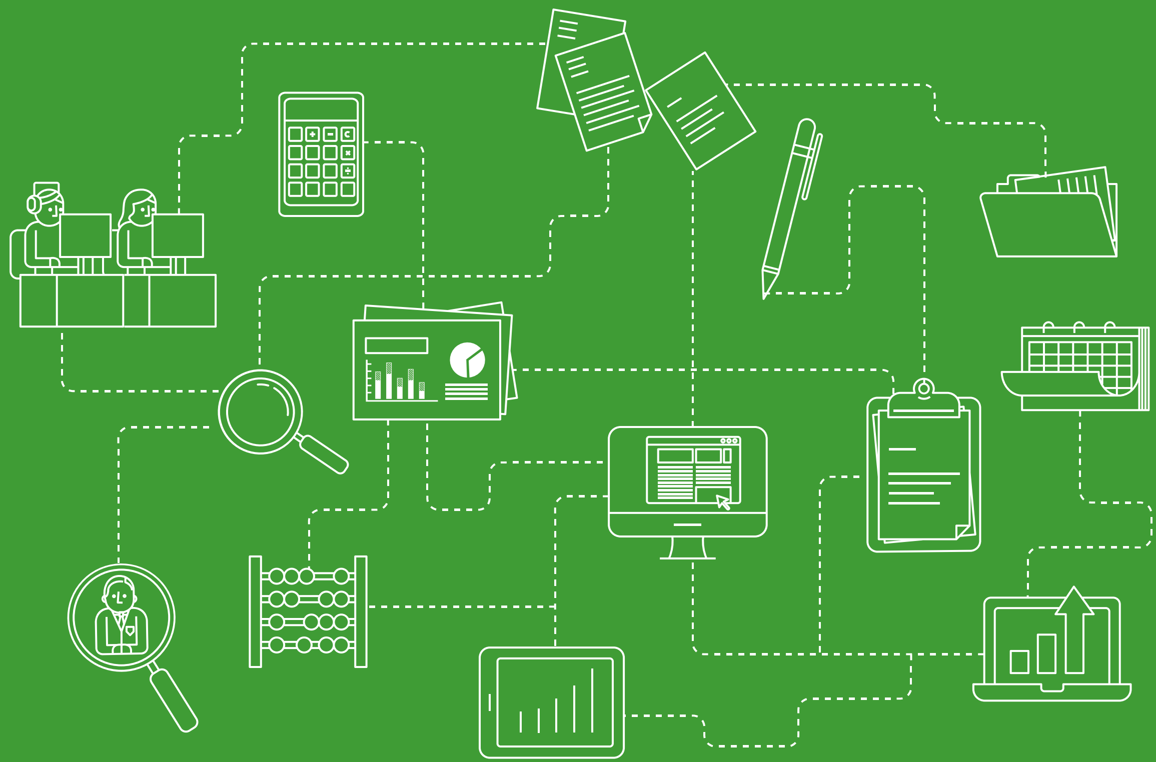
- Where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance. Due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to our attention.

- The matters highlighted in this report represent only the issues we encountered during our work. It is not an exhaustive list of all weaknesses or potential improvements. Management remains responsible for maintaining a robust system of internal controls, and our work should not be the sole basis for identifying all strengths and weaknesses.

- This report is prepared solely for the use of the CGC and Senior Management.

Informing Our Disclaimer Opinion

02



2 FACTORS AND FINDINGS WHICH HAVE INFORMED OUR DISCLAIMER OPINION

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

Governance
In Q4 we completed a Governance audit (Committee Structure Governance) that resulted in a reasonable assurance opinion, identifying some improvement actions and areas where controls could be further enhanced. Each Local Authority (and the internal audit team) is required to comply with the PSIAS. The Chief Executive Officer and Section 151 Officer engaged proactively with RSM during Q3 of 2024/25 in order to address potential shortcomings in internal audit provision in the current financial year. RSM were subsequently appointed in Q4 to assist with completion of the revised internal audit plan for the remainder of the 2024/25 financial year. The Council commissioned an independent External Quality Assessment (EQA) readiness review in 2024/25 (final report issued in August 2024). This identified a number of significant gaps with EQA readiness in key areas, raising four high and two medium actions. It concluded that these improvement areas needed to be addressed in preparation for an EQA. We were advised that a number of these actions and improvement areas remained outstanding in 2024/25, but a solution has now been put in place to comply with the standards by appointing RSM as the co-source provider in 2025/26. Based on the EQA readiness assessment report produced by BDO, the gaps identified and the lack of evidence to confirm that these issues had been addressed prior to our arrival in January 2025, we consider that PSIAS will not have been met in 2024/25 (for example we have confirmed with the S151 Officer that none of four high and two medium recommendations had been implemented at the time of our appointment). Following our appointment, these issues have now been addressed, and we have been working closely with the in-house team, CEO and S151 Officer to demonstrate compliance with PSIAS and the new Global Internal Audit standards in 2025/26. We have previously flagged to the Chief Executive Officer, S151 Officer, senior leadership team and CGC that PSIAS have not been met in 2024/25. RSM audits are compliant with PSIAS and the new Global Internal Audit Standards that are effective from January 2025. The work we have overseen, that has been delivered by the in-house team has been compliant with these standards. In terms of compliance with PSIAS we have explained that these standards have not been met for the majority of the 2024/25 financial year on the basis that limited assurance work has been completed year to date, and that 11 audits on the initial internal audit plan for the year have either been cancelled or deferred to other financial years. In addition to this, the Internal Audit Team does not have an Internal Audit Manual in place (to direct planning, reporting, sampling and testing etc). Consequently, this element of governance arrangements require improvement in 2025/26, but a solution is in place to address these issues.

Risk Management

We did not undertake any specific audits directly on the Council's risk management arrangements and there has not been internal audit coverage of the risk management framework since a limited assurance (negative) opinion issued in the 2022/23 financial year. We therefore cannot provide an opinion on the effectiveness, design and operation of the Council's risk management framework for the current financial year.

We confirmed the Corporate Risk Register (CRR) was reviewed by the Corporate Governance Committee on 29 May, 9 July, 25 September 2024, 29 January and 25 March 2025.

We are aware that a number of improvements were being made to the risk management framework in the latter part of 2024/25. This includes a review and update to the corporate risk register, guidance and reporting processes to ensure that the framework is fit for purpose. There will additionally be focus on operational risk once the key changes to the strategic/corporate risk framework are embedding.

We have scheduled an internal audit of the Risk Management framework for quarter 2/3 of the 2025/26 Internal Audit Plan. This is in order to allow some of the changes that are being made to embed. The CRR dated March 2025 has been completely over-hauled and was sufficient to inform our internal audit plan priorities for 2025/26 (along wide wider discussions with management and other information), and we have observed that updates on the CRR have been made regularly to the senior leadership meetings we attend, and the CGC. However, the risk management framework on which to derive the initial risk-based internal audit plan for 2024/25 was in need of improvements.

Internal Control

A total of only 13 internal audit reviews were completed in 2024/25, three of which were advisory reviews with no assurance opinion. Of the 10 assurance reviews, four provided limited (negative) assurance opinions. Two of the limited assurance reviews covered some core systems, these included Key Financial Controls and the Code of Procurement. The remaining two limited assurance reviews covered One Leisure Pool Operations, and a Review of Commercial Estates Rent Review Processes and Invoicing. Four reviews concluded with reasonable assurance and the Follow Up audit provided a reasonable progress opinion. The final review was in relation to a **Cyber Essentials Readiness Assessment** (DRAFT) which agreed two high and six medium priority management actions.

Of the three advisory reviews, one review of Councils Home and Hybrid Working arrangements was specifically commissioned by the Chief Executive who had concerns in this area, and the review identified some significant issues that require some urgent work to address the issues identified. The two other advisory reviews did not identify any high rated actions.

The key findings from each of the negative assurance reports and the two advisory reviews significant findings are detailed below.

Please note the four limited assurance reviews (details below) were completed by the in-house team and were not quality assured by RSM, and based on the EQA readiness assessment, may not comply with the PSIAS.

Key Financial Controls – Limited Assurance

The main issues identified from the audit were as follows:

- Accounts Receivable was not balancing, with discrepancies fluctuating between £54,000 to £86,000 each month. This was a known and ongoing issue.
- A significant portion of aged debt continued to increase, with debt over 90 days rising from £2.86m in April to £3.71m in August 2024. This indicated that older debts were not being effectively managed or collected.
- The approval process for journals over £850k occurred at month-end after the journals had already been posted, allowing unapproved high-value journals to impact financial records before they were formally reviewed.

Code of Procurement – Limited Assurance

The main issues identified from the audit were as follows:

- Code of procurement and procurement procedures required review and updating in line with the new procurement act.
- There was limited awareness of Code of procurement requirements and a lack of adequate interaction between the service teams and the procurement lead during the procurement and contract award process.
- Gaps in the completeness of the internal contracts register.
- Sample checks were not periodically performed on purchases to check that sufficient written quotes had been obtained. We noted management planned to ensure all waivers and contracts let without sufficient quotes were to be flagged as non-compliant for the attention of the Procurement Board.
- There was no centralised, periodic check by the procurement team to review how contracts were managed post award.
- Formal PO approval, invitation to tender and contract award hierarchy documents were not evident.
- The Procurement team was understaffed resulting in several key control activities not being performed.

One Leisure Pool Operation Records – Limited Assurance

Of 42 actions relating to pool and plant room health and safety, 25 were reported as implemented, 12 were reported as part-implemented and 2 were not implemented. 3 actions had no status update.

- 8 actions were selected from the high priority actions included within the 2023/24 health and safety audits which related to pool and plant room health and safety providing 27% coverage. Of the 8:
  - 4 actions were reported on the action plan as 'complete', however evidence of completion could not be provided for 2 actions.
  - 3 actions were reported as 'in progress' however 2 were verified as complete. 1 action remained underway despite an original due date for completion of 15/1/24.
  - 1 action had no status update however this was confirmed 'complete'. The 2024/25 follow up health and safety audits reported the same findings for the 8 actions.

Whilst the 2024/25 follow up health and safety audits reported an overall improvement in scores across the One Leisure sites, 289 actions were recommended, of which 31 were rated major risk and 156 were rated high risk.

There had been limited oversight and reporting over the implementation of the action plan, creating the risk that failures to address identified health and safety weaknesses are not promptly identified, escalated and remediated. During the audit, we were advised that the Business and Compliance Support Manager, who coordinated the action plan, was currently on secondment and there were no plans to fill this role.

Review of Commercial Estates rent review processes and invoicing – Limited Assurance

The main issues identified from the audit were:

- There was no documented guidance on Commercial Estates Management aspects such as rent review, in order to govern, how rent reviews were managed and conducted.
- Rent review and invoicing procedures had not been documented.
- Rental property records were not fully complete and required updating and there was no documented oversight control in place to review this information periodically.
- Rent reviews were not formally prioritised to ensure that they were completed in the most efficient manner.
- There was no portfolio wide reporting and oversight of completion status of rent reviews, despite reporting on other performance statistics to the Finance Performance Report submitted to Cabinet quarterly.
- Key controls applied during the invoicing process were not fully evidenced.

The following advisory review identified some significant issues (undertaken by RSM):

Cyber Essentials Assessment – Advisory but some significant issues (DRAFT)

The Cyber & Information Security Lead completed a self-assessment questionnaire in March 2025. Based upon the evidence available at the time of our fieldwork, we found that 33 of the 62 requirements from the five Cyber Essentials control themes had evidence to support the self-assessment that controls are established. Of the remaining 29 requirements, 19 were self-assessed as not implemented, three were not applicable, and issues were identified in the remaining 10. In particular, key issues for management attention were identifed in the areas of Boundary Firewalls and Internet Gateways, Secure Configuration, Security Update Management and Identity and Access Management.

Culture

We have not undertaken any specific work on culture or ethics as part of the 2024/25 internal audit plan. However, we have scheduled a review in 2025/26 to examine Complaints and Compliments, and we note from our regular attendance at the SLT (since February 2025), that the SLT members have a standing agenda item at its monthly meetings to review complaints received.

Our observations on culture across our reviews in quarter four have been generally positive but are limited to working with the Council for two months. We acknowledge the CGC's continued focus on the timely and accurate completion of audit actions, and delivery of the internal audit plan. We have supported management to move towards keeping greater oversight of delivery of the plan in Quarter 4 of 2024/25.

We have found that the SLT, including the CEO and Section 151 Officer engaged with us proactively during 2024/25 to appoint an internal audit provider that meets PSIAS. The leadership team has also been fully committed to the development of a risk based internal audit plan for 2025/26.

As well as the headline findings discussed above, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix A.

Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2024/25. One review remains in DRAFT.

Implementation of internal audit management actions

Our follow up of a sample of the actions marked by the Authority as 'implemented' that were agreed to address previous years' internal audit findings shows that the organisation had made **reasonable progress** in implementing the agreed actions.

Working with other assurance providers

In forming our disclaimer opinion we have not placed any direct reliance on other assurance providers.

Topics judged relevant for consideration as part of the annual governance statement

From the results of our internal audit work completed during 2024/25, the organisation should consider the issues identified in the following **limited assurance (negative opinions)** audits for inclusion within the annual governance statement, along with any action already taken or planned to address the issues identified:

- Code of Procurement
- Key Financial Controls
- One Leisure Pool Operations
- Review of Commercial Estates Rent Review Processes and Invoicing.

We have also completed one **advisory review** (Cyber Essentials Assessment), and whilst this review was advisory, it identified some significant issues where prompt action is required to improve the control framework. These findings should be considered when preparing the AGS.

Management should also continue to pay particular attention to the action tracking process in place and ensure that the actions from the negative assurance reviews are tracked, to ensure these weaknesses identified are addressed in a timely manner.

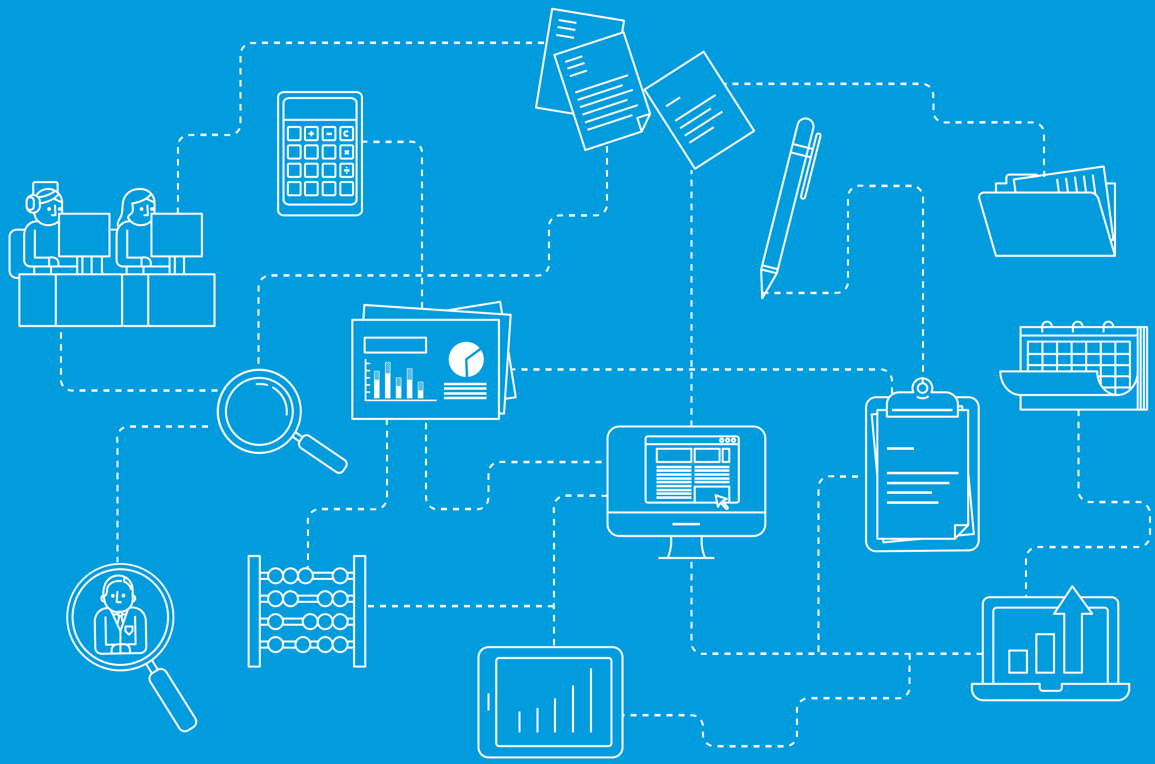
The following matters should also be considered for inclusion within the AGS:

- The disclaimer opinion for 2024/25 by Internal Audit on the Council's Risk Management, Governance and Internal Control arrangements.
- The Council has not had in place a consistently compliant internal audit function that fully met the requirements of the PSIAS for 2024/25.
- A significant proportion of the initial risk-based plan had been deferred to future financial years.

There has been no direct internal audit coverage or review of the risk management arrangements / framework since 2022/23, with the last review concluding a limited assurance opinion (although we do note that a lot of activity has occurred in Q4 2024/25 to stregthen the risk management framework and refresh the CRR).

Our Performance

03



3.1 Wider value adding delivery

Area of work	How has this added value?
Best Practice	Shared best practice across the sector through our work.
Use of specialists	We have utilised specialists to support the delivery of the Internal Audit plan in 2024/25, such as the use of technology risk auditors in the Cyber Essentials Readiness Review.
Attendance at Corporate Leadership Team (CLT)	We have regularly attended the CLT meetings in Q4 of 2024/25 to present on progress in the delivery of the remainder of the internal audit plan.
RSM's Emerging Risk Radar	We provided our latest Emerging Risk Radar, which analyses the responses from board members and professional advisors in relation to emerging events or threats that could impact a business either negatively or positively.
Client Briefings	In our regular news briefings, we drew attention to some of the key developments and publications in the industry. These include areas such as the Global Internal Audit Standards, Cyber Briefings and covering Failure to Prevent Fraud legislation.

3.2 Conflicts of interest

We provide risk management software (Insight), to the Authority and some risk management support. Our work has been completed under separate Letters of Engagement and has been independently undertaken by separate management teams and partners, independent of the internal audit team. We considered any potential conflict ahead of undertaking the internal audit provision and concluded that any potential conflict could indeed be managed. Therefore, we do not consider any conflicts of interests need to be declared. Internal audit therefore remains independent in delivering the audit plan during 2024/25.

3.3 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Global Internal Audit Standards, the wider International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA. Our next external quality assessment (EQA) will take place in 2026.

Under the Standards, internal audit services are required to have an EQA every five years. The RSM UK Risk Assurance service line commissioned an external independent review of our internal audit services in 2021, to provide assurance as to whether our approach continues to meet the requirements.

The external review concluded that RSM 'generally conforms* to the requirements of the IIA Standards' and that 'RSM IA also generally conforms with the other Professional Standards and the IIA Code of Ethics. There were no instances of non-conformance with any of the Professional Standards'.

* The rating of 'generally conforms' is the highest rating that can be achieved, in line with the IIA's EQA assessment model.

It should be noted that this section only applies to the work delivered by RSM and that we cannot confirm compliance with PSIAS for the non-RSM work.

3.5 Quality assurance and continual improvement

To ensure that RSM remains compliant with the Internal Audit Standards we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

3.6 Performance indicators – for RSM delivered audits in 2024/25

	Delivery				Quality		
	Target	Actual	Notes		Target	Actual	Notes
Audits commenced in line with original timescales*	Yes	Yes		Conformance with IIA Standards	Yes	Yes	
Draft reports issued within 10 days of debrief meeting	10 days	5 / 5 (100%)		Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes	
Management responses received within 10 days of draft report	10 days	3 / 4 (75%)	The exception was Home and Hybrid Working	Response time for all general enquiries for assistance	2 working days	2 days	
Final report issued within 3 days of management response	3 days	4 / 4 (40%)		Response for emergencies and potential fraud	1 working day	1 day	

Notes
* This takes into account changes agreed by management and Corporate Governance Committee during the year. Through employing an agile or a flexible approach to our service delivery we are able to respond to your assurance needs.

Appendices

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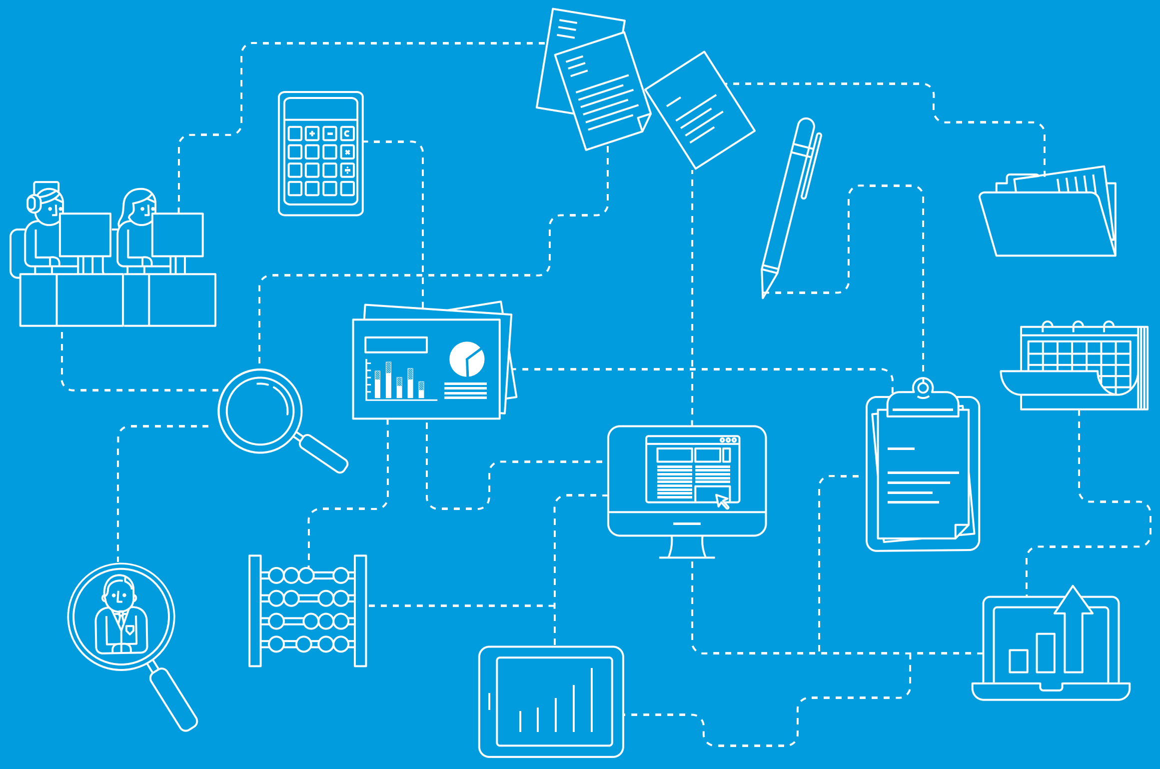

APPENDIX A: SUMMARY OF INTERNAL AUDIT WORK COMPLETED

All of the assurance levels and outcomes provided below should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Executive lead	Review delivered by In-House Team / RSM	Status / Opinion issued	Actions agreed		
				L	M	H
One Leisure, Pool Operation Records	Corporate Director (Communities)	In House (QA by RSM)	Limited Assurance	0	2	2
Review of Commercial Estates rent review processes and invoicing	Director of Finance and Corporate Resources	In House	Limited Assurance	1	2	2
Code of Procurement	Director of Finance and Corporate Resources	In House	Limited Assurance	0	3	4
Key Financial Controls	Director of Finance and Corporate Resources	In House	Limited Assurance	7	4	2
Home and Hybrid Working	Chief Executive Officer	In House (QA by RSM)	Advisory – some significant issues	3	9	2
Cyber Essentials Readiness Assessment - DRAFT	Chief Digital and Information Officer	RSM	Advisory – some significant issues	2	6	2
Budget Management; financial sustainability	Director of Finance and Corporate Resources	In House	Reasonable Assurance	0	6	0
Operations Vehicle Maintenance Processes	Chief Executive Officer	In House	Reasonable Assurance	0	5	0
Green Bin Implementation and transfer to BAU operations	Corporate Director (Communities)	In House	Reasonable Assurance	0	3	0
Committee Structure Governance	Director of Finance and Corporate Resources	In House (QA by RSM)	Reasonable Assurance	3	5	0
Follow Up of Management Actions	Director of Finance and Corporate Resources	RSM	Reasonable Progress	2	1	0
Minor works follow up	Corporate Director (Communities)	In House	No opinion - Advisory	0	3	0
DFG Grant Verification	Director of Finance and Corporate Resources	In House	No opinion - Advisory	0	0	0
TOTAL				**18**	**49**	**14**

Audits deferred from 2024/25 plan:

- Risk Management, implementation of strategy & follow up of previous actions
- Corporate Governance - Scheme of Delegations
- Partnership Working
- All Services, Contract Management
- Data Quality Standard Compliance
- Green Credentials on Projects already implemented
- Home Improvement Agency

IT Audits not commissioned from external specialists from the 2024/25 plan:

The following audits were included within the 2024/25 internal audit plan, and had historically been commissioned from an external provider with the subject matter expertise. However, these reviews had not been commissioned by February 2025 when RSM started working with the Authority. We agreed with the S151 Officer to consider these audits in the new internal audit strategy presented to and approved the CGC in March 2025.

- Critical Application Security
- Facilities Management and ICT
- Follow Ups, previous ICT actions
- Immutable Backups
- IT Governance and Strategy

APPENDIX B: OPINION CLASSIFICATION

RSM use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the board can take (please note a different opinion classification was used for the majority of the audits issued prior to January 2025 by the In-House Team):

Minimal Assurance

Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Urgent action is needed to strengthen the control framework to manage the identified risk(s).

Partial Assurance

Taking account of the issues identified, the board can take partial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action is needed to strengthen the control framework to manage the identified risk(s).

Reasonable Assurance

Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).

Substantial Assurance

Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

FOR FURTHER INFORMATION CONTACT

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CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list
29/01/2025	**Internal Audit Peer Review Challenge Actions – Update** To receive a further update on actions at the next Committee meeting.	25/03/2025	This work will be taken forward by the new Monitoring Officer, as the Head of Service, once they have taken up post.	Corporate Director – Finance & Resources	No
N/A	**Constitution Review Working Group** Constitution Review Working Group appointed at Annual Council on 15 May 2025.	N/A	The Working Group is scheduled to meet on 26 June 2025 to confirm the Council Procedure Rules final amendments, initial discussions on an updated Officers Scheme of Delegation and Substitutes Policy.	Elections & Democratic Services Manager	No
Corporate Governance Committee	To circulate the full audit report 2024/25, once received from the External Auditors, around to all Committee Members.		Completed – plan circulated by Democratic Services.	Suzanne Jones	Yes

	External Auditor's Annual Report 2023/24 Factual inaccuracies identified within the External Auditor's report – these would be picked up outside the meeting.		Request sent to EY for report to be amended.	Suzanne Jones	Yes
	Corporate Risk Register To identify changes to risk ratings between meetings in future reports. To review the Corporate Risk relating to Local Government Reorganisation in light of recent developments. To raise the Corporate Risk relating to the "Failure to effectively respond to the climate change agenda in the required timeframe" with Senior Management Team given the view that this risk was outside of the Council's control.		Will be included on the report scheduled for the July meeting.	Suzanne Jones	No

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

	Internal Audit Update Report To investigate the current position in respect of process notes to cover the green bin subscription fee process from start to finish.		Internal Audit have followed up on this action. The action was closed on 4action (the Councils action tracking software) on 28/04/2025 and process notes have been provided by the action owner and uploaded to 4action.	Daniel Harris	Yes
	Draft Internal Audit Plan 2025/26 (Including the Internal Audit Charter) To provide clarity on the term "Board" referred to within the Internal Audit Charter and incorporate this within the document.		The term "Board" refers to the Corporate Governance Committee (CGC). The Committee is the highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "Board" may refer to a Committee or another body to which the governing body has delegated certain functions (e.g. an Audit Committee).	Daniel Harris	Yes
	Internal Audit Actions Update		The suggestions have been noted.	Suzanne Jones	Yes

	Minor errors identified in the total numbers presented in the tables at 1.2 and 1.3 of the report. A suggestion was made to utilise excel going forward. Suggestion made to link the Internal Audit Actions Update report to relevant items on the agenda possibly under the Background Papers section.				