



A meeting of the **CORPORATE GOVERNANCE COMMITTEE** will be held in the **CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN** on **WEDNESDAY, 17 JUNE 2026** at **7:00 PM** and you are requested to attend for the transaction of the following business:-

AGENDA

APOLOGIES AND SUBSTITUTES

1. MINUTES (Pages 5 - 14)

To approve as a correct record the Minutes of the meetings of the Committee held on 18 March 2026 and 21 May 2026.

Contact Officer: Democratic Services - (01480) 388169

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.

Contact Officer: Democratic Services - (01480) 388169

3. CHANGE TO CONSTITUTION: ADOPTION OF NATIONAL SCHEME OF DELEGATION OF DECISIONS ON PLANNING APPLICATIONS (Pages 15 - 26)

To receive a report recommending the Committee and Full Council approve amendments to the Council's Constitution to reflect recent statutory changes to the planning system, particularly the introduction of a National Scheme of Delegation (NSoD) and revised limits on Planning Committee size. It also highlights the broader context of national planning reform, local peer review recommendations, and Local Government Reorganisation, all of which support improving efficiency, effectiveness, and delivery of growth through planning decisions.

**Contact Officer: C Kerr
(01480) 388430**

4. APPROVAL FOR PUBLICATION OF DRAFT 2025/26 STATEMENT OF ACCOUNTS (Pages 27 - 142)

To receive a report completing the processes for publishing the Council's unaudited Statement of Accounts for 2025/26.

Contact Officer: L Morrison
(01480) 388178
S Beard
(01480) 388731

5. EXTERNAL AUDIT PLAN (Pages 143 - 194)

To receive a report setting out the draft Annual Planning Report for the external audit work that EY will carry out in respect of the 2025/26 external audit work.

Contact Officer: L Morrison
(01480) 388178

6. CORPORATE RISK REGISTER (Pages 195 - 208)

To receive a report informing the Committee of the approach and work undertaken on the Corporate Risk Register, including the latest heat maps relating to the corporate risks.

Contact Officer: L Morrison
(01480) 388178

7. INTERNAL AUDIT PROGRESS REPORT (Pages 209 - 246)

To receive a report setting out a summary of the work undertaken by the Internal Audit Service since the Committee last met in March 2026.

Contact Officer: L Morrison
(01480) 388178

8. INTERNAL AUDIT ACTIONS UPDATE (Pages 247 - 276)

To receive a report setting out the current position with respect to implementation of actions arising from Internal Audit reports.

Contact Officer: L Morrison
(01480) 388178

9. INTERNAL AUDITOR'S ANNUAL REPORT - INCLUDING HEAD OF INTERNAL AUDIT OPINION 2025/26 (Pages 277 - 302)

To receive a report setting out the Annual internal audit report for 2025/26, based on the professional judgement of the partner from RSM acting in the capacity of Head of Internal Audit.

Contact Officer: L Morrison
(01480) 388178

10. CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT (Pages 303 - 306)

To receive the Corporate Governance Committee Progress Report.

Contact Officer: Democratic Services - (01480) 388169

9 day of June 2026

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

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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.

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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 Wednesday, 18 March 2026.

PRESENT: Councillor M J Burke – Chair.

Councillors J A Gray, P J Hodgson-Jones, A R Jennings, D J Shaw, I P Taylor and P Webb – Independent Member.

APOLOGIES: An apology for absence from the meeting was submitted on behalf of Councillor B S Chapman.

51 Minutes

The Minutes of the meeting of the Committee held on 28 January 2026 were approved as a correct record and signed by the Chair.

52 Members' Interests

No declarations were received.

53 Emergency Planning - Compliance Report

A report by the Community Resilience Manager was submitted (a copy of which is appended to the Minute Book) providing an update on the revised Emergency Planning operating model, detailing service delivery improvements and clarifying the Council's statutory duties and expectations as a Category 1 responder, in accordance with the Civil Contingencies Act.

The Community Resilience Manager introduced the report, making particular reference to the response to the Major Incident at Huntingdon Train Station in November 2025, which had been effective and had been highlighted at the Local Resilience Forum at County and National level, which the Committee commended.

In response to questions from the Committee, the Community Resilience Manager advised that Bronze operational training had taken place for 20 officers in late 2025, with further training scheduled in 2026. Having more officers trained would help bring extra resilience and prevent burnout as more rotation of officers could take place and ensure Council business was not affected. Furthermore, there had been a turnover of I-Grade Managers in the position of on-call Silver Command which needed to be replaced, so training was continuous.

Whereupon, it was

RESOLVED

that the Committee commented on and noted the current position as set out in the report.

At 7:13pm, Councillor Gray took his seat in the meeting.

54 Corporate Risk Register

A report by the Interim Corporate Director (Finance and Resources) was submitted (a copy of which is appended to the Minute Book) providing an update on the Corporate Risk Register and presenting a heat map relating to the current residual risk scores and a summary report. It provided the Committee with the opportunity to comment on and offer challenge to the Corporate Leadership Team as part of the active management of risks.

The Head of Democratic Services and Monitoring Officer introduced the report, noting that a Risk Manager had been appointed since the Committee's previous meeting, who would be joining in April 2026.

In response to questions from Committee regarding Risks 20-24, the Head of Democratic Services and Monitoring Officer advised that she believed these were new HR risks picked up from the comments at the Committee's previous meeting, but she would double check and respond to the Committee.

The Committee raised concerns regarding the number of staff yet to undertake mandatory Safeguarding training. There was a short period of time before the deadline for the training to be completed, and the Committee requested to receive the latest position of the figures as a matter of urgency, what steps could be taken to ensure all staff were trained and what sanctions were at HR's disposal to ensure the training was undertaken. The Head of Democratic Services and Monitoring Officer advised that there had been communication within the organisation regarding this matter and Managers were taking necessary steps to ensure their Teams were completing the training, however she would undertake to raise the concerns with management and HR, and a response would be circulated to the Committee.

Regarding staffing, the Committee asked whether the residual risk would have reduced from the high level it was at previously, and if that risk could be diminished because the Council was now a more attractive place to work. The Head of Democratic Services and Monitoring Officer advised that she would take that question away. The Risk Register was reviewed by the Corporate Leadership Team and she would provide that comment to them and give that consideration in the production of the report to the next Committee meeting.

In response to a question from the Committee regarding the recent internet outage, the Chief Digital Information Officer advised that Officers undertook lessons learnt with any incidents. One of the activities that had been undertaken since the recent internet outage was to better understand and enhance the Business Continuity Planning Arrangements.

Whereupon, it was

RESOLVED

that the Committee commented on the reports in the appendices and progress with risk management and noted the risks to the organisation and whether they are being managed in line with the Risk Management StrategyRisk Management Strategy.

55 Internal Audit Progress Report

A report by the Audit Manager, RSM was submitted (a copy of which is appended to the Minute Book) providing an update of the work of the Internal Audit Service since the last meeting and progress against the Internal Audit Plan 2025/26 that was approved by the Committee on 25th March 2025.

The Audit Manager, Dan Harris of RSM introduced the report and invited questions from the Committee.

In response to a question from the Committee, the Head of Democratic Services and Monitoring Officer advised that she would work with RSM to see when a summary report for the final stage of the Market Towns Programme could be made available, and provide a response to the Committee.

In response to questions from the Committee, the Audit Manager advised that the following agenda item, Minute No.56 set out that there were 3 full follow-up reviews of Capital Expenditure, Creditor Payments and General Ledger proposed as part of the Internal Audit Plan 2026/27.

The Audit Manager advised that a Procurement review was undertaken midway through the financial year, where a partial assurance opinion was reported, and which was subject to a follow up report which would be received at the next Committee meeting. There was an allocation for follow-up coverage in 2026/27 if it was found in the current review that not enough action had been taken. Alternatively, the Committee could suggest a deep-dive review for officers, and although this was not independent assurance, a combination of these options might provide the requisite assurance. Furthermore, the Head of Democratic Services and Monitoring Officer advised that the Code of Procurement document had had significant review, and pro-active work had taken place with the Procurement Manager and Legal Partners. The Audits were welcome and a useful strategic tool to assist driving improvement. The Committee were of the opinion that given the substantial changes that had taken place regarding Procurement Legislation, it was important that the succeeding Committee should discuss which approach it would like to take in order to gain the expected assurance.

Whereupon, it was

RESOLVED

that the Committee commented on and noted the update on work undertaken by Internal Audit to date.

56 Draft Internal Audit Plan for 2026/27 and Internal Audit Charter

A report by the Audit Manager, RSM was submitted (a copy of which is appended to the Minute Book) setting out the Internal Audit Plan for 2026/27

which had been prepared by RSM, following discussions with Corporate Leadership Team, with reference to the Corporate Risks and the professional judgement of the partner from RSM acting in the capacity of Head of Internal Audit.

The Audit Manager, Dan Harris of RSM introduced the report and in light of some of the comments made during the previous item, advised that Mandatory Training was in the scheduled programme for 2026/27, as well as a Safeguarding Audit and a Business Continuity Planning Review. The Committee noted that the plan remained flexible and if there were risks that materialised during the year and RSM needed to flex the coverage, that would take place. Regular meetings took place with officers, and RSM reported into CLT on a monthly basis.

The Committee commended that its feedback had been taken into account, such as reports now planned for Planning, Parking and Local Government Reorganisation (LGR) that had been picked up since the previous meeting.

In response to questions from the Committee, the Head of Finance advised that when she had taken up her role, the General Ledger Plan had a deadline of January 2026, but as her priority was preparing the Budget over the period November-January, the deadline was extended to February 2027. She would shortly undertake a full review of all financial, governance and approvals for both Capital and Treasury. There were a number of actions within the General Ledger, and work would start very shortly and continue throughout the year to tick off many of them a lot earlier than February 2027. The plan was that they would all be in place and assurance able to be given by the time the next Budget setting process takes place in February 2027.

RESOLVED

that the Committee noted, commented on and accepted the draft Internal Audit Plan for 2026/27.

57 Internal Audit Actions Update

A report by the Interim Corporate Director (Finance and Resources) was submitted (a copy of which is appended to the Minute Book) setting out the current position with respect to implementation of actions arising from Internal Audit reports.

The Head of Democratic Services & Monitoring Officer introduced the report and invited questions from the Committee.

The Executive Councillor for Governance and Democratic Services commented that Governance was in a much better place than it had been previously. Working with RSM had helped ensure compliance with all Internal Audit standards, and there had been a lot more reporting than had been done previously and she commended the progress made.

Whereupon, it was

RESOLVED

that the Committee commented on and noted the current position regarding actions arising from internal audit reports.

58 Members ICT

A report by the Chief Digital Information Officer was submitted (a copy of which is appended to the Minute Book) providing an update regarding Members' ICT provision post-elections 2026.

The Chief Digital Information Officer introduced the report.

In response to questions from the Committee, the Chief Digital Information Officer advised that all of the ICT options set out could be provisioned, subject to final checks. The options had been presented as a result of feedback from Members regarding frustrations and constraints over the course of the Council's term, as well as improvements in cyber security and capability to ensure Members could access the services requested. When the next Members were elected, they would be able to choose an ICT option which would best suit their needs, and the necessary training would be provided, so the options were an enhancement on the current service. In terms of the budget for the provision, the budget bids put forward were accepted as part of the approved budget agreed by Council. Furthermore, he advised that he did not feel LGR posed a risk to the provision being available to Members. The provisions were a solution that would provide good quality and resilient IT services for Members in an enhanced way compared with what was currently available.

The Committee welcomed the potential improvements as a positive step that would bring benefit to Members in the next term.

Whereupon, it was

RESOLVED

the Committee noted and provided feedback on the proposal in the report.

59 Future Arrangements for Internal Audit

A report by the Head of Democratic Services and Monitoring Officer was submitted (a copy of which is appended to the Minute Book) setting out the intended future arrangements for the provision of Internal Audit services. In line with the Committee's terms of reference, the report sought the Committee's comments.

The Head of Democratic Services and Monitoring Officer introduced the report and invited questions from the Committee.

The Committee commended the work of RSM, who had helped give it more assurance since they undertook the Council's Internal Audit function, however it raised a question over the procurement process that had been followed. Members discussed the respective merits of a direct award compared with market testing and the need to achieve value for money.

In response to the comments raised, the Chief Digital Information Officer advised that the options in regard to the procurement of an Internal Audit Partner were considered in full by the Corporate Leadership Team, as well as the procurement routes available, and it was felt that the YPO Managing Consultancy and Professional Services Framework Agreement provided a level of assurance and protection that ensured the Council remained compliant with Procurement legislation. There was value in the continuation of an Internal Audit function who was experienced and understood the organisation, and it was felt having a period of induction for a different provider would provide a greater risk. Whilst he agreed that under normal circumstances a competitive tender process would be attractive, it was felt that the grounds for a direct award with those assurances from the Framework was the safest and best route to ensure a continued Internal Audit function was in place. The Democratic Services Manager and Monitoring Officer advised that in line with the Council's process, this decision had been taken via a procurement board and specialist advice had been taken in order to ensure the Council was compliant with procurement legislation. Officers had looked at providing value for money and the risks associated with a change of provider had been considered. On balance, it was considered that continuing with RSM posed the lowest risk to the Council in order to meet governance requirements.

Concerns also were raised regarding the timing of the report in light of the terms of the existing contract with RSM. Though RSM would have been well placed to win a contract on points, it was felt that this should have been tested through a process where the market and best value for money could be tested. The Chief Digital Information Officer advised that the discussion on the arrangements was held by the Corporate Leadership Team on 26th January.

In response to a question from the Committee, the Head of Democratic Services and Monitoring Officer advised that within its terms of reference the Committee could provide comment, and the delegation with respect of the appointment sat with the Corporate Director - Finance & Resources. The Committee expressed its disappointment around the process. While it was able to express an opinion and make a recommendation it was not able to influence the decision. In the circumstances, Members felt that the Chair should have been consulted and involved in the discussions.

In response to a question from the Committee regarding if the direct award required a mandatory standstill period, the Head of Democratic Services and Monitoring Officer advised that she would take the question away and provide a written response.

The Chair expressed his frustration that there was little the Committee could do other than note the recommendation, given the short time before the contract with RSM came to an end, and that he had not been privy to the discussions. He requested that the comments from the Committee be fed back to Officers.

The Executive Councillor for Governance and Democratic Services noted the comments of the Committee around the process undertaken and reiterated the advice that guidance had been sought. She advised that would speak with Officers outside of the meeting reflecting on the comments made by the Committee.

Whereupon, it was

RESOLVED

that the Committee noted and commented on the future arrangements for Internal Audit as outlined in the report.

60 Corporate Governance Committee Progress Report

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

The Democratic Services Officer advised that based on earlier comments from the Committee around the questions and further information requested regarding the uptake of Safeguarding training, this Action would not be removed from the next Progress Report and any responses from Officers would be included in the report for the next meeting.

The Committee were of the opinion that the previous agenda item, Minute No. 59 highlighted that further work was required by the Constitution Review Working Group.

61 Exclusion of Press and Public

RESOLVED

that

the public and press be excluded from the meeting because the business to be transacted contains exempt information relating to action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

62 3C ICT Year One Audit

An exempt report by the Chief Digital Information Officer was submitted (a copy of which is appended in the Annex to the Minute Book).

RESOLVED

that the Committee acknowledged the report and its contents.

Chair

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CORPORATE GOVERNANCE COMMITTEE held in CIVIC SUITE (LANCASTER/STIRLING ROOMS), PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON, CAMBS, PE29 3TN on Thursday, 21 May 2026.

PRESENT: Councillors S Claffey, R Coogan, J A Gray, P J Hodgson-Jones, G Seeff, H Tobias and M Young.

1. ELECTION OF CHAIR

A proposal to elect Councillor P J Hodgson-Jones to be the Chair of the Committee was moved and seconded, whereupon it was

RESOLVED

that Councillor P J Hodgson-Jones 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 appoint Councillor S Claffey as Vice-Chair of the Committee was moved and seconded. On being put to the vote the proposal was declared to be LOST.

A proposal to appoint Councillor J A Gray as Vice-Chair of the Committee was moved and seconded, whereupon it was

RESOLVED

that Councillor J A Gray be elected Vice-Chair of the Committee for the ensuing Municipal Year.

Chair

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Corporate Governance Committee – 17th June 2026
Council – 15th July 2026

Report by: Clara Kerr, Head of Planning, Infrastructure & Public Protection. (Chief Planning Officer)

Lead Cllrs: Cllr Liam Dewey-Beckett
Executive Councillor for Governance & Democratic Services.
Cllr Sanderson
Executive Councillor for Planning



Wards	Open / Exempt	Key Decision?
All	Open	Yes

Variation to Part 3 of the Constitution – Responsibility for Functions: Adoption of National Scheme of Delegation of Decisions on Planning Applications.

Executive Summary: This report sets out recommendations for the Corporate Governance Committee to endorse and Full Council to approve a variation to Part 3 – Responsibility for Functions of the Council's Constitution to reflect recent statutory changes to the planning system, particularly the introduction of a National Scheme of Delegation (NSoD) and revised limits on Planning Committee size. It also highlights the broader context of national planning reform, local peer review recommendations, and Local Government Reorganisation, all of which support improving efficiency, effectiveness, and delivery of growth through planning decisions.

Currently, the Constitution defines a Development Management Committee (DMC) of 16 members and relies on a locally adopted Scheme of Delegation (2019) to determine which planning decisions are made by Officers versus the Committee. While consultation with town and parish councils, residents, and stakeholders will continue unchanged, new legislation removes their ability to automatically trigger committee consideration of applications. This change is expected to reduce the number of cases referred to committee while maintaining appropriate input into decision-making.

The Planning and Infrastructure Act 2025 introduces a statutory national framework requiring most planning decisions to be delegated to officers, with committees focusing only on significant or sensitive cases. The 2026 Regulations specify two categories: Schedule 1 (mandatory officer decisions, including minor

developments and routine applications) and Schedule 2 (larger or complex applications, still primarily officer-led but eligible for committee referral under strict criteria). Referral will now require agreement between a senior planning officer and the committee chair, replacing practices such as councillor “call-ins.”

These reforms aim to streamline processes, improve consistency, and support economic growth by accelerating decision-making. Evidence suggests a potential reduction of around 33% in applications requiring committee consideration, allowing resources to focus on timely and effective decisions.

The legislation also limits Planning Committee membership to a maximum of 13 members, reducing the Council’s committee size accordingly. Failure to adopt these statutory changes could expose the Council to legal risks, including judicial review, appeals for non-determination, and associated costs.

The proposals align with findings from the Council’s 2024 Planning Peer Review, which identified the current Scheme of Delegation as overly complex and inefficient. Implementing the NSoD is therefore both a legal requirement and an opportunity to modernise processes, support growth, and improve performance.

The report concludes that adopting these changes is essential, with implementation expected by the 31st October 2026, alongside a suggestion for a wider review of local delegation arrangements to ensure consistency, effectiveness and timeliness of decision-making.

Recommendations

The Corporate Governance Committee (CGC) is recommended:

- 1.1. To endorse a variation to Part 3 – Responsibility for Functions of the Council’s Constitution to reflect the changes required under the Statutory National Scheme of Delegation of Planning Functions due to come into force on 31st October 2026 (unless amended) to amend the membership of the Development Management Committee to reduce the size of the committee from 16 to 13 Members.
- 1.2. To endorse the delegated authority as set out in Article 15 of the Constitution for the Monitoring Officer to ensure the Constitution is amended to reflect the changes impacted by the National Scheme of Delegation of Planning Functions.
- 1.3. To endorse the recommendation to delegate any future amendments (where necessary) to the Constitution in line with the Planning and Infrastructure Act 2025, and any successor documents to the Head of Planning, Infrastructure and Public protection in consultation with the Council’s Monitoring Officer, Chair of Development Management Committee and Portfolio Holder for Planning.
- 1.4. To note the direction of travel as a result of the National Scheme of Delegation, in combination with the recommendations of the Planning Peer Review, and forthcoming structural change through Local Government Reorganisation; and consider how the Constitution Review Working Group wishes to consider, discuss and bring forward other amendments to the HDC Scheme of Delegation for Planning, and other Constitutional

changes relating to Planning matters; in the interests of improving efficiency and effectiveness of decision-making on Planning matters and Planning service delivery.

The Council is recommended:

- 1.1 to approve the necessary variation to Part 3 – Responsibility for Functions of the Council's Constitution to reflect the amendment to the membership of the Development Management Committee to reduce the size of the committee from 16 to 13 Members.
- 1.2 to approve the delegation of any future amendments (where necessary) to the Constitution in line with the Planning and Infrastructure Act 2025, and any successor documents to the Head of Planning, Infrastructure and Public protection in consultation with the Council's Monitoring Officer, Chair of Development Management Committee and Portfolio Holder for Planning.

Key Corporate Plan Priorities

- | | |
|---|---|
| 1 | <i>Forward thinking Economic Growth</i> |
| 2 | <i>Doing our Core Work Well.</i> |

Place Strategy Priorities

- | | |
|---|--------------------------|
| 1 | <i>Pride in Place</i> |
| 2 | <i>Inclusive Economy</i> |

Report Author(s)

Clara Kerr, Head of Planning, Infrastructure & Public Protection (Chief Planning Officer)
Clara.Kerr@huntingdonshire.gov.uk

Purpose of the report

The purpose of the report is to consider recommendations for the Corporate Governance Committee to endorse and Full Council to approve a variation to Part 3 – Responsibility for Functions of the Council's Constitution to reflect recent statutory changes to the planning system, particularly the introduction of a National Scheme of Delegation (NSoD) and revised limits on Planning Committee size. For the avoidance of doubt permissions exist for the Monitoring Officer to ensure the Constitution is amended to reflect the changes impacted by the National Scheme of Delegation of Planning Functions in line with the Planning and Infrastructure Act 2025.

The report also recognises the direction of travel by Government nationally in respect of Planning reform, and impacts that this has on the Council in respect of the operation of its planning-decision making functions; the recommendations of the Planning Peer Review; and Local Government Reorganisation; and note the desirability to bring forward other changes in the interests of improving efficiency and effectiveness of decision-making on Planning matters and Planning service delivery, and supporting the delivery of growth.

Background & context

- 1.1 In so far as it relates to planning decisions the Council's Constitution (Appendix 1) sets out the approach to the Development Management Committee at Part 3 – Responsibility for Functions. There is clear reference to a make-up of 16 members (including at least 1 member of the Cabinet) and defers to the Scheme of Delegation for Development Management Committee.
- 1.2 In October 2019 the scheme of delegation (SoD) was formally adopted (Appendix 2) by the Development Management Committee (DMC). The SoD sets out when planning decisions will be delegated to the Head of Planning, Infrastructure & Public Protection and when planning decisions should be referred to the Development Management Committee.
- 1.3 **For the avoidance of doubt, this does not alter engagement with consultees through the planning process** in accordance with The Town and Country Planning (Development Management Procedure) (England) Order 2015, including Town/Parish Councils, residents and businesses who play a valuable role in shaping development through their comments that will continue to be given due weight as part of the planning process in reaching a decision. This statutory change is limited to when applications will be referred to DMC, alongside the size of the committee. For example, Town/Parish Councils will still be able to comment on applications, and those comments will be considered, **BUT they will no longer have the ability to automatically trigger a DMC consideration of an application.** Where an application does reach DMC, in line with the new thresholds, Town/Parishes will be continue to be able to register to speak etc. This change is likely to have a significant effect in reducing the number of items referred to DMC. However, regardless of referral the comments of Towns and Parishes play a crucial role in the consideration of proposals and how they can integrate

with existing communities, including (but not limited to) conditions that should be considered in the event permission is granted such as design matters, alongside ensuring financial contributions and/or mitigation is secured via S106 contributions for matters such as off site highway works. .

- 1.4 The Government has been clear in its aspiration to support growth, and as a consequence has made clear its desire to bring forward significant reforms to the planning system aimed at supporting growth, accelerating housing delivery and promoting infrastructure development. Part of the proposed reforms include measures to streamline planning processes – reducing bureaucratic hurdles; and making changes to the Planning Committee system to encourage a greater degree of decision-making through Delegated Powers – the aims being to streamline process, increase approvals, and reduce uncertainty.
- 1.5 The Government has consulted on the introduction of a National Scheme of Delegation; and the size and make up of Planning Committees during 2025 and 2026. The Government’s aim is to ensure that there is greater clarity and consistency about the role of planning committees in decision-making – “Committees should focus on the key proposals that matter to an area, enabling other, often more minor and technical, decisions to be made by planning officers.”. By comparison the current system varies significantly across the Country, with each Council having its own arrangements and requirements.
- 1.6 Members may also wish to note that as part of the Councils own Peer Review of Planning undertaken in December 2024, with the report presented to DMC on the 19th May 2025 (Appendix 3); one of the areas identified for potential improvement was the operation of the Scheme of Delegation. With Recommendations 5 and 9G suggesting that revision of the Scheme take place to ensure that Planning Committee is focused on the most significant and controversial applications, as well as improving clarity and transparency. See paras 1.9 and 6.9 providing appropriate context; in particular it is noted that the Peers recommended that the threshold is too low, that the delegations are complicated, and these factors do not align with the Councils positioning in respect of supporting growth and encouraging investment:

“Development Management Committee (DMC), is the ‘shopfront’ of Huntingdonshire’s planning service and has an important role in making decisions on significant applications that enable growth and investment needed in Huntingdonshire. It is important that the Committee is allowed to focus on larger, controversial and complex planning proposals. To this end we recommend the current scheme of delegation (which is very complicated and sets an unusually low threshold for planning applications to be decided at DMC) is reviewed as soon as possible.”

- 1.7 The Planning and Infrastructure Bill 2025 received royal assent in December 2025 (Appendix 4). The purpose of the Bill is to improve prosperity and living standards through the restoration of economic stability and increased investment. To achieve this critical infrastructure and the delivery of new homes must be accelerated, which in turn require reforms to the planning system. The full suite of proposed amendments to the planning system is set out in Appendix 5.

The Bill introduces statutory changes to the Scheme of Delegation for planning decisions, with an expectation for them to be adopted within the Council's Constitution. This is to ensure that the procedure of decision making on planning applications is lawful and transparent, alongside being embedded within the efficient framework of governance of the Council.

1.8 The bill has 5 overarching objectives.

- a. Delivering a faster and more certain consenting process for critical infrastructure.
- b. Introducing a more strategic approach to nature recovery
- c. Improving certainty and decision-making in the planning system
- d. Unlocking land and securing public value for large scale investment
- e. Introducing effective new mechanisms for cross-boundary strategic planning.

1.9 This report will focus on C – Improving certainty and decision-making in the planning system. Section 54 of the Planning and Infrastructure Act 2025 made amendments to The Town and Country Planning Act 1990 to facilitate change. The Town and Country Planning (Discharge of Local Planning Authority Functions)(England)Regulations 2026 were also introduced. These changes relate to the national scheme of delegation functions and the size of planning committees.

WHAT IS CHANGING

1.10 On the 26th March 2026 guidance was published to support Local Planning Authorities (LPAs) implement the changes as set out in paragraph 2.3 by the Autumn, anticipated to be no later than the 30th September 2026. On the 1st June 2026 additional guidance was issued to confirm the implementation date of 31st October 2026. (Appendix 6)

1.11 The full guidance including Schedule 1 and Schedule 2 functions can be found at Appendix 6. In summary, the National Scheme of Delegation aims to improve clarity and consistency in planning decisions by ensuring planning committees focus on significant proposals, while routine or technical decisions are handled by planning officers.

1.12 Under powers in the Town and Country Planning Act 1990, the Secretary of State has introduced the 2026 Regulations, which:

- Require certain applications to always be decided by officers (Schedule 1).
- Presume most other applications will be decided by officers unless they meet specific criteria or involve local authority interests.
- Allow referral to a planning committee only if both a nominated officer and committee member agree.

For matters not covered by the regulations, local planning authorities can decide their own delegation arrangements.

The scheme removes existing local practices such as councillor “call-ins” or automatic committee referrals based on objection numbers, requiring councils to update their constitutions to comply.

1.13 Schedule 1 of the Regulations lists planning functions that must always be delegated to officers. These include decisions on **smaller-scale developments**, such as householder applications, minor commercial schemes, and minor residential developments (up to 9 dwellings on sites under 0.5 hectares).

It also covers a wide range of **other routine planning matters**, including:

- Reserved matters approvals
- Discharge of planning conditions
- Prior approvals for permitted development
- Permission in principle
- Changes to planning obligations (s106)
- Non-material amendments
- Certificates of lawfulness (existing or proposed use)
- Biodiversity gain plan approvals
- Certificates of appropriate alternative development

However, some cases that would normally fall under Schedule 1 are instead treated under Schedule 2 if they involve:

- Linked listed building consent applications
- Retrospective applications (under section 73A)
- Applications submitted by or on behalf of the local authority or related bodies

In essence: Schedule 1 ensures that straightforward, lower-risk planning decisions are handled by officers, unless specific circumstances require escalation under Schedule 2.

Schedule 2 covers **all planning functions not included in Schedule 1**, typically involving more complex, sensitive, or higher-risk cases. These include:

- Full planning applications outside Schedule 1
- Applications to vary or remove conditions (section 73)
- Retrospective applications (section 73A)
- Reserved matters linked to outline permissions
- Modifications or discharge of planning obligations (s106)
- Listed building consent and related condition changes
- Advertisement consent
- Tree preservation order consent

- Any cases redirected from Schedule 1 (as described in paragraph 11)

Delegation and referral:

- The default position is that **Schedule 2 functions are also delegated to officers.**
- However, cases can be referred to planning committee **only if specific criteria are met**, including:
 - Meeting referral criteria in the regulations or involving the local authority; and
 - **Agreement between a nominated senior officer and the planning committee chair.**

By way of example, of the 54 applications presented to DMC between April 2025-March 2026 18 of those applications would be delegated in accordance with the National Scheme of Delegation. This represents a reduction of 33% of applications requiring preparation for referral to DMC meaning more time made available to focus on decision making and ensuring applications are determined within statutory timescales, thus improving performance and efficiency within planning, whilst allowing support services, such as democratic services and legal services to focus on wider council matters.

Process and governance:

- Authorities must nominate:
 - A **senior planning officer** (e.g. Chief Planning Officer)
 - A **planning committee chair (or equivalent member)**
- They should also ensure **backup arrangements** and may introduce **triage systems** to manage workload.
- If the nominated officer and member **cannot agree**, the decision **remains delegated to officers.**

Schedule 2 introduces a structured **filter for potential committee involvement**, but delegation to officers remains the default unless clearly justified.

As per paragraph 34 of appendix 6 the LPA should keep a record of the cases the nominated officer and nominated member have considered for referral and outcome of their decisions. That should be reported to the planning committee on a regular basis and make it available on their website.

1.14 Referrals to planning committee should be **exceptional**, with a strong presumption in favour of **officer delegation**. A case can only be considered for referral if **at least one statutory criterion is met**:

- **A:** The application raises a **significant planning issue** in relation to the development plan or other material considerations.
- **B:** The application raises a **significant economic, social, or environmental issue** for the local area.

Clarifications:

- Matters are **unlikely to be significant** if:
 - The proposal broadly complies with local plans and national policy (unless new issues arise).
 - Initial concerns from consultees have been resolved through amendments.
- Cases that don't meet criterion A can only be referred under **criterion B** if they still have wider local significance (e.g. major housing schemes, loss of community facilities, or changes to notable listed buildings).

Special cases:

- Applications involving the **local authority or its members/officers** may be referred to committee for **transparency**, even if they do not meet the criteria.
- However, strict **conflict of interest rules** apply:
 - Those connected to the application must not be involved in referral decisions.
 - Decision-makers must not be responsible for the land/building concerned.

1.15 Planning Committee sizes are also being amended by legislation. Regulation 7 provides for the number of members on a planning committee or sub-committee to be no more than 13. This is a maximum figure to accommodate local planning authorities where members are from multiple political parties. For HDC that will see a reduction of 3 members on DMC.

CONCLUSION ON CHANGES

1.16 These are statutory changes as a result of legislation. The expectation is that Councils amend their Constitution (and Scheme of Delegation) accordingly to remove the potential for legal challenge to decisions made. **Refusal to adopt national changes does not absolve the Council for the need to comply with the changes.** Instead, this could give rise to challenges to the Council by way of appeals against non-determination of planning applications and or Judicial Reviews of decisions taken and thus see an increase in costs awarded against the council for unreasonable behaviour.

1.17 It is recognised that a number of changes are afoot including (but not limited) to those outlined in paragraph 1.9 (a, b, d, e), and in order to maintain pace with national statutory changes this report seeks delegations to make further amendments to constitution, where necessary, as remaining elements of the Bill come into force through 2026.

1.18 The NSoD aligns with the published Peer Review (appendix 3) insofar as

- It allows DMC to focus on more complex applications (Para 6.9)
- Is more strategic in its approach (Para 1.9)
- Overcomes concerns about unusually low threshold for referral to DMC (Para 6.9)

- It is transparent and raises threshold for referral (Para 1.9)

Notwithstanding that the Council has just gone through elections, and there is Local Government Reorganisation on the horizon, this is a change which must happen by virtue of legislative change. It does however align with other changes which may be brought forward, aligned with the national agenda relating to Planning Reform, but also those recommended as outcomes from the Peer Challenge and continued evolution of Council processes to reflect best practice and respond to opportunities which arise from transformation. Ultimately, these changes are considered to be beneficial in respect of supporting the Councils pro-growth and delivery focussed aspirations; and provide a balance between efficiency, effectiveness, local democracy and public interest. Further, and to ensure procedurally sound decision-making these national changes, coupled with the outcomes of the Peer Review suggest it is timely to review the local scheme of delegation for matters not addressed by the national scheme of delegation. This will avoid the possibility of conflicting advice arising through the course of decision making and will compliment the overall objectives of providing efficient and effective services as part of the Councils core business.

Alternative options considered & not recommended

- 1.19** As per paragraph 1.17 in the event members were not minded to support this statutory amendment this could give rise to a significant upturn in appeals for non-determination of applications or Judicial Reviews of the decision making process resulting in additional resource burden and financial cost to the Council. It is therefore recommended to formally adopt the national changes.
- 1.20** The national changes represent the minimum expectation in respect of changes; should the Council wish to go further, beyond that minimum, it is free to do so by amending its local arrangements. In the interests of efficiency at this time and embedding the new changes, opportunities to make wider improvements and changes have been limited. However, should Members wish Officers to include such changes, this could be delegated to the Head of Planning, Infrastructure & Public Protection in consultation with the Chair of DMC, and Portfolio Holder for Planning. Given there is alignment between the direction of travel at a national level, and the recommendations from the Peer Review; and in light of forthcoming LGR, such an approach would not be unreasonable and may unlock significant efficiencies to the decision-making process including savings on both Officer and Member time, and use of Council resources.

Post-decision implementation

- 1.21** This will be implemented in line with national expectation of 31st October 2026 unless further guidance is issued that would amend the timeline for implementation. Having regard to the concerns raised as part of the Peer Review of Planning services, as outlined at paragraph 1.7, namely that the existing threshold of applications to be referred to DMC under the current Scheme of

Delegation (SoD) is too low, coupled with the age of the SoD alongside the statutory National Scheme of Delegation, it is considered timely to commence a review of the local SoD to ensure alignment across legislation and local priorities without delays to decision making. .

IMPLICATIONS OF THE DECISION

1.22 Council Key Priorities and Performance

- Forward thinking Economic Growth
- Doing our Core Work Well.

Huntingdonshire Futures Strategy

- Pride in Place
- Inclusive Economy

1.23 Financial Implications

No immediate financial implications. However, in the event of an upturn in appeals and or Judicial reviews (JR) of planning decisions regard should be had to additional costs for resource to manage appeals and JRs alongside the risk of costs being awarded against the Council.

1.24 Policy Implications

N/A

1.25 Legal & Constitutional Implications

For the reasons set out in Section 2 of this report, this legislation will supersede the Scheme of Delegation as set out in the Council's Constitution. For matters not addressed by the National Scheme of Delegation the Council will apply the Scheme of delegation, as adopted until such time as it has been refreshed.

In the event it is not adopted it should be noted :

- Decisions may be ultra vires (beyond powers) or unlawful
- Increased likelihood of judicial review (JR) or statutory challenge
- Appeals more likely to be allowed due to reliance on outdated policy
- Potential for cost awards against the authority

1.26 Equality & Diversity Implications

N/A

1.27 Implications on Resources

In the event Council do not formally adopt the changes there will likely be an upturn in appeals meaning officers will have to prioritise appeal work in accordance with appeal deadlines above planning applications thus resulting in a delay to decision making with potential economic impacts.

BACKGROUND PAPERS– Local Government (Access to Information) Act 1985

1.28

Document List	Custodian	File Location
Appendix 1: HDC's Constitution	HDC	Constitution
Appendix 2: Planning Scheme of Delegation	Head of Planning, Infrastructure & Public Protection	Agenda for Development Management Committee on Monday, 14 October 2019, 7:00 pm - Huntingdonshire.gov.uk
Appendix 3 : Planning Peer Review	Head of Planning, Infrastructure & Public Protection.	Agenda for Development Management Committee on Monday, 19 May 2025, 7:00 pm - Huntingdonshire.gov.uk
Appendix 4: Planning & Infrastructure Bill	Government	Landmark Planning and Infrastructure Bill becomes law - GOV.UK
Appendix 5: Draft guidance on Planning Committees and National Scheme of Delegation	Government	Planning Committees and the National Scheme of Delegation of Planning Functions: Draft guidance for Local Planning Authorities in England - GOV.UK
Appendix 6: Statutory Guidance: Planning Committees and National Scheme of Delegation of Planning Functions; Guidance for local planning authorities in England	Government	Planning Committees and the National Scheme of Delegation of Planning Functions: Guidance for local planning authorities in England - GOV.UK

Committee/Panel – Corporate Governance Committee 17 June 2026

Report by: Corporate Director for Finance & resources (LM)

Lead Cllr: Cllr Jo Harvey
Executive Councillor for Finance & Resources



Wards
All

Open / Exempt
Open

Key Decision?
No

Report Title: Approval for Publication of Draft 2025-26 Statement of Accounts

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 2026.

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

- *Achieved a balanced budget, after approved budget carry forwards of £94k and contributions to earmarked reserves of £5.4m*
- *Whilst there was some genuine underspend in 2025/26, the overall variance was mainly due to additional income, particularly interest received and NNDR/Grant income. Income is difficult to predict, and a prudent amount was included in the budget to avoid the risk of overspending.*
- *Continued to maintain general fund reserves at £2.175k*
- *A remeasurement of the net pension liability has reduced the liability from £17.4m to £3.9m.*
- *Overall, reserves have increased by £27m, however the increase is entirely within unusable reserves which cannot be used to fund expenditure.*

Recommendations

- To consider and approve the Annual Governance Statement (Appendix 1)
- To consider and approve the unaudited Statement of Accounts for 2025/26 (Appendix 2)
- To consider and approve the Notice of Publication (Appendix 3)

Key Corporate Plan Priorities

1

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

Report Author(s)

Sandra Beard Head of Finance and Deputy S151 (Sandra.beard@huntingdonshire.gov.uk)

1. PURPOSE OF THE REPORT

- 1.1** To complete the processes for publishing the Council's unaudited Statement of Accounts for 2025/26.

2. BACKGROUND & CONTEXT

- 2.1** During 2025/26 the Council has continued to deliver against its corporate objectives and budget.
- 2.2** The presentation of the information in the statement of accounts includes information on revenue fund balances and earmarked reserves, which on 31 March amounted to £2.175m and £39.5m respectively.
- 2.3** The Council has benefitted from the continued high interest rates set by the Bank of England during the year, resulting in significantly higher interest income.
- 2.4** Although interest income was higher than the budget set, it was down on 2024/25 levels, reflecting the slight reduction in the base rate during 2025/26.
- 2.5** An upwards remeasurement of the pension fund and an increase in the carrying value of our non-current assets has contributed towards a significant overall increase in unusable reserves.
- 2.6** Unusable reserves cannot be used to fund expenditure because they arise from accounting adjustment rather than cash received.
- 2.7** The Council maintains a resilient financial position, delivering a £10m surplus on the provision of services together with strong liquidity and working capital.
- 2.8** Although positive, these results should be viewed prudently as they are mainly driven by income volatility and unusable accounting adjustments.

3. LINK TO THE CORPORATE PLAN

- 3.1** In line with the Account and Audit regulations, the Statement of Accounts will be available from 18 June to 31 July 2025.

4. LEGAL IMPLICATIONS

- 4.1** There are no direct legal implications arising from this report.

5. RESOURCE IMPLICATIONS

- 5.1** There is a specific budget for audit fees

6. REASONS FOR THE RECOMMENDED DECISIONS

- 6.1** The process that has been followed in preparing the Statement of Accounts has been thorough and is in line with statutory regulations.

7. LIST OF APPENDICES INCLUDED

Document List	Custodian	File Location
Annual Governance Statement	Finance	Appendix 1
HDC Statement of Accounts	Finance	Appendix 2
HDC Notice of Publication	Finance	Appendix 3

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Huntingdonshire District Council
Annual Governance Statement 2025/26

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 (2026/27) 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 April 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/SOLACE¹.

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.

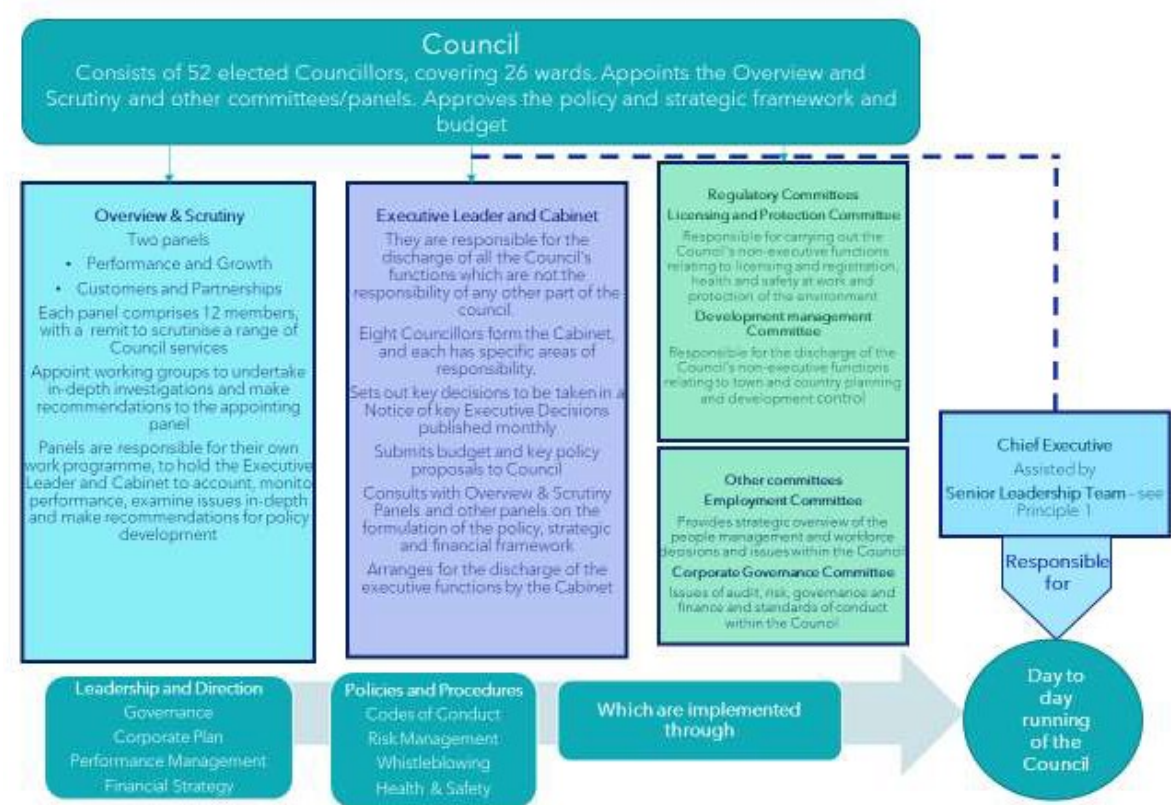
The Purpose of the Governance Framework

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 Risk Manager in April 2026. A draft Risk Management Strategy, originally developed by the previous postholder, has been reviewed and refined alongside the Risk Management Policy. These documents are now progressing through the formal approval process.

From later 2025 continued efforts have been made to embed risk management practices across the organisation and strengthen our risk culture. This includes the rollout of introductory risk management training for all individuals involved in the risk lifecycle, with a particular emphasis on risk owners and assignees.

The Council’s strategic vision and corporate priorities are set out in the Corporate Plan 2023 - 2028. The plan is reviewed every year and taken to full Council for sign off. This is currently underway and it is expected that in July the Corporate Plan will be signed off for another year. 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 of CGC and a review of its Terms of Reference, both of which were proposed and approved by Full Council in April 2024. Only one appointee remained as at March 2025, and they were reappointed for two more years in February 2026 by Council. Further work continues on governance, led by the Council's new Monitoring Officer who joined 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 2025/26

The governance framework has been in place at the Council for the year ended 31 March 2026 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 2024/25 made by the external auditors and other review agencies and inspectorates. During 2025/26, 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.

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.

Risk Management

With regard to Risk Management, RSM conducted a review of the risk management arrangements at the Council during 2025/26. The review was advisory in nature and concluded that processes for risk identification, assessment and monitoring have significantly improved during 2025/26. A set of new management actions for improvement were agreed to further embed new processes going forward.

Looking ahead, the Council also recognises a number of emerging risks, most notably:

- The need to ensure that internal control improvements are delivered and sustained
- Ongoing embedding of strengthened risk management arrangements
- The impact of Local Government Reorganisation, which may introduce additional complexity in governance structures, decision-making and accountability arrangements

These risks will require continued focus from Members, CLT and the Corporate Governance Committee.

Governance Issues 2025/26

The Council has made significant progress in strengthening its governance framework during 2025/26, following the challenges identified in 2024/25. In particular, the appointment of RSM and the delivery of a full internal audit programme have enabled the Council to obtain a complete Head of Internal Audit Opinion for 2025/26, in compliance with the Global Internal Audit Standards.

This represents a substantial improvement from 2024/25, when a disclaimed internal audit opinion contributed to the identification by External Audit of a significant weakness in governance arrangements, specifically relating to the effectiveness of the internal audit function.

During 2025/26, the Council has taken proactive steps to address these concerns, including strengthening internal audit capacity, improving engagement with Corporate Leadership Team (CLT) and Heads of Service (HoS), and ensuring delivery of a risk-based internal audit plan.

The Annual Internal Audit Opinion for 2025/26 concludes that the Council's governance and risk management frameworks are adequate and effective, although further enhancements are required to ensure these arrangements are consistently embedded across the organisation.

The External Auditor's Annual Report for 2024/25 highlighted that, although the Council has effective arrangements for financial sustainability and value for money, there was a continued significant weakness in governance linked to internal audit effectiveness. The actions taken during 2025/26 represent a strong and positive response to this finding, with clear evidence of improved governance oversight and assurance activity. Conversation's with EY to date indicate that we are on track to receive a clean opinion for

Control Issues 2025/26

Notwithstanding the improvements noted above, the Internal Audit Opinion includes a qualified conclusion for 2025/26 in relation to internal control, reflecting the number and significance of partial and minimal assurance reviews across key operational and financial systems.

Areas receiving partial or minimal assurance include:

- Financial systems (including General Ledger and Creditor Payments)
- Procurement and contract management
- Capital programme governance
- Data quality and performance management
- Transformation programme governance
- Human resources (recruitment and retention)

These findings indicate that, while controls are generally in place, they are not consistently embedded or operating effectively across all areas, increasing the risk of control failure, inefficiency, or non-compliance.

Across the internal audit work completed in 2025/26, a number of common control themes have been identified:

- The need to review and update policies and procedures
- Inconsistent compliance with established processes
- Weaknesses in record keeping, documentation, and audit trails
- Gaps in management and performance information
- Limited training and awareness in key control areas
- Weaknesses in project governance, monitoring and oversight frameworks

In addition, whilst management has agreed actions to address all audit recommendations, progress in implementing these actions has been mixed, with a proportion of actions outstanding or in progress at year-end. Strengthening the pace and consistency of implementation will be prioritised in 2026/27 to ensure that control improvements are fully embedded.

Area	Action Plan for improvement	Progress to March 2026	Carry forward Issue to 2026/27?
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.	A new Risk Manager has been in post since April 2026. A draft Risk Management Strategy, originally developed by the previous postholder, has been reviewed and refined alongside the Risk Management Policy. These documents are now progressing through the internal approval process. Service-level risks are now subject to a structured review and update process. In 25/26, significant progress was made in relation to fraud risk. A comprehensive exercise was undertaken to identify, assess, and record fraud risks across all teams with the risk register. This process is nearing completion, with the final teams recording their risks. The current Risk Management Strategy (2023) remains in place, however, work is underway to develop a refreshed strategy, covering the 2026-2028 period. During 25/26, good progress was made in embracing a risk culture across the organization. Further activity is planned for 26/27 to ensure this is fully embedded across all areas. The Corporate Risk Register was refreshed in 2024, and regular updates have since been reported to CGC. While substantial progress has been made in relation to fraud risk, the next phase of work will focus on refreshing Service Risk Registers more broadly. This will ensure that all teams are consistently applying the full risk lifecycle across all risk categories, not solely fraud.	No
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, RSM were commissioned to carry out Cyber-Essentials audit. All but 3 areas that were being assessed by RSM are now closed. Of the 3 that are open, the mitigation actions have been completed, and we are in the process of providing evidence of this.	No

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.	There is an ongoing, active process of reviewing all Council policies. Some are already complete, with others started or planned to start in 2026/27,	No
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.	We actively mitigate this risk through a combination of robust financial planning, and proactive monitoring of the economic environment and external conditions. Medium-term financial planning (MTFP) includes financial modelling and sensitivity analysis for key income streams such as business rates, council tax, and grants. This helps us to understand the potential impact of economic downturns and build appropriate contingencies and reserves to absorb volatility. There is also a focus on our fees and charges policy, which aims to reduce reliance on any single economic driver. This includes ensuring that budget assumptions are prudent and evidence based. Maintaining adequate levels of general balances and earmarked reserves is also critical to provide a buffer against unexpected economic shocks. We support business growth, local investment, and housing delivery (through planning, regeneration and partnerships), as part of our work to sustain and grow our tax base over the longer term. Working with local businesses and regional bodies helps us to anticipate emerging risks and opportunities. Regular in-year monitoring and reporting of income streams and demand-led services allows the Council to respond quickly to changes in economic conditions. This might include implementing corrective actions such as spending controls, revising forecasts, or adjusting delivery plans to ensure the Council remains financially resilient.	No

Area	Action Plan for improvement	Progress to March 2026	Carry forward Issue to 2026/27?
Human Resources – Recruitment and Retention	Implement a retention policy. Ensure contracts of new starters are signed and dated. Collate and report on recruitment KPIs. Update the Recruitment and Selection Policy. Ensure that Interview assessment forms and shortlisting matrixes are completed and retained.	Agreed with CLT that this is not required as the Workforce Strategy Action plan has superseded this. Complete – Doucsign was introduced in May 2026 and is used for all contracts for new staff and internal movers. Agreed with CLT this is not required as there are no concerns regarding recruitment. Complete and endorsed at Employment Committee Complete	No
Capital Expenditure	Develop a new control framework including a new bid form that will robustly and strategically review and evaluate capital bids. Ensure that all capital expenditure has followed the correct approval process.	Steps are in place to develop a new control framework which will include a new bid form and a written formal approval process. This will be implemented during 2026/27 as part of the budget setting process.	Yes
Data Quality and Performance	The creation of a Data Quality Framework. Improve the Performance Management Framework including; clearly outline the annual target setting process, clarity on document ownership and review cycles, review and update the Terms of Reference (ToR).		Yes
Contract Management	Formal training sessions to be held in response to the requirements of the Procurement Act 2023 which came into force in February 2025. Active renewal of expired contracts and updating of the contract register. Visibility of the contract register to budget holders to enable direct updates.	Training was delivered in spring 2025 to contract managers that outlined the needs required as part of the Procurement Act 2023. All contracts valued above £50k going forward from September 2025 are now being stored on the councils finance system (TechOne) and this triggers automated notifications to contract managers at specific intervals during the contract for contract meetings, review dates as well as contract expiry notifications. More work is being planned to role out further contract management training in 26/27.	No
Procurement	Update the Code of Procurement in line with the Procurement Act 2023 which came into effect in February 2025. Ensure consistency in following the waiver process.	The Code of Procurement has been re-drafted and is currently going through the governance/approval process to be implemented by Autumn 2026. The waiver process will align to the new Code.	No
General Ledger	Strengthen governance, particularly in relation to the absence of formal policies	A new governance and approval process will be developed during 2026/27 which will address the	Yes

	governing journal processing and amendments to the chart of accounts. Review version control, sample checks and segregation of duties. Incorporate payroll reconciliation into the month end check list. Strengthen system and assurance controls. Update the Financial Regulations. Month end checklist to be reviewed by HoF.	concerns raised by RSM.	
Transformation	Strengthen control design such as standardised project management processes and the creation of a project management system to aid in the PMO's oversight and Project Managers management of projects. Introduce a live dashboard into the project monitoring framework to aid real-time visibility of project status, progress and risks. Improve compliance with expected project documentation standards.		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 to ensure that there is assurance can be obtained.

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 2025/26 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
18 June 2026

Michelle Sacks
Chief Executive
18 June 2026

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 Councilor 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 Councilors	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 July 2024
	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 adopted 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.	Climate Strategy 2023
	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. 2022/23 to 2027/28.

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 Councilors 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 neighboring 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 adopted 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

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Huntingdonshire District Council

Annual Financial Report
For the Year Ended 31 March 2026

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Welcome to Huntingdonshire District Council's Statement of Accounts for 2025/26.

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 2026.

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;
- capital strategy and capital programme;
- revenue outturn 2025/26;
- capital outturn 2025/26;
- treasury management;
- corporate and budgetary risks;
- basis of preparation;
- going concern assessment;
- receipt of further information; and
- acknowledgements.

The statement of accounts aims to provide information so that members of the public, including electors and residents of Huntingdonshire, Council members, partners, stakeholders and other interested parties have:

- a full and understandable explanation of the overarching financial position of the Council and the outturn for 2025/26;
- 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 comply with CIPFA standards and remain consistent with those presented in previous years. However, in line with CIPFAs continued focus on streamlining local authority financial reporting, the Council has prioritised the communication of key messages and enhanced overall clarity by removing unnecessary detail.

An introduction to Huntingdonshire District Council

Huntingdonshire is the largest district in Cambridgeshire by geographical area, covering over 900 square kilometres (approximately 350 square miles). At the time of the 2021 Census, the district had a population of 180,833, representing an increase of 11,325 residents, with most growth across older age bands. The district is predominantly rural in character, with a relatively low population of approximately 200 people per square kilometre (around 2 people per hectare). Huntingdonshire is divided into 26 wards, represented by 52 elected councillors.

Huntingdonshire District Council is responsible for delivering a range of local public services, 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.

In addition, a number of internal support services enable the effective delivery of these functions, including:

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

Our Corporate Plan sets out what the 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 objectives and 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

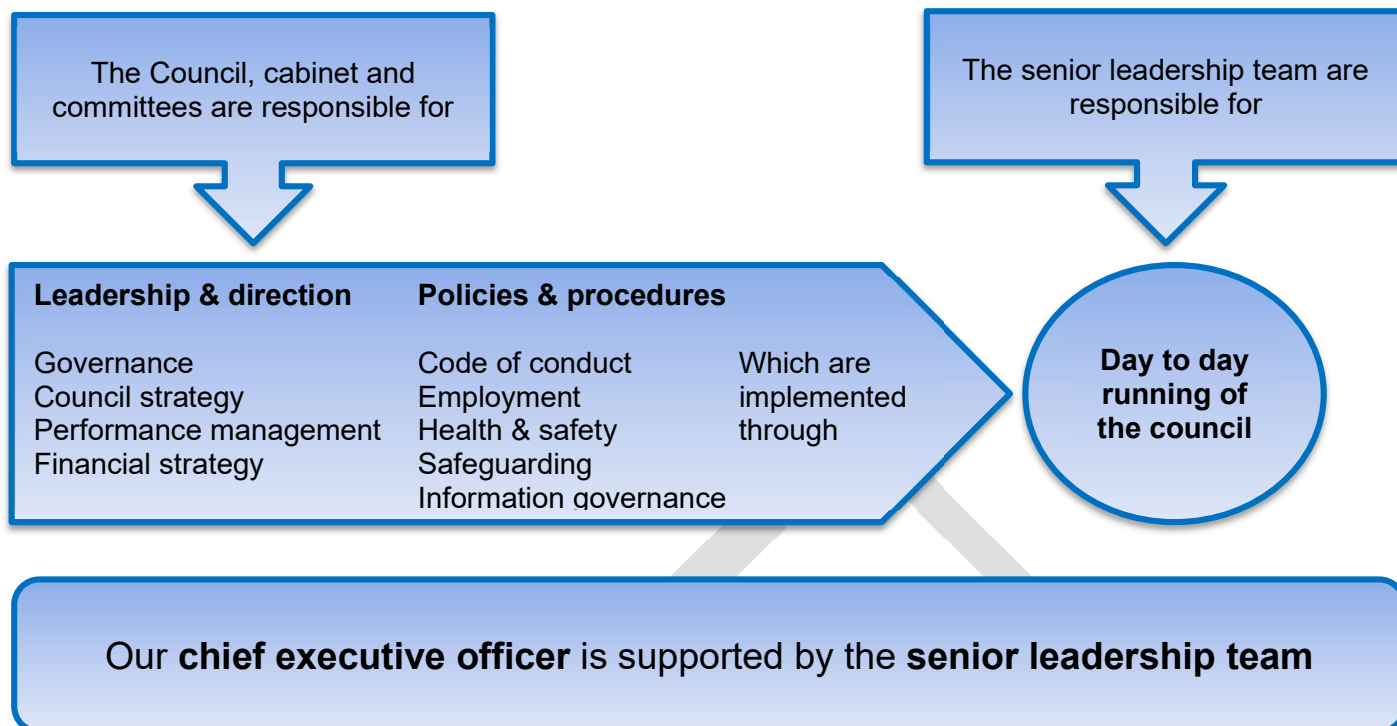
Key facts about Huntingdonshire and the Council

- **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 forecast to continue growing with local estimates suggesting it could exceed 200,000 by the mid-2030s. (source: JSNA – Summary for Huntingdonshire.). The district has an ageing population; 36,500 residents are aged 65 and above, an increase of 33% since 2011.
- **Economy and employment**
Unemployment levels in Huntingdonshire remain lower than the national average. In April 2025, approximately 2.4% of residents aged 16-64 were recorded in the DWP claimant count, compared to 4.2% for Great Britain as a whole. (source: NOMIS: claimant count)
- **Homes**
Huntingdonshire continues to be a growth area with 858 new homes delivered in 2024/25 (source: annual monitoring report 2025). 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, based on sales, in Huntingdonshire as at December 2025 was £303,500 (which is a slight increase on last year's figure of £348,381 (4.7%) (source: Cambridgeshire Insight). The 2025 affordability ratio for Huntingdonshire is 8.66, above the national average of 7.6. This means the median average home in Huntingdonshire is 8.66 times the median annual average earnings of a full-time employee.

The districts affordable housing comprises a mix of rented and shared ownership properties, reflecting ongoing efforts to increase the supply of affordable homes. Additional affordable homes continue to be delivered each year through development and planning obligations (source: Cambridgeshire insight / internal data).

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 2025/26 revenue outturn position

The Council's 2025/26 revenue outturn position is shown in the table below:

2024/25	2025/26						
	Approved Budget £000	Net budget rephase £000	Current budget £000	Spend/ (Income) £000	Contributions to/(from) reserves £000	Outturn £000	Budget deficit/ (surplus) £000
Outturn £000							
Service (New structure)							
2,370 Chief Executive Officer	1,021	-	1,021	1,395	-	1,395	374
2,879 Chief Digital & Information Officer	3,090	-	3,090	3,034	(13)	3,021	(69)
(416) Head of Economy, Regeneration & Housing	(195)	43	(152)	145	(259)	(114)	38
2,454 Head of Planning, Infrastructure & Public Protection	2,801	65	2,866	1,706	(466)	1,239	(1,627)
4,485 Head of Environmental Services	4,397	40	4,437	3,012	375	3,387	(1,050)
1,303 Head of Leisure, Health & Environment	1,077	(29)	1,049	1,124	188	1,312	263
(1,822) Head of Property & Facilities	(2,221)	-	(2,221)	(1,467)	-	(1,467)	754
974 Head of Human Resources & Officer Development	984	-	984	1,024	(101)	923	(61)
6,813 Head of Finance	7,618	-	7,618	4,857	1,343	5,069	(2,549)
1,642 Head of Democratic Services & Monitoring Officer	1,744	100	1,844	2,004	205	2,209	365
4,463 Customer Change Director	4,945	-	4,945	4,142	(55)	4,087	(858)
186 Head of Communications, Engagement & Public Affairs	247	-	247	360	-	360	113
728 Head of Policy, Performance & Emergency Planning	955	(5)	950	1,006	(123)	883	(67)
26,058 Net revenue expenditure	26,464	214	26,678	22,342	1,094	22,306	(4,372)
(1) Contribution to reserves	0	(214)	(214)	-	0	0	215
(799) Contribution to/(from) earmarked reserves	221	-	221	-	5,414	5,414	5,193
25,258 Budget requirement	26,685	-	26,685	22,342	6,508	27,720	1,036
Financing							
(11,661) NNDR & council tax (surplus)/deficit	(12,929)	-	(12,929)	(8,861)	-	(8,861)	4,068
(2,965) Government grants (non-specific)	(2,702)	-	(2,702)	(7,806)	-	(7,806)	(5,104)
10,632 Council tax for Huntingdonshire District Council	11,053	-	11,053	5,675	6,508	11,053	-

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 2026 amounted to £2,175,000 and £39,460,000 respectively.

Capital strategy and capital programme 2025/26

The capital programme for 2025/26 onwards was presented to and approved by Council on 26 February 2025.

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

- ICT - this covers several technology related schemes;
- Customer Services – customer and call centre expenditure
- Facilities – expenditure relating to council buildings
- Environmental Services –waste and CCTV vehicles and equipment
- Community Services – disabled facilities adaptations grants
- Parks Countryside and Climate – expenditure relating to parks and climate adaptations
- Finance – company investment and software updates
- Economy Regeneration and Housing Delivery – Market Town schemes, business and housing grants
- Leisure and Health – projects at One Leisure sites
- Planning – Community Infrastructure Levy grants
- Property – schemes relating to commercial and operational properties

The revenue implications of financing the capital programme are factored into the budget for 2025/26 and beyond.

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 has remained constant over the period (apart from a very small Salix loan) 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 2025/26

The approved gross capital programme for 2025/26 was £14,527,000. Schemes totalling £13,160,000 from 2024/25 were rephased to 2025/26 giving a total gross capital budget of £27,687,000. Further project delays in 2025/26, resulted in £11,694,000 being rephased to future years. Some projects, where additional borrowing would be required, have been descope and the approved expenditure for these removed from the future capital programme.

The Council spent £18,227,000 on the delivery of its capital programme in 2025/26 and has rephased schemes to 2026/27 where appropriate.

Capital expenditure was financed by, grants, 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 2025/26:

Head of Service	Original Budget £000s	Year End Rephase ⁽²⁾ £000s	Net Rephase ⁽³⁾ £000s	Current Budget £000s	Actual Expenditure £000s	Over/(Under)Spend £000s	Rephase to 2026/27 £000s
Chief Digital and Information Officer	740	593	328	1,068	575	(493)	131
Customer Services	0	50	50	50	0	(50)	0
Facilities	0	0	0	0	580	580	0
Environmental Services	4,994	713	590	5,584	4,501	(1,083)	1,484
Community Services	1,650	10	(40)	1,610	1,977	367	10
Parks, Countryside & Climate	2,224	2,493	332	2,556	464	(2,092)	2,299
Finance	50	111	111	161	0	(161)	0
Economy, Regeneration and Housing Delivery	80	10,439	10,359	10,439	5,444	(4,995)	4,506
Leisure and Health	1,386	63	42	1,428	3,304	1,876	0
Planning	2,706	496	496	3,202	1,075	(2,128)	2,128
Property and Facilities	697	893	893	1,590	308	(1,282)	1,136
Total	14,527	15,860	13,160	27,687	18,227	(9,460)	11,694

The reasons for the re-phase to 2026/27 include:

- £4,506,000 – phasing of the Markets Towns and Future High Streets programmes to future years to complete projects in 2026/27.
- £2,299,000– for works at Hinchingsbrooke Country Park and other council parks.
- £1,136,000 – the enhancements to commercial properties have been delayed whilst commissioning surveys
- £2,128,000– CIL funded project delays by organisations receiving grants
- £1,331,000 – extending the life of the existing fleet to maximise value for money
- £135,000 to complete a purchase of a CCTV generator
- £131,000 of ICT schemes to complete on-going projects

Corporate and budgetary risks

The Council has an embedded process to manage risk and assist the achievement of its objectives alongside national and local performance targets. The corporate risk register plays an integral role in supporting the production of the corporate plan and is a key pillar of 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 based on income and expenditure during the 2025/26 financial year and known assets and liabilities on 31 March 2026. 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.

Lydia Morrison
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 officers 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 of 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 the CIPFA Code of Practice, 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 the CIPFA Code of Practice, and the statutory adjustments required to return to the amount's 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 cannot 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 the CIPFA Code of Practice. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios.

❖ **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 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 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. The company has been dormant since incorporation, with no transactions, assets, or liabilities recognised to date. 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 recognised on the Balance Sheet in accordance with the CIPFA Code of Practice. The Council participates in the Cambridgeshire Pension Fund, administered by Cambridgeshire County Council, and the value of its share of the fund's assets and liabilities has been assessed by the scheme actuary on 31 March 2026.

The actuarial valuation indicates that, before the application of any asset ceiling adjustment, the Council has a net pension surplus of approximately £58.4m (£52.9m surplus on 31 March 2025). This reflects the excess of the fair value of plan assets over the present value of defined benefit obligations at the reporting date.

However, in accordance with IAS19 and the CIPFA Code of Practice, the Council is required to consider the impact of the asset ceiling, which restricts the extent to which any surplus can be recognised. Following application of this adjustment, the surplus is reduced and a net defined benefit liability of £3.961m is recognised on the Balance Sheet within long-term liabilities (£17.426m liability on 31 March 2025).

The level of contributions payable by the Council to the pension fund is determined separately by the Fund Actuary as part of the triennial funding valuation process, the most recent of which was carried out as of 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 2025/26*- 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 2026.

Lydia Morrison Corporate Director of Finance & Resources (S151 Officer)
(insert date)

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 8 June 2026, delegated authority to me as Chair of the Panel to approve the statement of accounts.

Councillor Michael Burke
(insert date)

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.

2024/25				2025/26			
Gross expenditure £000	Gross income £000	Net expenditure £000		Gross expenditure £000	Gross income £000	Net expenditure £000	
8,695	(5,684)	3,011	Chief Digital & Information Officer	8,973	(6,020)	2,953	
648	(1)	647	Chief Executive Officer	1,357	(8)	1,349	
31,656	(27,299)	4,357	Customer Change Director	28,127	(24,219)	3,908	
227	-	227	Head of Communications, Engagement & Public Affairs	341	-	341	
3,070	(932)	2,138	Head of Democratic Services & Monitoring Office	3,354	(721)	2,633	
8,013	(3,168)	4,845	Head of Economy, Regeneration & Housing	6,334	(2,716)	3,618	
9,724	(2,197)	7,527	Head of Environmental Services	11,981	(6,128)	5,853	
3,225	5	3,230	Head of Finance	2,652	(199)	2,453	
927	-	927	Head of Human Resources & Officer Development	1,008	(33)	975	
10,419	(7,787)	2,632	Head of Leisure, Health & Environment	10,211	(8,830)	1,381	
10,967	(5,541)	5,426	Head of Planning, Infrastructure & Public Protection	9,803	(7,023)	2,780	
875	-	875	Head of Policy, Performance & Emergency Planning	993	(16)	977	
2,214	(507)	1,707	Head of Property & Facilities	2,294	(627)	1,667	
90,660	(53,111)	37,549	Cost of services	87,428	(56,540)	30,888	
Other operating expenditure - note 11							
9,061 Parish precepts							
(229) Post stock transfer capital receipts							
609 Drainage board levies							
(175) Loss/(gain) on the disposal of non-current assets							
9,266				9,923			
Financing and investment income - note 12							
390 Interest payable and similar charges							
183 Pensions interest cost and expected return on pensions assets							
(3,988) Interest receivable							
(5,939) Income and expenditure in relation to investment properties and changes in their fair value							
(1,420) Other investment, trading operations and shared services							
(10,774)				(7,973)			
Taxation and non-specific grant income - note 13							
(19,653) Council tax income							
(11,701) Non-domestic rates							
(2,965) Non-ringfenced government grants							
(3,365) Developer contributions (CIL & S.106)							
(9,932) Capital grants							
(47,616)				(42,829)			
(11,575) Surplus on provision of services				(9,991)			
(3,624) Surplus on the revaluation of non-current assets							
(69) (Surplus)/deficit on financial assets measured at fair value through other comprehensive income							
14,051 Remeasurement of net defined benefit							
Other comprehensive income and expenditure							
10,358				(17,041)			
Total comprehensive income and expenditure							
(1,217)				(27,032)			

Movement in reserves statement

This statement shows the movement from the start of the year to the end of the year 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 amount's 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 2025	(2,175)	(36,911)	(4,721)	(59,330)	(103,137)	(72,086)	(175,223)
Movement in reserves during 2025/26							
Surplus on provision of services	(9,991)	-	-	-	(9,991)	-	(9,991)
Other comprehensive income and expenditure	-	-	-	-	-	(17,041)	(17,041)
Total comprehensive income and expenditure	(9,991)	-	-	-	(9,991)	(17,041)	(27,032)
Adjustments between accounting basis and financing basis under regulations (note 9)	7,442	-	(0)	4,459	11,900	(11,926)	(26)
Net (increase)/decrease before transfers to earmarked reserves	(2,549)	-	(0)	4,459	1,909	(28,967)	(27,058)
Transfers to/(from) earmarked reserves	2,549	(2,549)	-	-	-	-	-
(Increase)/decrease in year	(0)	(2,549)	(0)	4,459	1,909	(28,967)	(27,058)
Balance at 31 March 2026	(2,175)	(39,460)	(4,721)	(54,871)	(101,228)	(101,053)	(202,281)

	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	-	-	-	-	-	10,358	10,358
Total comprehensive income and expenditure	(11,575)	-	-	-	(11,575)	10,358	(1,217)
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)	5,131	(1,217)
Transfers to/(from) earmarked reserves	3,611	(3,611)	-	-	-	-	-
(Increase)/decrease in year	-	(3,611)	(174)	(2,563)	(6,348)	5,131	(1,217)
Balance at 31 March 2025	(2,175)	(36,911)	(4,721)	(59,330)	(103,137)	(72,086)	(175,223)

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 cannot 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 2025			31 March 2026
£000		note	£000
90,961	Property, plant and equipment	14	102,112
65	Heritage assets		65
73,201	Investment property	15	74,318
517	Intangible assets	16	564
3,651	Long term investments	17	3,650
3,609	Long term debtors	17	3,609
172,004	Long term assets		184,318
47,750	Short term investments	17	46,300
226	Inventories	18	270
16,346	Short term debtors	19	13,834
17,869	Cash and cash equivalents	20	19,801
-	Assets held for sale	21	2,925
82,191	Current assets		83,130
(2,278)	Bank overdraft	20	(1,865)
(268)	Short term borrowing	17	(260)
(17,627)	Short term creditors	22	(18,684)
(2,842)	Grants received in advance - capital	31	(2,719)
(3,732)	Provisions	39	(2,834)
(26,747)	Current liabilities		(26,362)
(34,255)	Long term borrowing	17	(34,303)
(544)	Other long term liabilities	17	(543)
(17,426)	Net pensions liability	37	(3,961)
(52,225)	Long term liabilities		(38,807)
175,223	Net assets		202,280
(103,137)	Usable reserves	23	(101,227)
(72,086)	Unusable reserves	24	(101,053)
(175,223)	Total reserves		(202,280)

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.

2024/25			2025/26
£000		note	£000
11,575	Net surplus on the provision of services		9,991
(2,049)	Adjustment to deficit on the provision of services for non cash movements	25	(120)
(15,874)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	25	(5,547)
(6,348)	Net cash flows from operating activities		4,323
7,002	Net cash flows from investing activities	26	(4,019)
621	Net cash flows from financing activities	27	2,720
1,275	Net (decrease)/increase in cash and cash equivalents		3,024
14,316	Cash and cash equivalents at the beginning of the reporting period		15,591
15,591	Cash and cash equivalents at the end of the reporting period	20	18,615

1. Accounting Policies

1.1 General principles

The statement of accounts summarises the Council's transactions for the 2025/26 financial year and its position on 31 March 2026. 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 2025/26, 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 based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where 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

Most 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 pension's liability is analysed into the following components:
 - service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year (allocated in the comprehensive income and expenditure statement to the services for which the employees worked).
 - past service cost – the increase in liabilities 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 actual cash paid 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 based on 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 because 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 and determinable payments – discounted cash flow analysis

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

- level 1 inputs – quoted prices 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 because 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 based on 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 lasting more than 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 £10,000 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 and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease. This value reduces over time as principal repayments are made.

Lease rental receivables 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).

- 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 because 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 accrual's basis in the accounts. Expenditure above £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 an asset will be sold, it is reclassified as an asset held for sale (AHfS). The asset is revalued immediately before reclassification. Where there is a subsequent decrease in value, the loss is posted to other operating costs in the comprehensive income and expenditure statement. Gains are recognised only up to the amount of any recognised previous losses. Depreciation is not charged on AHfS.

If assets no longer meet the criteria to be classified as AHfS, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified for sale, 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. Receipts above £10,000 are categorised as capital receipts. Capital receipts can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow.

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.

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.

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, considering 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 2025/26 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 2026/27 code are:

- changes to Financial Instruments, IFRS 9 and IFRS7, relating to the classification and measurement of financial instruments (issued in May 2024)
- annual improvement to IFRS (Volume 11): A package of minor amendments across multiple standards (issued in July 2024)
- amendments to FRS 102 the Financial Reporting Standard applicable in the UK and republic of Ireland (Amendments to Heritage assets) (issued in March 2024)
- contracts referencing nature-dependent electricity, IFRS 9 and IFRS 7, (issued in December 2024)

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 the 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 on 31 March 2026 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 on 31 March 2026. An estimated provision of £2.244m has been included in the collection fund in respect of successful appeals costs. The Council's share of any such collection fund costs is 40% or £0.898m 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.

- **Council tax (surplus)/deficit** - Assumptions are made on the likely (surplus)/deficit for the year in 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.
- **Earmarked reserves** - The Council has a 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.
- **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 £23,500 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 2025/26, 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 2025/26 for land is £62,730,000 and buildings is £51,280,000 (2024/25 land is £59,630,000 and buildings is £45,594,000).

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 2025/26 no such items of income or expenditure were incurred (2024/25 £nil).

6. Events after the balance sheet date

The unaudited Statement of Accounts were issued on 8 June 2026. Where events taking place before this date provided information about the conditions existing on 31 March 2026, 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 2026 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.

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Chief Digital & Information Officer
Chief Executive Officer
Customer Change Director
Head of Communications, Engagement & Public Affairs
Head of Democratic Services & Monitoring Officer
Head of Economy, Regeneration & Housing
Head of Environmental Services
Head of Finance
Head of Human Resources & Officer Development
Head of Leisure, Health & Environment
Head of Planning, Infrastructure & Public Protection
Head of Policy, Performance & Emergency Planning
Head of Property & Facilities
Net cost of services
Other income and expenditure
(Surplus)/deficit for the year
Opening general fund balance at 1 April 2025
Closing general fund balance at 31 March 2026

2025/26					
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 pension's adjustment	Other Differences	Total Adjustments	
£000	£000	£000	£000	£000	£000
2,953	(200)	263	-	63	3,016
1,349	-	46	-	46	1,395
3,908	(9)	239	-	230	4,138
341	-	19	-	19	360
2,633	(3)	51	-	48	2,681
3,618	(3,659)	70	(0)	(3,589)	29
5,853	(1,387)	-	-	(1,387)	4,466
2,453	(45)	698	-	653	3,106
975	-	40	-	40	1,015
1,381	(625)	339	-	(286)	1,095
2,780	(1,337)	263	-	(1,074)	1,706
977	(17)	46	-	29	1,006
1,667	(418)	35	-	(383)	1,284
30,888	(7,700)	2,109	(0)	(5,591)	25,297
(40,879)	6,410	(577)	7,226	13,059	(27,820)
(9,991)	(1,290)	1,532	7,226	7,468	(2,523)
					(39,086)
					(41,609)

2024/25					
Net expenditure in the comprehensive income and expenditure statement £000	Adjustments between the funding and accounting basis				Net expenditure chargeable to the general fund £000
	Adjustments for capital purposes £000	Net change for the pensions adjustment £000	Other Differences £000	Total Adjustments £000	
6,219	(311)	154	-	(157)	6,062
3,523	(2,815)	68	-	(2,747)	776
1,215	-	24	-	24	1,239
7,877	(307)	397	-	90	7,967
214	-	5	-	5	219
5,839	(5,862)	11	218	(5,633)	206
876	(740)	106	-	(634)	242
7,452	(1,440)	146	-	(1,294)	6,158
1,323	(648)	65	-	(583)	740
3,011	(197)	120	-	(77)	2,934
37,549	(12,320)	1,096	218	(11,006)	26,543
(49,124)	6,551	(180)	12,599	18,970	(30,154)
(11,575)	(5,769)	916	12,817	7,964	(3,611)
					(35,475)
					(39,086)

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 pension's 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:

2024/25		2025/26
£000		£000
(5,684)	Chief Digital & Information Officer	(6,020)
(1)	Chief Executive Officer	(8)
(27,299)	Customer Change Director	(24,219)
-	Head of Communications, Engagement & Public Affairs	-
(932)	Head of Democratic Services & Monitoring Officer	(721)
(3,168)	Head of Economy, Regeneration & Housing	(2,716)
(2,197)	Head of Environmental Services	(6,128)
5	Head of Finance	(199)
-	Head of Human Resources & Officer Development	(33)
(7,787)	Head of Leisure, Health & Environment	(8,830)
(5,541)	Head of Planning, Infrastructure & Public Protection	(7,023)
-	Head of Policy, Performance & Emergency Planning	(16)
(507)	Head of Property & Facilities	(627)
(53,111)		(56,540)

8. Expenditure and income analysed by nature

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

2024/25		2025/26
£000		£000
	Expenditure	
32,769	Employees	37,130
18,709	Other service expenses	21,030
(874)	Support service recharges	(1,480)
	Depreciation, amortisation, REFCUS & investment	
11,385	property fair value adjustment	7,910
390	Interest payments	391
3,810	Transfer & grant payments	4,210
10,729	Precepts & levies	11,308
-	Loss on disposal of fixed assets	-
26,067	Benefit payments	21,895
102,985	Total expenditure	102,394
	Income	
(31,222)	Fees, charges & other service income	(35,271)
(3,988)	Interest and investment income	(3,310)
(31,354)	Income from council tax & non-domestic rates	(29,945)
(229)	Post stock transfer capital receipts	(685)
(42,739)	Government grants & contributions	(39,224)
(175)	Proceeds from disposal of non-current assets	(89)
(4,853)	Levies	(3,831)
(114,560)	Total income	(112,355)
(11,575)	Surplus on the provision of services	(9,961)

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.

2025/26		
Usable reserves		
General fund balance	Capital receipts reserve	Capital grants unapplied
£000	£000	£000
1,532	-	-
(118)	-	-
2,570	-	-
(138)	-	(4,773)
3,846	-	(4,773)
773	(773)	-
2,865	-	-
3,638	(773)	-
-	774	-
(17)	(1)	-
-	-	9,232
(17)	773	9,232
7.468	-	4.459

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)
- Financial instruments (transferred to/(from) the financial instruments adjustments reserve)
- Council tax and NNDR (transferred from the collection fund adjustment account)
- 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)

Total adjustments to the revenue resources

Adjustments between revenue and capital resources

Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve

Statutory provision for the repayment of debt (transferred from the capital adjustment account)

Total adjustments between revenue and capital resources

Adjustments to capital resources

Use of the capital receipts reserve to finance capital expenditure

Repayment of loans

Application of capital grants to finance capital expenditure

Total adjustments to capital resources

Total adjustments

Total adjustments

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 2024/25 and 2025/26.

	Balance 1 April 2024	Transfers in 2024/25	Transfers out 2024/25	Balance 31 March 2025	Transfers in 2025/26	Transfers out 2025/26	Balance 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
S.106 agreements	(949)	(275)	596	(628)	(447)	-	(1,075)
Commutted S.106 payments	(1,036)	(47)	90	(993)	11	-	(982)
Repairs & renewals fund	(4,038)	(83)	745	(3,376)	1,287	-	(2,089)
Strategic transformation reserve	(521)	-	185	(336)	48	-	(288)
Collection fund reserve	(2,348)	-	731	(1,617)	-	-	(1,617)
Commercial investment fund	(5,804)	(1,701)	70	(7,435)	-	-	(7,435)
Market towns investment fund	(379)	-	-	(379)	137	-	(242)
Budget surplus reserve	(6,872)	-	306	(6,566)	-	-	(6,566)
Special reserve	(656)	-	656	-	-	-	-
Local government reorganisation	-	(1,000)	-	(1,000)	(2,641)	-	(3,641)
Other reserves	(10,697)	(7,971)	4,087	(14,581)	(14,076)	13,132	(15,525)
	(33,300)	(11,077)	7,466	(36,911)	(15,681)	13,132	(39,460)

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

2024/25		2025/26	
£000		£000	
9,061	Parish precepts	10,032	
(229)	Post stock transfer capital receipts	(685)	
609	Drainage board levies	632	
(175)	Gain on the disposal of non-current assets	(56)	
9,266		9,923	

2. Financing and investment income and expenditure

2024/25		2025/26	
£000		£000	
390	Interest payable and similar charges	390	
183	Pensions interest cost and expected return on pensions assets	937	
(3,988)	Interest receivable	(3,309)	
(5,939)	Income and expenditure in relation to investment properties and changes in their fair value	(4,376)	
(1,420)	Other investment, trading operations and shared services	(1,615)	
(10,774)		(7,973)	

13. Taxation and non-specific grant income

2024/25		2025/26
£000		£000
(19,653)	Council tax income	(20,897)
(11,701)	Non-domestic rates	(9,048)
(2,965)	Non-ringfenced government grants	(7,806)
(3,365)	Developer contributions (CIL & s.106)	(2,493)
(9,932)	Capital grants	(2,585)
<u>(47,616)</u>		<u>(42,829)</u>

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.

In accordance with the CIPFA Code of Practice, which introduced changes to the valuation on non-current assets, a proportion of the Councils assets were subject to full valuation during the year. Assets that were not

revalued have been reviewed using appropriate indices, in line with the Code requirements. None of the asset's values materially changed.

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 2025/26 accounts.

The valuations at 31 March 2026 have been carried out by Wilks, Head & Eve LLP, who also prepared a valuation report.

The significant assumptions applied in estimating 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	-	12,990	3,342	1,223	-	6,736	24,291
Valued at current cost as at:							
31 March 2026	39,687						39,687
31 March 2025	22,543	-	-	-	-	-	22,543
31 March 2024	13,217	-	-	-	2,374	-	15,591
Total cost or valuation	75,447	12,990	3,342	1,223	2,374	6,736	102,112

14.6 Capital commitments

On 31 March 2026 the Council was contractually committed to capital works valued at approximately £10,164,340 (31 March 2025 £8,422,000). The schemes are listed in the table below:

Service	Scheme	31 March 2026
		£000
Chief operating officer	Disabled Facilities Grants	407
Corporate services	Hinchingbrooke Country Park	72
	St Neots Riverside Park Path/Cycle Imps	6
	Replacement Income Management System	0
	REPF Capacity Building	4
	Solar Canopy and Triple Glazed Windows	6
	OLH and OLR refurbishment	10
	OL Roof Mounted Solar	3
	Old Falcon (Future High Streets)	6
	Priory Centre & Qtr (Future High Streets)	55
	Server 2016 Migration	28
	CCTV Hardware and System Software	1
	Update	1
	Huntingdon Sport & Health Hub	1
	OLSIO - 3G Pitch (2026)	2
Housing strategy	Hinchingbrooke Country Park	43
	Datacentre Racks	1
	UK Shared Prosperity Fund	20
	Ramsey Market Hub/Public Realm/Food Hall	107
	Public Switched Telephone Network (PSTN)	2
	Market Town St Ives (CLOSE AT Y/E)	0
	Old Falcon (Future High Streets)	26
	Priory Centre & Qtr (Future High Streets)	5,868
	Market Towns Ramsey St Ives Huntingdon	1,726
	Transport Project (Future High Streets)	303
Leisure & health	Hinchingbrooke Country Park	2
	Leisure Cents - Future Improve	55
	Fareham Offices Capital Works	46
	St Neots Riverside Changing Places	2
	OL St Neots Synthetic Pitch	7
	OL Sawtry - Plant Reinstall	31
	Vehicles & Plant	717
Operations	Wheeled Bins	54
	Hinchingbrooke Country Park	1
Strategic insight & delivery	Secure Cycle Storage	4
	St Neots Riverside Park Path/Cycle Imps	4
	Re-Letting Enhancement Works	2
	Huntingdon Sport & Health Hub	12
	Leisure Cents - Future Improve	41
3CICT shared service	Hardware Replacement (HDC IT)	351
	Datacentre Racks	16
	Replacement Income Management System	33
	Food Waste Collection	1
	Audio Visual Equipment	0
	OL Sawtry - Plant Reinstall	14
	Hinchingbrooke Inflatable AquaPark	74
Grand Total		10,164

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 2025	73,995	26,312	9,011	1,117	2,374	2,004	114,813
Additions	924	5,462	-	105	-	4,899	11,390
Revaluation increases recognised in the revaluation reserve	3,675	-	-	-	-	-	3,675
Revaluation decreases/reversals recognised in the revaluation reserve	(534)	-	-	-	-	-	(534)
Revaluation increases recognised in the surplus on the provision of services	443	-	-	-	-	-	443
Revaluation decreases recognised in the surplus on the provision of services	(111)	-	-	-	-	-	(111)
Derecognition - disposals	-	(1,011)	(139)	-	-	-	(1,150)
Reclassification of assets as REFCUS	-	-	-	-	-	-	-
Reclassification of assets as investment property	-	-	-	-	-	-	-
Other movements in cost or valuation	(2,378)	-	-	-	-	(167)	(2,545)
At 31 March 2026	76,014	30,763	8,872	1,222	2,374	6,736	125,981
Accumulated depreciation							
At 1 April 2025	(1,503)	(17,011)	(5,338)	-	-	-	(23,852)
Depreciation charge for the year	(1,032)	(1,773)	(330)	-	-	-	(3,135)
Depreciation written back on revaluation	1,968	-	-	-	-	-	1,968
Derecognition - disposals	-	1,011	139	-	-	-	1,150
Other movements	-	-	-	-	-	-	-
At 31 March 2026	(567)	(17,773)	(5,529)	-	-	-	(23,869)
Net book value							
At 31 March 2026	75,447	12,990	3,343	1,222	2,374	6,736	102,112
At 1 April 2025	72,492	9,301	3,673	1,117	2,374	2,004	90,961

	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	(3,656)	-	-	-	-	-	(3,656)
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	73,995	26,312	9,011	1,117	2,374	2,004	114,813
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	72,492	9,301	3,673	1,117	2,374	2,004	90,961
At 1 April 2024	68,816	7,861	4,025	451	2,374	1,136	84,663

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:

2024/25		2025/26	
£000		£000	
(4,783)	Rental income from investment property	(4,250)	
1,690	Direct operating expenses arising from investment property	1,531	
(3,093)		(2,719)	
(2,846)	Net losses from fair value adjustments	(526)	
(5,939)		(3,246)	

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:

2024/25		2025/26	
£000		£000	
70,285	Balance at 1 April	73,201	
70	Additions	57	
2,846	Net (losses)/gains from fair value adjustments	526	
-	Transfers from property, plant and equipment	533	
73,201	Balance at 31 March	74,317	

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

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 2025		Fair value inputs level 2 other significant observable inputs at 31 March 2026	
£000		£000	
		Asset type	
9,454	Retail	9,826	
17,731	Office	17,881	
46,016	Commercial	46,610	
73,201		74,317	

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 of investment properties is based on the income approach, where expected cash flows are discounted (using a market-derived discount rate) to establish the present value of the net income stream.

16. Intangible assets

The Council accounts for software as an intangible asset. Intangible assets include both purchased licenses and internally generated software.

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

Amortisation of £176,000 was charged to revenue in 2025/26 using the straight line method.

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

2024/25		2025/26
£000		£000
	Balance at start of year	
2,860	Gross carrying amounts	2,704
(2,219)	Accumulated amortisation	(2,187)
641	Net carrying amount at start of year	517
72	Additions	223
(228)	Disposals or retirements	87
(196)	Amortisation for the period	(176)
228	Reversal of amortisation on disposals or retirements	(87)
517	Net carrying amount at end of year	564
	Comprising:	
2,704	Gross carrying amounts	3,014
(2,187)	Accumulated amortisation	(2,450)
517		564

17. Financial instruments**17.1 Categories of financial instruments**

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

31 March 2025			31 March 2026	
Long term	Current		Long term	Current
£000	£000		£000	£000
Investments				
Financial assets held at fair value through other comprehensive income				
3,651	-		3,650	-
-	47,750		-	46,300
3,651	47,750	Total investments	3,650	46,300
Debtors				
Loans and receivables				
3,609	9,947		3,609	7,435
3,609	9,947	Total debtors	3,609	7,435
7,260	57,697	Total financial assets	7,259	53,735
31 March 2025			31 March 2026	
Long term	Current		Long term	Current
£000	£000		£000	£000
Borrowings				
Financial liabilities held at amortised cost				
(34,255)	(268)		(34,303)	(260)
(34,255)	(268)	Total borrowings	(34,303)	(260)
Other long term liabilities				
Financial liabilities held at fair value through profit and loss				
(544)	-		(543)	-
(544)	-	Total other long term liabilities	(543)	-
Creditors				
Financial liabilities held at amortised cost				
-	(8,033)		-	(8,967)
-	(8,033)	Total creditors	-	(8,967)
(34,799)	(8,301)	Total financial liabilities	(34,846)	(9,227)

17.2 Income, expenses, gains and losses

2024/25			2025/26	
Financial assets: loans and receivable £000	Financial liabilities: liabilities measured at amortised cost £000		Financial assets: loans and receivable £000	Financial liabilities: liabilities measured at amortised cost £000
-	391	Interest expense	-	390
(3,988)	-	Interest income	(3,309)	-
(3,988)	391	Net loss/(gain) for the year	(3,309)	390

17.3 Fair values of assets and liabilities

Financial instruments, not classified at amortised cost, are carried at fair value, taken from the market price. The fair values have been estimated by calculating the net present value of the remaining contractual cash flows on 31 March 2026, 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 2026 was used in evaluating this fund.

Financial instruments, classified at amortised cost, are carried at amortised cost using the net present value of remaining contractual cash flows on 31 March 2026 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 2026.
- 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
- level 3 - unobservable inputs for the asset.

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

31 March 2025			31 March 2026	
Carrying amount £000	Fair value £000		Carrying amount £000	Fair value £000
		Assets		
65,940	64,503	Loans and receivables	60,994	60,994
		Liabilities		
(43,100)	(32,357)	Financial liabilities	(44,073)	(33,346)

31 March 2024				31 March 2025	
Carrying amount £000	Fair value £000		Fair value level	Carrying amount £000	Fair value £000
		Financial liabilities held at amortised cost			
(34,255)	(23,966)	Long term loans from PWLB	2	(34,303)	(23,576)
(34,255)	(23,966)	Total		(34,303)	(23,576)
(8,391)	(8,391)	Liabilities for which fair value is not disclosed		(9,770)	(9,770)
(42,646)	(32,357)	Total financial liabilities		(44,073)	(33,346)
		<i>Recorded on the balance sheet as:</i>			
(7,579)	(7,579)	Short term creditors		(8,967)	(8,967)
(268)	(268)	Short term borrowing		(260)	(260)
(7,847)	(7,847)	Short term financial liabilities		(9,227)	(9,227)
(34,255)	(23,966)	Long term borrowing		(34,303)	(23,576)
(544)	(544)	Other long term liabilities		(543)	(543)
(34,799)	(24,510)	Long term financial liabilities		(34,846)	(24,119)
(42,646)	(32,357)	Total financial liabilities		(44,073)	(33,346)
		Financial assets held at fair value through other comprehensive income			
3,651	3,651	Property fund	1	3,650	3,650
		Financial assets held at amortised cost			
47,750	47,750	Short term investment	1	46,300	46,300
51,401	51,401	Total		49,950	49,950
13,102	13,102	Assets for which fair value is not disclosed		11,044	11,044
64,503	64,503	Total financial assets		60,994	60,994
		<i>Recorded on the balance sheet as:</i>			
9,493	9,493	Short term debtors		7,435	7,435
47,750	47,750	Short term investments		46,300	46,300
57,243	57,243	Short term financial assets		53,735	53,735
3,609	3,609	Long term debtors		3,609	3,609
3,651	3,651	Long term investments		3,650	3,650
7,260	7,260	Long term financial assets		7,259	7,259
64,503	64,503	Total financial assets		60,994	60,994

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 2025		31 March 2026	
£000		£000	
	Long term		
(5,000)	PWLB - 3.91% 19/12/2008 to 19/12/2057	(5,000)	
(5,000)	PWLB - 3.90% 19/12/2008 to 19/12/2058	(5,000)	
(5,000)	PWLB - 2.78% 02/10/2017 to 02/10/2037	(5,000)	
(7,292)	PWLB - 2.49% 11/03/2019 to 11/03/2039	(7,292)	
(11,963)	PWLB - 2.18% 26/06/2019 to 26/06/2039	(11,963)	
-	Salix	-	
(34,255)		(34,255)	

18. Inventories

2024/25				2025/26			
Leisure centres	Diesel	Other	Total	Leisure centres	Diesel	Other	Total
£000	£000	£000	£000	£000	£000	£000	£000
36	25	152	213	31	42	153	226
-	553	-	553	-	729	-	729
-	(607)	-	(607)	-	(723)	-	(723)
(5)	71	1	67	(3)	-	42	39
31	42	153	226	28	48	195	271

Balance at 1 April
Purchases
Recognised as an expense in year
Stock adjustment
Balance at 31 March

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

19. Short term debtors

31 March 2025		31 March 2026	
£000		£000	
2,055	Central government bodies	1,383	
6,913	Other local authorities	2,462	
35	NHS bodies	-	
9,563	Other entities and individuals	12,245	
18,566		16,090	
(2,220)	Expected credit losses	(2,258)	
16,346		13,832	

20. Cash and cash equivalents

31 March 2025		31 March 2026
£000		£000
9	Cash held	7
497	Bank balances	390
17,363	Short term deposits	19,403
17,869		19,800
(2,278)	Bank overdraft	(1,865)
15,591		17,935

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.

31 March 2025		31 March 2026
£000		£000
-	Balance at 1 April	-
-	Reclassification of assets as property, plant & equipment	2,925
-	Balance at 31 March	2,925

22. Short term creditors

31 March 2025		31 March 2026
£000		£000
	Creditors and receipts in advance	
(6,357)	Central government bodies	(7,658)
(1,810)	Other local authorities	(1,469)
(270)	NHS bodies	(270)
	Public corporations and trading funds	-
(9,190)	Other entities and individuals	(9,538)
(17,627)		(18,935)
	Capital grants and other receipts in advance	
(2,842)	Central government bodies	(2,719)
(20,469)		(21,654)

23. Usable reserves

Movements in usable reserves are summarised below:

	31 March 2024	Movements		31 March 2025	Movements		31 March 2026
	£000	Debits £000	Credits £000	£000	Debits £000	Credits £000	£000
General fund	(2,175)	139,666	(139,666)	(2,175)	133,783	(133,784)	(2,175)
Capital receipts reserve	(4,547)	261	(435)	(4,721)	774	(774)	(4,721)
Capital grants unapplied	(56,767)	10,858	(13,421)	(59,330)	9,232	(4,773)	(54,871)
Earmarked reserves	(33,300)	7,466	(11,077)	(36,911)	13,132	(15,681)	(39,460)
	(96,789)	158,251	(164,599)	(103,137)	156,922	(155,012)	(101,228)

24. Unusable reserves

Movements in unusable reserves are summarised below:

	31 March 2024	Movements		31 March 2025	Movements		31 March 2026
	£000	Debits £000	Credits £000	£000	Debits £000	Credits £000	£000
Capital adjustment account	(43,325)	14,632	(19,698)	(48,391)	11,047	(19,110)	(56,454)
Revaluation reserve	(41,521)	3,750	(7,223)	(44,994)	643	(5,108)	(49,459)
Financial instruments adjustment account	95	-	(341)	(246)	-	49	(197)
Financial instruments revaluation reserve	156	304	(111)	349	-	-	349
Deferred capital receipts	30	-	-	30	-	-	30
Pensions reserve	4,291	18,489	(5,354)	17,426	3,928	(17,393)	3,961
Collection fund adjustment account	3,057	683	-	3,740	(2,570)	-	1,170
	(77,217)	37,858	(32,727)	(72,086)	13,048	(41,562)	(100,600)

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.

2024/25			2025/26	
£000	£000		£000	£000
	(43,325)	Balance at 1 April		(48,391)
		Reversal of items relating to capital expenditure debited to the comprehensive income and expenditure statement		
3,227		Charges for depreciation of non-current assets	3,136	
196		Amortisation of intangible assets	176	
(364)		Revaluation increases recognised in the surplus on the provision of services	(269)	
(2,846)		Movement in the market value of investment properties recognised in the surplus on the provision of services	(1,657)	
11,172		Revenue expenditure funded from capital under statute	6,555	
-		Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the comprehensive income and expenditure statements		
-		Adjusting amounts written out to deferred capital receipts	-	
(151)		Adjusting amounts written out of the revaluation reserve	(643)	
-		Net amount written out amount of the non-current assets consumed in the year	-	
		Reversal of value of leased property (Phoenix Court)	1,130	
		Capital financing applied in the year		
(261)		Use of the capital receipts reserve to finance new capital expenditure	(774)	
(2,050)		Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	(1,901)	
(10,858)		Application of grants to capital financing from the capital grants unapplied account and earmarked reserves	(8,732)	
(2,823)		Statutory provision for the financing of capital investment charged against the general fund	(2,865)	
37		Repayment of long term debtors	18	
(345)		Capital expenditure charged to general fund	(2,258)	
-		Derecognition of assets	33	
		Addition of leased assets (Car Parks) at peppercorn rent	(11)	
	(5,066)	Net movements		(8,063)
	(48,391)	Balance at 31 March		(56,454)

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.

2024/25		2025/26	
£000	£000	£000	£000
	(41,521)		(44,994)
	Balance at 1 April		
(7,223)	Upward revaluation of assets	(5,108)	
	Downward revaluation or impairment of assets not		
	charged to the surplus on the provision of services	-	
3,599	Surplus on revaluation of non-current assets not		
	posted to the surplus on the provision of services		(5,108)
(3,624)	Difference between fair value depreciation and		
	historical cost depreciation - amounts written off to		
	the capital adjustment account		643
151			
(44,994)	Balance at 31 March	(49,459)	

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.

2024/25		2025/26	
£000		£000	
95	Balance at 1 April	(246)	
(304)	Correction to categorisation of financial instruments	-	
	Amount by which finance costs charged to the		
	comprehensive income and expenditure statement		
	are different from the finance costs chargeable in		
(37)	the year in accordance with statutory requirements	49	
(246)	Balance at 31 March	(197)	

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.

2024/25		2025/26
£000		£000
156	Balance at 1 April	349
304	Correction to categorisation of financial instruments	-
(111)	Revaluation of investments	-
349	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.

2024/25		2025/26
£000		£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 2025/26, the actuarial valuation has seen a small 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 2025/26

2024/25		2025/26
£000		£000
4,291	Balance at 1 April	17,426
14,051	Actuarial (gains)/losses on pensions assets and liabilities	(11,933)
4,438	Reversal of items related to retirement benefits debited or credited to the comprehensive income and expenditure statement	3,928
(5,354)	Employer's contributions and direct payments to pensioners payable in year	(5,460)
17,426	Balance at 31 March	3,961

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.

2024/25		2025/26
£000		£000
3,057	Balance at 1 April	3,740
	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		(2,570)
3,740	Balance at 31 March	1,170

25. Cash flow statement**25.1 Adjustments to net deficit on the provision of services for non-cash movements**

2024/25		2025/26
£000		£000
3,227	Depreciation	3,136
(364)	Impairment and revaluations	(643)
196	Amortisation	176
(2,389)	Decrease in creditors	(1,126)
255	Decrease in debtors	1,338
(13)	Decrease/(increase) in inventories	(44)
(916)	Pension liability	(1,532)
-	Carrying amount of non-current assets sold	-
(2,045)	Other non-cash items charged to the net surplus or deficit on the provision of services	(1,425)
(2,049)		(120)

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

2024/25		2025/26
£000		£000
(403)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(774)
(15,471)	Any other items for which the cash effects are investing or financing cash flows	(4,773)
(15,874)		(5,547)

25.3 Operating activities

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

2024/25		2025/26	
£000		£000	
4,025	Interest received	3,272	
(390)	Interest paid	(390)	

26. Cash flow statement - investing activities

2024/25		2025/26	
£000		£000	
(5,548)	Purchase of property, plant and equipment, investment property and intangible assets	(11,083)	
(2,150)	Purchase of short term and long term investments	1,450	
(1,178)	Other payments for investing activities	-	
403	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	774	
15,475	Other receipts from investing activities	4,839	
7,002		(4,019)	

27. Cash flow statement - financing activities

2024/25		2025/26	
£000		£000	
(24)	Other payments for financing activities	(24)	
(8)	Movements in of short- and long-term borrowing	40	
653	Council tax and non-domestic rates adjustments	2,704	
621		2,720	

28. Reconciliation of liabilities arising from financing activities

	01 April 2025	Financing cash flows	Changes which are not financing cash flows		31 March 2026
			Acquisition	Other non- financing cash flows	
	£000	£000	£000	£000	£000
Long term borrowings	(34,255)	-	-	(48)	(34,303)
Short term borrowings	(268)	(40)	-	48	(260)
Lease liabilities	(544)	-	-	-	(544)
Total liabilities from financing activities	(35,067)	(40)	-	-	(35,107)

	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	(34,263)	-	-	8	(34,255)
Short term borrowings	(268)	8	-	(8)	(268)
Lease liabilities	(544)	-	-	-	(544)
Total liabilities from financing activities	(35,075)	8	-	-	(35,067)

29. Members' allowances

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

2024/25		2025/26	
£000		£000	
436	Allowances	428	
3	Expenses	4	
439		432	

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.

	2025/26				
	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	143	15	158	25	182
Deputy Chief Executive and Corporate Director - Place (1)	117	-	117	20	138
Corporate Director - Finance & Resources (S151) (2)	93	1	94	11	105
Interim Corporate Director - Finance & Resources (S151) (3)	96	-	96	-	96
Chief Information Officer	123	-	123	21	145
Corporate Director - Communities	94	1	95	16	112

Key:

(1) Corporate Director - Place, was uplifted to Deputy Chief Executive resulting in additional Market Supplement, from 20/06/2025.

(2) Corporate Director - Finance & Resources (S151) left on 24/10/2025.

(3) Interim Corporate Director - Finance & Resources (S151) - via Agency - started on 20/10/2025

	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 30/09/2024

(2) Previously chief operating officer

(3) Started 02/10/2024

(4) Left 30/06/2024

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:

2024/25		2025/26	
Number of employees		Number of employees	
23	£50,000 - £54,999	27	
15	£55,000 - £59,999	16	
14	£60,000 - £64,999	17	
3	£65,000 - £69,999	7	
6	£70,000 - £74,999	6	
3	£75,000 - £79,999	3	
1	£80,000 - £84,999	5	
1	£95,000 - £99,999	1	
1	£100,000 - £104,999	-	
67		82	

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:

2024/25		2025/26	
£000		£000	
167	Fees payable to the appointed auditor with regard to external audit services	171	
26	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	26	
193		197	

32. Grant income

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

2024/25		2025/26
£000		£000
	Credited to taxation and non specific grant income	
(1,699)	New homes bonus	(1,472)
(1,266)	Other non-ringfenced grants	(6,334)
(9,932)	Capital grants	(2,585)
(12,897)		(10,391)
	Credited to services	
(24,005)	Rent allowances	(20,046)
(284)	Benefits administration	(295)
(1,899)	Improvement grants	(1,800)
(3,654)	Other grants	(6,692)
(29,842)		(28,833)

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 2025		31 March 2026
£000		£000
	Capital	
(2,842)	Cambridgeshire Horizons - Other	(2,719)
(2,842)		(2,719)

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 2025		31 March 2026
£000		£000
(1)	Building foundations from growth	(1)
(85)	Changing Places	-
(54,915)	Community infrastructure levy	(54,209)
(1,802)	Food waste collection	-
(1,141)	Future high streets	-
(48)	Godmanchester doctor's surgery	(48)
(17)	Home office reserve	(17)
(856)	Housing fund	(205)
(155)	Huntingdon on-street wi-fi	(155)
(119)	Insurance contribution	(119)
(25)	Ramsey produce hub	(13)
(98)	Shop fronts	-
(10)	St Ives highways improvement	-
(37)	St Neots digital information	-
(20)	Vibrant communities	-
(1)	Other	(2)
	Biodiversity For All	(102)
(59,330)		(54,871)

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 2025/26 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 2025/26, the Council:

- paid £8,546,856 to the county council (£1,627,856 for pensions and £6,919,000 for other services); and
- received £1,571,038 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 £000	SCDC £000
Building control	145	-
CCTV	(629)	-
ICT services	(3,227)	(2,786)
Legal services	339	-

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 2025/26 was £317,000 (2024/25 £312,000). The Council also incurred relocation costs where the agency received a contribution of £11,000 in 2025/26 (2024/25 £nil).

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 Authority

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

In respect of 2025/26 48 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	Payments made by the Council to the organisation	Interest
			2025/26	2025/26 £	
Cambridgeshire County Council	Cllr Blackwell	Partner Relationship		1,369,446	Future High Streets Costs
	Cllr Bywater	Member		2,000	Level Sup Summer Transitions Project Contribution
	Cllr Corney	Member		12,486	RECAP Contribution
	Cllr Costello	Member		1,113	LHI Contribution
	Cllr Criswell	Member		7,500	DHR Funding
	Cllr Dew	Member		5,000	UKSPF - Business & IP Centres Grant
	Cllr Gardener	Member		87,863	Ramsey Great Whyte Project Work
	Cllr Gleadow	Committee appointee			
	Cllr Hunt	Committee appointee			
	Cllr Keane	Member			
	Cllr Kerr	Member			
	Cllr Martin	Councillor			
	Cllr Sanderson	Member			
	Cllr Slade	Partner Relationship			
	Cllr I Taylor	Partner Relationship			
Cambridgeshire and Peterborough Combined Authority (CPCA)	Cllr S Taylor	Member			
	Cllr Tevlin	Committee appointee			
	Cllr Conboy	Committee appointee			
	Cllr Davenport-Ray	Committee appointee			
	Cllr Hassall	Committee appointee	*	*	
	Cllr Hodgson-Jones	Committee appointee			
	Cllr Neish	Committee appointee			
Huntingdon Town Council	Cllr Wakeford	Committee appointee			
	Cllr Wells	Committee appointee			
	Cllr Blackwell	Member			
	Cllr Harvey	Member			
	Cllr Hunt	Member			
	Cllr M Kadewere	Member	*	*	
	Cllr P Cadewere	Member			
Godmanchester town Council	Cllr McAdam	Member			
	Cllr Sanderson	Member			
Loves Farm Community Association/ Centre	Cllr Conboy	Member	*	7,873	Bio4All Community Grant
	Cllr Mickelburgh	Member			
Ramsey Town Council	Cllr Davenport-Ray	Trustee	*	*	
	Cllr Pickering	Member			
	Cllr Pitt	Member			
Social Echo North Huntingdon CIC	Cllr Brereton	Member		5,072	Bio4All Community Grant
	Cllr Clarke	Member	*	1,026	Hunts Futures Grant
	Cllr Costello	Member		29,761	Ramsey Public Realm Improvement - Grant
	Cllr Howell	Director	*	*	

St Ives Town Council	Cllr Burke	Member		8,000	UKSPF Grant - Interpretation Boards
	Cllr Gleadow	Partner Member		7,353	Bio4All Community Grant
	Cllr Kerr	Member	*		
	Cllr Mokbul	Member			
	Cllr Wells	Member			
St Neots Town Council	Cllr Banks	Member		5,000	Serious Violence Duty Funding
	Cllr Pitt	Member	165,000		Contribution To St Neots Changing Places Project
	Cllr Slade	Member		75,000	Market Stage & Stage Canopy
	Cllr Terry	Member		1,745	Contribution to 2025 Christmas Lights
Yaxley Parish Council	Cllr Gulson	Member	255		Underspend on Net Zero Villages Project
Huntingdon Commemoration Hall			*	20,000	UKSPF - Vibrant Communities - Centre
				800	UKSPF - Community Event Grant Scheme
	Cllr McAdam	Trustee		3,000	UKSPF - Business Grant - Upgrade Internet
Bid Huntingdon Ltd	Cllr Wakeford	Director		2,500	Hunts Futures Grant
			*	29,200	UKSPF - Vibrant Communities Grant
				30,308	Huntingdon Cinema - Feasibility Grant
NHS	Cllr Beuttell	Partner Relationship		1,000	Community Chest Grant
	Cllr Bywater	Partner Relationship	109,259		Planning Performance Agreements -
	Cllr Howell	Employee			Redevelopment of Hinchbrook Hospital
Disability Huntingdonshire	Cllr Wells	Trustee	*	*	
The Wildlife Trust	Cllr Hassall	Member	*	*	
Houghton & Wyton Timebank				1,000	UKSPF - Vibrant Communities Grant
	Cllr Keane	Member	*	1,200	Community Chest Grant
				500	Community Chest Grant
Somersham Parish Council			*	330	Community Chest Grant
	Cllr Criswell	Member		250	Covid Remembrance Event
Grafham Parish Council	Cllr Gardener	Member	*	*	
Hertsmere Borough Council	Cllr Hodgson-Jones	Member	*	*	
Wyton & Houghton Parish Council	Cllr Keane	Member	*	500	Public Realm Improvement Grant
Wyton On The Hill Parish Council	Cllr Keane	Member	*	*	
Holywell-cum-Needingworth Parish Council	Cllr Neish	Member	*	*	
Milton Keynes City Council	Cllr Tevlin	Member	*	*	
Great Gransden Parish Council	Cllr Catmur	Member	*	*	
Carter Jonas	Cllr Beuttell	Employee	*	6,300	Amber Centre Evaluation
	Cllr Sanderson	Employee			
Ramsey Rural Museum	Cllr Brereton	Member	*	*	
Reed Education	Cllr Burke	Employee	*	*	
St Ives Town Initiative	Cllr Burke	Unpaid Director	*	*	
The Burleigh Hill Community Centre	Cllr Burke	Unpaid Director	*	*	
St Ives Christmas Lights	Cllr Burke	Unpaid Director	*	*	
Conquest Livery	Cllr Butler	Unpaid Director	*	*	
Stukeley Meadows Primary School	Cllr Cawley	Employee	*	7,999	Bio4All Community Grant

Huntingdonshire Community Church	Cllr Cawley	Trustee	*	3,000	Serious Violence Duty Funding
	Cllr Gray	Trustee			
St Neots Choral Society	Cllr Chapman	Member	*	*	
St Neots Community Support	Cllr Chapman	Member	*	*	
Eaton's Community Association	Cllr Chapman	Member	*	*	
St Neots Initiative	Cllr Chapman	Member	*	*	
The Friends Of St Neots Riverside	Cllr Chapman	Member	*	*	
Ramsey Welfare Charities	Cllr Clarke	Chairman	*	*	
Ramsey St Mary's Welfare Charities	Cllr Clarke	Member	*	*	
Pinpoint Cambridgeshire	Cllr Conboy	CEO	*	*	
Roundhead Association And English Civil War Society	Cllr Conboy	Member	*	*	
Ramsey Community Centre	Cllr Corney	Trustee	*	*	
	Cllr Costello	Member			
Ramsey Christmas Lights Committee	Cllr Costello	Member	*	*	
Ramsey Wind Farm Trust	Cllr Costello	Member	*	*	
Somersham Feoffess Charity	Cllr Criswell	Member	*	*	
Somersham Poors Charity	Cllr Criswell	Member	*	*	
Friends Of Somersham Library	Cllr Criswell	Member	*	*	
Hunts Forum Of Voluntary Organisation	Cllr Criswell	Member	*	*	
	Cllr Sanderson	Member			
80 Lives Corn Exchange	Cllr Gleadow	Director	*	19,645	UKSPF - Improvements
Huntingdon Community Action Projects	Cllr Harvey	Treasurer	*	*	
Huntingdon & District Cricket Club	Cllr Harvey	Vice-Chair	*	*	
Hobby Hub Yaxley	Cllr Howell	Director	*	2,800	Community Chest Grant
				10,131	Community Health & Wealth Building Grant
Yaxley Festival Funding Limited	Cllr Howell	Director	*	600	Hunts Futures Grant
Diamond Hampers	Cllr Howell	Director	*	*	
Riverside Minature Railway	Cllr Hunt	Member	*	*	
Parochial Church Council	Cllr Jordan	Member	*	*	
Huntingdon Community Group	Cllr M Kadewere	Member	*	*	
St Peters School	Cllr P Kadewere	Governor	*	*	
Thongsley Primary School	Cllr P Kadewere	Governor	*	*	
Huntingdonshire History Festival	Cllr McAdam	Trustee	*	2,500	Hunts Futures Grant
Huntingdonshire Football Assoication	Cllr B Mickelburgh	Unpaid Director	*	*	
Godmanchester Town FC	Cllr D Mickelburgh	Member	*	*	
Godmanchester Baptist Church	Cllr D Mickelburgh	Member	*	*	
Godmanchester Scout Group	Cllr D Mickelburgh	Member	*	*	
Money Advice St Neots	Cllr Pickering	Employee	*	*	
Slade Design	Cllr Slade	Director	*	3,000	UKSPF - Business Grant - Tourism Website
Neotists CIC	Cllr Slade	Member	*	*	
Longsands Academy	Cllr Slade	Governor	*	*	
Peter Lane	Cllr S Taylor	Employee	*	*	
	Cllr I Taylor	Partner Relationship			

* 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.

2024/25		2025/26
£000		£000
72,341	Opening capital financing requirement	72,856
	Capital investment	
4,670	Property, plant and equipment	6,491
72	Intangible assets	223
	Revenue expenditure funded from capital under statute	
11,172		6,555
70	Investment properties	57
868	Assets under construction	4,899
	Sources of finance	
(261)	Capital receipts	(774)
(2,050)	Grants and other contributions	(1,901)
	Capital grants unapplied reserve - community infrastructure levy	51
(3,305)		
(7,553)	Capital grants unapplied reserve - other	(9,283)
(345)	Use of earmarked reserves	(2,258)
-	Use of s106 reserve	-
(2,823)	Minimum revenue provision	(2,865)
	Lease Liability Adjustment	1,130
72,856	Closing capital financing requirement	75,181
	Increase in underlying need to borrow (unsupported by government financial assistance)	
515		2,325

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 2025	848	35,849	36,697
Transfers	-	-	-
Additions	-	393	393
Revaluations	(432)	2,946	2,514
Depreciation	-	(620)	(620)
Disposals	-	-	-
Balance at 31 March 2026	416	38,568	38,984

- Transactions under leases

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

2024/25		2025/26
£000		£000
	Comprehensive income and expenditure statement	
39	Interest expense on lease liabilities	122
7	Expense relating to short-term leases	-
(172)	Income from subletting right-of-use assets	(57)
	Cash Flow Statement	
260	Minimum lease payments	127

- 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):

2024/25		2025/26
£000		£000
-	Less than one year	5
544	Two to five years	23
2,599	More than five years	1,703
3,143	Total undiscounted liabilities	1,731

35.2 Council as lessor**35.2.1 Finance leases**

Following the adoption of IFRS 16, the Council recognised 3 new finance leases in 2025/26. Details of these are shown in the tables below.

Maturity of Leases - Finance Leases

2024/25		2025/26
£000		£000
-	Less than one year	(1)
-	One to five years	(3)
-	More than five years	(81)
-	Total undiscounted liabilities	(85)

Total Undiscounted Receivables - Finance Leases

2024/25		2024/25
£000		£000
-	Total Undiscounted Lease Receivables	(85)
-	Unearned Finance Income	-
-	Discounted Amounts of Unguaranteed Residual Values	-
-	Net Investment in Leases	(85)

Transactions - Finance Leases

2024/25		2025/26
£000		£000
-	Selling Gain or Loss	-
-	Finance Income on Net Investment in Lease	1
-	Income Relating to Variable Lease Payments	-
-		1

Net Investment in Finance Leases

2024/25		2025/26
£000		£000
-	Net Investment at 1 April 2025	-
-	Leases Accounted For	(17)
-	Payments by Lessee	-
-	Lease modifications	-
-	Impact of Changes in unguaranteed residual values	-
-	Movement in impairment loss allowances	-
-	Net Investment 31 March 2025	(17)

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:

2024/25		2025/26	
£000		£000	
(5,019)	Total lease income	(4,481)	
(152)	Share of lease income relating to variable lease payments that do not depend on an index or a rate	(54)	
(5,171)		(4,535)	

- Maturity analysis of lease receivables

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

2024/25		2025/26	
£000		£000	
(3,471)	Less than one year	(4,295)	
(8,846)	One to five years	(10,553)	
(23,191)	More than five years	(24,608)	
(35,508)	Total undiscounted liabilities	(39,456)	

36. Termination benefits and exit packages

The Council approved 7 compulsory redundancies (2024/25: 9) and 0 voluntary redundancies (2024/25: 0). In addition, a further 5 employees left the council in 2025/26 with a compromise agreement (2024/25: 8).

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	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
							£000	£000
£0 - £20,000	7	4	2	3	9	7	59	72
£20,001 - £40,000	-	2	4	2	4	4	112	131
£40,001 - £60,000	1	-	2	1	3	1	150	45
£60,001 - £80,000	1	-	-	-	1	-	65	-
	9	6	8	6	17	12	386	248

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:

2024/25		2025/26
£000		£000
	Comprehensive income and expenditure statement	
	Cost of services	
3,844	Current service cost	2,991
411	Past service cost	-
	Financing and investment income and expenditure	
8,839	Net interest expense	9,072
(10,072)	Expected return on scheme assets	(12,213)
1,416	Interest on the effect of the asset ceiling	4,078
4,438	Total post-employment benefit charged to the surplus on the provision of service	3,928
	Other post-employment benefit charged to the comprehensive income and expenditure statement	
	Re-measurement of the net defined benefit liability comprising:	
	Return on plan assets (excluding the amount included in the net interest expense)	(98)
(6,807)		
316	Actuarial gains and losses arising on changes in demographic assumptions	2,523
30,498	Actuarial gains and losses arising on changes in financial assumptions	4,103
(39,737)	Changes in the effect of the asset ceiling	12,054
1,679	Other experience gains	(6,649)
(14,051)	Total post-employment benefit charged to other comprehensive income and expenditure	11,933
(9,613)	Total post-employment benefit charged to the comprehensive income and expenditure statement	15,861
2024/25		2025/26
£000		£000
	Movement in reserves statement	
	Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the code	(3,928)
(4,438)		
	Actual amount charged against the general fund for pensions in the year:	
5,166	Employer contributions to the scheme	5,283
188	Retirement benefits payable to pensioners	177
916	Total movement in pensions reserve	1,532

The amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement during 2025/26 is a gain of £11,933,000 (a loss of £14,051,000 during 2024/25).

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 2025	31 March 2026
	£000	£000
Fair value of plan assets	210,741	222,496
Present value of funded liabilities	(156,113)	(162,570)
Present value of unfunded liabilities	(1,696)	(1,505)
	52,932	58,421
Asset ceiling adjustment	(70,358)	(62,382)
Net asset/(liability) arising from the defined benefit obligation	(17,426)	(3,961)

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 2026 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 arrangement	
	2024/25	2025/26	2024/25	2025/26
	£000	£000	£000	£000
Opening balance at 1 April	(181,357)	(156,113)	(1,895)	(1,696)
Current service cost	(3,844)	(2,991)	-	-
Interest cost	(8,839)	(9,072)	-	-
Change in financial assumptions	30,487	4,089	11	14
Change in demographic assumptions	316	2,523	-	-
Experience gain on defined benefit obligation	1,679	(6,649)	-	-
Estimated benefits paid net of transfers in	7,204	7,112	-	-
Past service costs including curtailments	(411)	-	-	-
Contributions by scheme participants	(1,348)	(1,469)	-	-
Unfunded pension payments	-	-	188	177
Closing balance at 31 March	(156,113)	(162,570)	(1,696)	(1,505)

Reconciliation of the fair value of the scheme assets:

	Funded liabilities	
	2024/25	2025/26
	£000	£000
Opening balance at 1 April	208,166	210,741
Interest on assets	10,072	12,213
Return on assets less interest	(6,807)	(98)
Contributions by employer including unfunded	5,166	5,283
Contributions by scheme participants	1,348	1,469
Estimated benefits paid plus unfunded net of transfers in	(7,204)	(7,112)
Closing balance at 31 March	210,741	222,496

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 2026.

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:

2024/25		2025/26	
Mortality assumptions			
Longevity at 65 for current pensioners:			
21.7	Men		22.6
24.4	Women		25.0
Longevity at 65 for future pensioners:			
22.0	Men		22.9
25.8	Women		26.3
3.25%	Rate of increase in salaries		3.50%
2.75%	Rate of increase in pensions		3.50%
5.80%	Rate for discounting scheme liabilities		3.50%

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 year.

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 2026/27 are estimated at £4,183,000.

37.7 Scheme history

	31 March 2022	31 March 2023	31 March 2024	31 March 2025	31 March 2026
	£000	£000	£000	£000	£000
Present value of liabilities:					
Local government pension scheme	(261,461)	(181,859)	(181,357)	(156,113)	(172,692)
Discretionary benefits	(2,371)	(1,978)	(1,895)	(1,696)	1,505
Fair value of assets in the local government pension scheme	193,742	188,640	208,166	210,741	229,608
Asset ceiling adjustment	-	-	(29,205)	(70,358)	(62,382)
(Deficit)/surplus in the scheme:					
Local government pension scheme	(67,719)	6,781	(2,396)	(15,730)	(5,466)
Discretionary benefits	(2,371)	(1,978)	(1,895)	(1,696)	1,505
Total	(70,090)	4,803	(4,291)	(17,426)	(3,961)

37.8 History of experience gains and losses

	2021/22	2022/23	2023/24	2024/25	2025/26
	%	%	%	%	%
Differences between the expected and actual return on assets	5.60	5.12	5.79	(3.23)	(0.04)
Experience gains and losses on liabilities	1.39	2.17	3.14	(1.06)	2.84

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 £95,473,000 (2024/25 £98,218,000) 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 2026 that this was likely to occur and there are no investments that as at 31 March 2026 were with institutions that had failed.

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

The 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 2026	Average historial experience of default	Historial experience adjusted for market conditions at 31 March 2026	Estimated maximum exposure to default and uncollectability at 31 March 2026	Estimated maximum exposure to default and uncollectability at 31 March 2026
	£000			£000	£000

Sundry debtors	2,350	1.58%	1.58%	1,048	1,247
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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 2025		31 March 2026	
£000		£000	
2,232	Less than three months	61	
373	Three to six months	40	
3,204	Six months to one year	401	
1,397	More than one year	7,938	
7,205		8,439	

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 2026 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 through other comprehensive income (FVOCI), meaning that all movements in price will impact on gains and losses recognised in other comprehensive income and expenditure.

A loss of £1,000 in respect of the local authorities property fund has been recognised in other comprehensive income and expenditure in 2025/26 (2024/25 a gain of £69,000). 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 2024	(1,318)	(13)	(1,331)
Amounts used in 2024/25	(3,719)	-	(3,719)
Amounts charged to services in 2024/25	1,318	-	1,318
Balance at 31 March 2025	(3,719)	(13)	(3,732)
Amounts used in 2025/26	(2,821)	-	(2,821)
Amounts charged to services in 2025/26	3,719	-	3,719
Balance at 31 March 2026	(2,821)	(13)	(2,834)

- Non-domestic ratings (NDR) appeals – the council has made a provision of £7,052,605 for non-domestic ratings appeals which based upon its best estimates of the actual liability of known appeals as at the year-end. £2,821,042 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 2026, 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 2026.

2024/25		2025/26
Estimated value of contingent liability		Estimated value of contingent liability
£000		£000
2,250	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 (originally 30 years).	2,250
654	Corporate related 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 claims paid by MMI on behalf of the Council.	654
3,000	Other Matters The Authority is aware that there is a possibility that they could be liable to claims for historic matters with an estimated value of up to £3m	3,000

40. Going concern

The accounts have been prepared in accordance with the Code of Practice on Local Council Accounting in the United Kingdom 2025/26 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts have been prepared on the going concern basis. In carrying out its assessment that this basis is appropriate, made for the going concern period to 31 March 2027, 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.

2024/25			2025/26				
Council tax	NNDR	Total	Council tax	NNDR	Total		
£000	£000	£000	£000	£000	£000		
			note				
Income							
(153,426)	-	(153,426)	Income from council tax	(162,733)	-	(162,733)	
-	(71,659)	(71,659)	Income collectable from business	-	(70,815)	(70,815)	
-	(1,759)	(1,759)	Transitional protection payment	-	(87)	(87)	
(153,426)	(73,418)	(226,844)		(162,733)	(70,902)	(233,635)	
Expenditure							
Precepts and demands							
107,063	-	107,063	Cambridgeshire County Council	C2	113,327	-	113,327
18,869	-	18,869	Cambridgeshire Police & Crime Commissioner	C2	19,953	-	19,953
5,437	-	5,437	Cambridgeshire Fire Authority	C2	5,812	-	5,812
2,379	-	2,379	Cambridgeshire & Peterborough Combined Authority	C2	2,399	-	2,399
19,694	-	19,694	Huntingdonshire District Council	C2	21,084	-	21,084
Payments of NNDR 1 proportionate shares							
-	35,964	35,964	Government	C3	-	36,929	36,929
-	6,474	6,474	Cambridgeshire County Council	C3	-	6,647	6,647
	719	719	Cambridgeshire Fire Authority	C3		739	739
-	28,771	28,771	Huntingdonshire District Council	C3	-	29,543	29,543
Distribution of previous year estimated (deficit)/surplus							
-	(922)	(922)	Government	C1	-	(2,900)	(2,900)
(506)	(166)	(672)	Cambridgeshire County Council	C1	(1,316)	(522)	(1,838)
(89)	-	(89)	Cambridgeshire Police & Crime Commissioner	C1	(232)	-	(232)
(26)	(18)	(44)	Cambridgeshire Fire Authority	C1	(67)	(58)	(125)
(4)	-	(4)	Cambridgeshire & Peterborough Combined Authority	C1	(29)	-	(29)
(93)	(738)	(831)	Huntingdonshire District Council	C1	(242)	(2,320)	(2,562)
Charges to the collection fund							
-	1,110	1,110	Renewable energy		-	1,779	1,779
-	1,995	1,995	Enterprise zone growth		-	2,164	2,164
-	231	231	Cost of collection		-	233	233
442	199	641	Increase in provision for bad and doubtful debts		1,206	667	1,873
-	2,020	2,020	Increase in provision for appeals	C4	-	(2,244)	(2,244)
153,166	75,639	228,805			161,895	70,657	232,552
1,464	1,058	2,522	(Surplus)/deficit for the year		(838)	(245)	(1,083)
(456)	5,209	4,753	Accumulated deficit/(surplus) b/fwd		748	8,488	9,236
748	8,488	9,236	Accumulated (surplus)/deficit c/fwd		(90)	8,243	8,153

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	2025/26		
	Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents
A*	39.5	5/9	21.9
A	14,712.6	6/9	9,808.4
B	23,330.5	7/9	18,145.8
C	18,731.5	8/9	16,650.1
D	11,357.8	9/9	11,357.8
E	7,480.6	11/9	9,143.0
F	2,756.8	13/9	3,982.0
G	1,071.6	15/9	1,786.0
H	72.6	18/9	145.2
			71,040.2
Allowance for non-collection			(406.1)
Council tax support scheme			(4,538.6)
Council tax base			66,095.5

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 share payable for 2025/26 were estimated before the start of the financial year as £36,928,875 to central government, £6,647,198 to Cambridgeshire County Council, £738,578 to Cambridgeshire Fire Council and £29,543,101 to Huntingdonshire District Council. These sums have been paid in 2025/26 and charged to the collection fund in the year.

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 2025/26 has been calculated as £2,244,447 (2024/25: £2,020,000).

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 2024	(3,294)
Amounts used in 2024/25	(7,277)
Amounts charged to services in 2024/25	3,294
Balance at 31 March 2025	(7,277)
Amounts used in 2025/26	(7,052)
Amounts charged to services in 2025/26	7,277
Balance at 31 March 2026	(7,052)

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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

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**HUNTINGDONSHIRE DISTRICT COUNCIL
AUDIT OF ACCOUNTS 2025/26
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 2025/26 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 18 June 2026 to 31 July 2026 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 at Lydia.Morrison@huntingdonshire.gov.uk to discuss their requirements.

From 18 June 2026 to the 31 July 2026, 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 18 June 2026

Lydia Morrison ACMA CGMA Corporate
Director of Finance and Resources
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
PE29 3TN

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Corporate Governance Committee – 17 June 2026

Report by: L Morrison – Corporate Director –
Finance & Resources

Lead Cllr: Cllr Liam Dewey-Beckett
Executive Councillor for Finance &
Resources



Wards	Open / Exempt	Key Decision?
All	Open	No

External Auditor's Annual Planning Report for 2025/26

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 2025/26 external audit work.

Recommendations

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

Report Author(s)

Lydia Morrison – Corporate Director – Finance & Resources
(Lydia.Morrison@huntingdonshire.gov.uk)

1. PURPOSE OF THE REPORT

- 1.1** This report presents the Committee the External Auditor's Annual Planning Report for 2025/26 which will be presented by the External Auditor.

2. BACKGROUND & CONTEXT

- 2.1** The purpose of this report is to provide the Committee with a basis to review the External Auditors proposed audit approach and scope for the 2025/26 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements

3. IMPLICATIONS OF THE DECISION

3.1 Implications on Resources

- 3.2.1** No additional resource requirements arise from this report.

3.2 Legal Implications

- 3.2.1** None.

LIST OF APPENDICES INCLUDED

Appendix 1 - External Auditor's Annual Planning Report

Huntingdonshire District Council

Provisional Audit Planning Report

Year ended 31 March 2026

15 May 2026



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



Shape the future
with confidence



Private and Confidential

15 May 2026

Corporate Governance Committee
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
PE296 3TN

Dear Corporate Governance Committee Members

Provisional Audit Planning Report 2025/26

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

This report is intended solely for the information and use of the 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 17 June 2026 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

Enc

Contents

- 1 Overview of our 2025/26 audit strategy
- 2 Audit risks
- 3 Value for money
- 4 Audit materiality
- 5 Scope of the audit
- 6 Audit team
- 7 Audit timeline
- 8 Appendices

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 from 1 October 2025' issued by the PSAA ([Terms of appointment and further guidance from 1 October 2025 - PSAA](#)) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the 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

Overview of our 2025/26 audit strategy

2025/26 audit strategy overview: Rebuilding Assurance

The purpose of this report

As the Council's body charged with governance, the 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 significantly increase the level of resources required to fulfil our respective responsibilities.

As part of our responsibilities, we assess and report on the adequacy of the Council's external financial reporting arrangements, as well as the effectiveness of the Corporate Governance Committee in fulfilling its role within those arrangements as part of our Value for Money assessment. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. Wherever necessary, we will consider invoking other statutory reporting powers to highlight any weaknesses in these arrangements. We direct 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).

Our shared strategy to rebuild assurance

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

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

To deliver this, it is essential that management:

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

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

2025/26 audit strategy overview: Rebuilding Assurance

Our shared strategy to rebuild assurance continued

Appendix A explains the expected timeline to full assurance set out within the NAO's LARRIG 01 guidance, along with our assessment of the Council's status. During 2023/24 and 2024/25, the focus of the rebuild process has been on this "natural" rebuild, to complete all planned audit procedures for each respective audit year. As we set out in Appendix A although planned audit procedures for 2023/24 could not be completed, the delivery of all planned procedures for 2024/25, except for IFRS 16 Leases, means that the Council has now substantially commenced the "natural" rebuild process. As part of our interim audit procedures for 2025/26, we will undertake a detailed risk assessment to evaluate the risk of material misstatement in the opening reserves balances at 1 April 2025, and to assess management's readiness to support the historic rebuild process over transactions and balances in 2022/23, 2023/24 and 2024/25 that were not subject to audit. This work is expected to be completed by 30 June 2026 and is essential to determining whether the gaps in assurance in these prior years- particularly those relating to reserves and other cumulative balances - can be sufficiently addressed to support future progression towards qualified or unmodified audit opinions.

We will discuss the outcome of our risk assessment of the opening reserves balances with management to confirm our proposed approach for 2025/26. Before we commence any audit procedures relating to the historic rebuild of assurance, it will be essential for management to have completed the necessary review and reconciliation of both usable and unusable reserves and to be able to provide assurance to Those Charged with Governance that these balances are accurate, supportable and properly documented.

It is likely that we will need to audit certain transactions and movements for 2022/23 and 2023/24 to rebuild assurance over the historic position. Should we proceed with this phase of work, we will require assurances from management that high quality working papers and supporting evidence can be provided for transactions from 2022/23 and 2023/24, together with sufficient management capacity to support this historic rebuild without compromising the delivery of all planned procedures in 2025/26 over the closing balances and in year movements.

2025/26 audit strategy overview: Rebuilding Assurance

Preparedness for audit

Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. Our 2024/25 reporting included our assessment of the effectiveness of the Council's arrangements to support the external audit process across a range of relevant measures (reproduced in Appendix A). We concluded that the Council was prepared for the audit but that improvements were required in relation to the volume and value of identified misstatements, including the implementation of IFRS 16 *Leases*.

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

Scope of our audit

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

Timeline

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

Our independence considerations

Please refer to Appendix B for our update on independence.

2025/26 audit strategy overview: Audit risks and materiality

Audit risks and areas of focus

The purpose of our audit is to obtain reasonable assurance to express an opinion about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. 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.

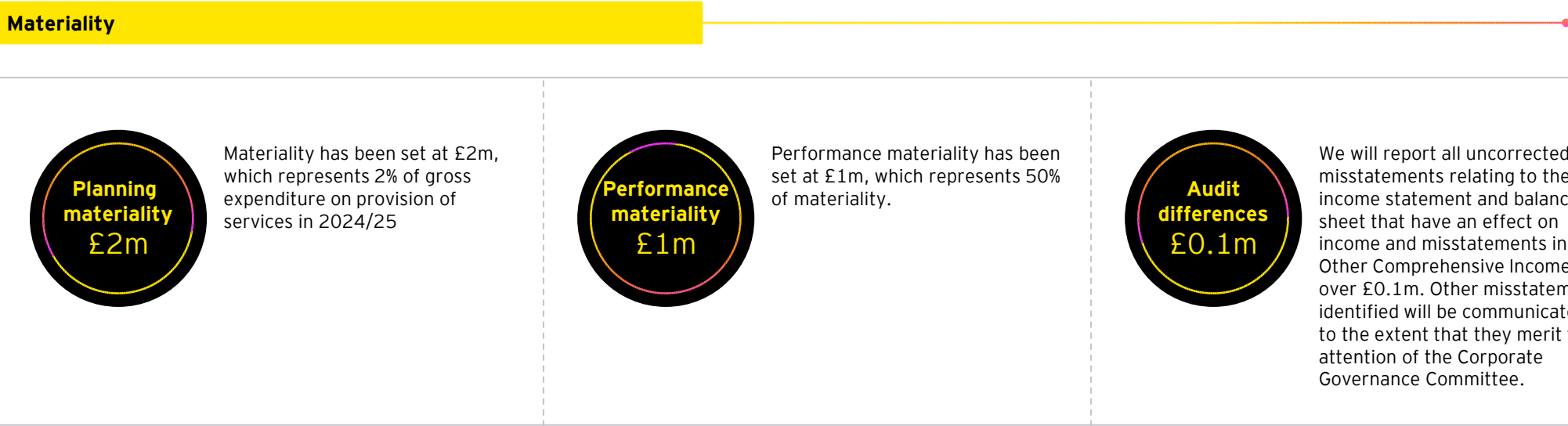
Risk/area of focus	Risk identified	Change from PY	Details
Misstatement due to fraud or error	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless 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.
IFRS 16 - Accounting for Leases	Significant risk	Increase in risk or focus	2024/25 was the first-year implementation of IFRS16 and introduced 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. We were unable to complete our planned audit work on the implementation of IFRS 16 during 2024/25. As a result, have not obtained assurance over the lease liability, right of use assets, and related disclosures in the financial statements, hence remained as a risk in in the current year. We increased the audit risk from inherent to significant risk due outstanding queries from the 2024/25 audit that suggest lease liabilities and right of use assets reported in the financial statements may not be complete.

2025/26 audit strategy overview: Audit risks and materiality

Audit risks and areas of focus continued

Risk/area of focus	Risk identified	Change from PY	Details
Valuation of Property, Plant and Equipment (PPE) Land and Buildings and Investment Property	Inherent risk	Decrease in risk or focus	In the 2025/26 financial statements the Council will be required to apply CIPFA Bulletin 22 which reassesses the current regime of valuation for non-investment assets across the public sector. The guidance mandates a quinquennial revaluation or a five-year rolling programme for formal valuations, supported by annual indexation in the intervening years. Successful implementation will depend on the Council ensuring that their existing valuation programme is adapted in line with the guidance and that appropriate indices are selected to be applied in intervening years. 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. We decreased the audit risk from significant risk to inherent risk in the current year as our 2024/25 audit procedures did not identify any significant concerns in relatio to valuation methodology used.
Accounting for Pension Liability	Inherent risk		Accounting for the Council's participation in the Cambridgeshire Pension Fund involves significant estimation and judgement, including financial and demographic assumptions. There is a risk that the net pension liability recognised is materially misstated, as its recognition and measurement is subject to significant management judgement, including the application of the IAS 19 asset ceiling and the assessment of the Council's ability to realise future economic benefits. The Council 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.

2025/26 audit strategy overview: Audit risks and materiality



2025/26 audit strategy overview: Value for Money

Our risk assessment

Under the NAO Code we are required to:

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

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

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	 Financial sustainability How the Council plans and manages its resources to ensure it can continue to deliver its services.	 Governance How the Council ensures that it makes informed decisions and properly manages its risks.	 Improving economy, efficiency and effectiveness How the Council uses information about its costs and performance to improve the way it manages and delivers its services.
Risks of significant weaknesses in arrangements identified in 2025/26	▪ Our risk assessment process is still underway; however, we expect one area of focus to be on the effectiveness of internal audit arrangements, following the significant weakness in governance arrangements reported during 2024/25.		
Recommendations identified in 2024/25 (refer to Appendix C)	▪ None	▪ The Corporate Governance Committee should continue to regularly monitor the implementation of actions taken by management to strengthen the internal audit function, to obtain assurance that the necessary improvements in the control environment are implemented and embedded across the Council.	▪ None



02 Audit risks

Our response to significant risks

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

Presumptive risk of management override of controls*

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

In accordance with ISA 240, the presumptive risk of management override of controls is present at every entity and we design the appropriate procedures to consider such risk.

Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud.

Our response: Key areas of challenge and professional judgement

In order to address the risks outlined we will carry out a range of procedures including:

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

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

Our response to significant risks

Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure*

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure. If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant and Equipment (PPE) and/or REFCUS in the financial statements. These had the following balances in 2024/25: ▪ PPE Additions: £5.5 million ▪ REFCUS: £11.2 million	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through: ▪ Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger. ▪ Expenditure being classified as revenue expenditure financed as capital under statute (REFCUS) when it is inappropriate to do so. ▪ Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.	In order to address the risks outlined we will carry out a range of procedures including: ▪ Testing Property, Plant and Equipment (PPE) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature. ▪ Assessing whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred. ▪ Considering whether any development or other related costs that have been capitalised are reasonable to capitalise, i.e., the costs incurred are directly attributable to bringing the asset into operational use. ▪ Testing REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. ▪ Seeking to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

Our response to significant risks

IFRS 16 - Accounting for Leases

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
Misstatements that occur in relation to this risk would affect the Council's lease liability and related right of use asset balances. The lease liability balance for 2024/25 amounted to £0.5 million. Misstatements may also impact the associated disclosures, including their compliance with the disclosure requirements of the CIPFA code.	IFRS 16 Leases became applicable in local government for periods beginning 1 April 2024 and requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset. We were unable to complete our planned audit work on the implementation of IFRS 16 during 2024/25. As a result, have not obtained assurance over the lease liability, right of use assets, and related disclosures in the financial statements, hence remained as a risk in the current year. We increased the audit risk from inherent to significant risk due outstanding queries from the 2024/25 audit that suggest lease liabilities and right of use assets reported in the financial statements may not be complete as a result of the treatment of peppercorn leases. The 2025/26 risk therefore will be focussed on the completeness and valuation of the lease liabilities and right of use assets.	In order to address the risks outlined we will carry out a range of procedures including: ▪ Gain an understanding of the processes and controls developed by the Council relevant to IFRS 16. We will pay particular attention to the Council's arrangements to ensure lease and lease-type arrangements considered are complete. ▪ Review the discount rate that is used to calculate the right of use asset and assess its reasonableness. ▪ Review management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components. ▪ Gain assurance over the right of use asset included in the 2025/26 financial statements ▪ 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

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
Valuation of PPE Land and Buildings and Investment Property		
The relevant 2024/25 account balances in the audited financial statements were: - Property, plant and equipment (Other land and buildings): £72.5 million - Investment property: £73.2 million	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. Additionally, in the 2025/26 financial statements the Council will be required to apply CIPFA Bulletin 22 which reassesses the current regime of valuation for non-investment assets across the public sector. The guidance mandates a quinquennial revaluation or a five-year rolling programme for formal valuations, supported by annual indexation in the intervening years. These changes do not impact investment property which is still required to be revalued in full each year.	In order to address the risks outlined we will carry out a range of procedures including: - Review and assess management's assessment and planned approach to CIPFA Bulletin 22, in the context of other challenges in the application. In particular considering the appropriateness of indices applied to assets not revalued during intervening years and triggers for revaluation; - Review and appraise the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; - Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support price per square metre); - Consider involving EY internal specialists, based on a risk assessment, to challenge the work performed by the Council's valuers, focusing on more material assets or those subject to more complex judgements and assumptions; - Assess any changes to useful economic lives against the most recent valuer assessments; - Test accounting entries have been correctly processed in the financial statements;

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.

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
Accounting for Pension Liability		
The Council's net pension liability is measured as the sum of the long-term payments due to members as they retire against the Council's share of the Cambridgeshire Pension Fund investments. At 31 March 2025 the Council's net liability totalled £17.4 million which was limited from a net asset in line with the accounting requirements of IFRIC 14.	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council. 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.	In response to the risk, we will: ▪ Liaise with the auditor of Cambridgeshire Pension Fund to obtain assurances over the information supplied to the actuary, including in relation to the triennial valuation, and confirm joint assurances in respect of employer and employee contributions. ▪ Engage our actuarial specialists to assess the work of the actuary. This will involve a consideration of the net asset/liability and any calculation of the asset ceiling in accordance with IFRIC 14 where relevant . ▪ Assessing the work of PwC, appointed to consider actuarial assumptions used at the year end for all local government sector bodies. ▪ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. ▪ Consider the valuation and disclosure of unfunded liabilities, for which there are no plan assets to meet the pension liabilities. ▪ Obtain assurance from the pension fund auditor over the material accuracy of membership data used by the actuary, in light of the 2025 triennial valuation impacting the 2025/26 IAS 19 figures.



03 Value for money

Value for money

Council's responsibilities for value for money

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

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

Auditor responsibilities

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

The specified reporting criteria are:



Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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

Value for money

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

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

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

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

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

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

Reporting on value for money arrangements

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

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

Value for money

Status of our 2025/26 value for money planning

We have yet to complete our detailed value for money planning. We have outlined our judgements on arrangements in 2024/25 below, and as a result, one area of focus will be on the Council's governance arrangements in relation to the effectiveness of the Internal Audit Function in 2025/26, following our reporting in 2024/25. 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.

Criteria	2024/25 judgements on arrangements	2024/25 Recommendations
Financial sustainability	No risks identified	No recommendations identified
Governance	As a result of the concerns raised by the external review of Internal Audit for 2023/24, and the disclaimed internal audit opinion issued for 2024/25, we were unable to conclude that the internal audit function was operating effectively for the whole of 2024/25 and reported a significant weakness in governance arrangements.	The Corporate Governance Committee should continue to regularly monitor the implementation of actions taken by management to strengthen the internal audit function, to obtain assurance that the necessary improvements in the control environment are implemented and embedded across the Council.
Improving economy, efficiency and effectiveness	No risks identified	No recommendations identified



04 Audit materiality

Materiality

Council materiality

For planning purposes, materiality for 2026 has been set at £2 million. This represents 2% of the Council's 2025 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.

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

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 £1 million which represents 50% of I materiality.

Audit difference threshold – We will report to you all uncorrected misstatements over £0.1 million, relating to the income statement and balance sheet that have an effect on income and misstatements in Other Comprehensive Income.

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

Gross expenditure on provision of services

£102.41m

Planning
materiality
£2m

Performance
materiality
£1m

Audit
differences
£0.1m

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



05 Scope of our audit

Audit process and strategy

Objectives of our audit scoping

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

1. Financial statement audit

Our opinion on the financial statements:

- Whether the financial statements give a true and fair view of the financial position of the 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.

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.

In 2024/25, the Council's Internal Audit Annual Report concluded a disclaimer of opinion. A professional opinion on risk management, control and governance processes for 2024/25 financial year as required by Public Sector International Audit Standards (PSIAS) cannot be provided as internal audit coverage over the year had not been sufficient to follow PSIAS. Points of note in relation to the 2024/25, include:

- An internal audit plan for 2024/25 was derived by the previous audit manager using a risk management framework that had not been subject to internal audit review and evaluation since 2022/23, and in 2022/23 a limited assurance opinion was by the Head of Internal Audit on the risk management arrangements.
- 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.

As a result of the above matters, we reported a significant weakness in the 2024/25 audit report and will consider progress made in implementing new internal audit arrangements during 2025/26.



06 Audit team

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Audit team

Audit team leadership

The engagement team is led by Claire Mellons, who has overall responsibility for the performance of the audit and for the auditor's report issued on behalf of EY. There are no changes to the audit partner or engagement manager.

Our approach to the use of specialists

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

Area	Specialists
Valuation of PPE Land and Buildings and Investment property	EY Real Estates (if required, based on risk assessment at year-end)
Valuation of Local Government Pension Scheme liability	Specialist PwC consulting actuary and EY Actuaries

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

We also consider the work performed by the specialist in light of our knowledge of the 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.

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
(if required)



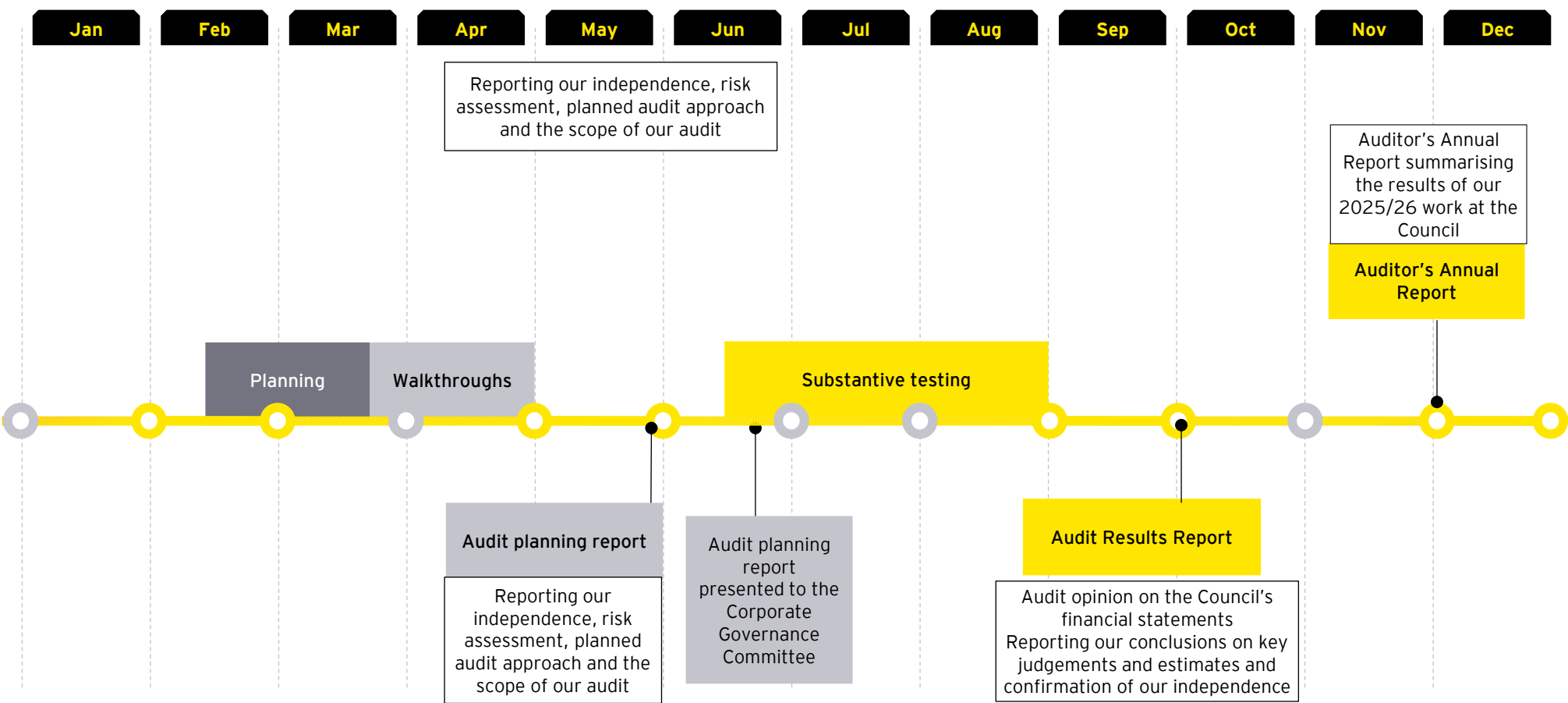
07 Audit timeline

Timetable of communication and deliverables

Timeline

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

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





08 Appendices

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Appendix A – Rebuilding assurance: responsibilities

The Council's responsibilities

As set out in Appendix B our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/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.

Observations from 2024/25

As we have outlined in prior years, our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. We presented our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures as part of our 2024/25 Audit Results Report.

We have repeated this assessment on the following page.

Appendix A – Rebuilding assurance: responsibilities continued

Factors impacting the execution of the 2024/25 audit

Area	Status			Explanation
	R	A	G	
Timeliness of the draft financial statements	Effective			The financial statements were published on 19 June 2025, in advance of the 30 th June 2025 deadline set out in the Accounts and Audit Regulations.
Quality and completeness of the draft financial statements	Effective			We did not identify any material issues relating to the quality and completeness of the draft financial statements.
Delivery of working papers in accordance with agreed client assistance schedule	Effective			Working papers were provided to the agreed timetable.
Quality of working papers and supporting evidence	Effective			Working papers and supporting evidence were generally of a good standard.
Timeliness and quality of evidence supporting key accounting estimates	Effective			Audit evidence was largely submitted to us on time and was of a good quality, with a small number of matters requiring additional follow up.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Effective			There were no significant issues with access to the finance team and key personnel. In instances when certain personnel were not available management informed us in advance to enable us to redeploy our audit resource and minimise the impact on our audit.
Volume and value of identified misstatements	Requires improvement			A number of non-material misstatements were detected as a result of our work, some of which have been corrected by management.
Volume of misstatements in disclosure	Effective			Our work did identify some misstatements in disclosure which management have agreed to adjust, but the volume is lower than what we typically see in the audit process.

Key:

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

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

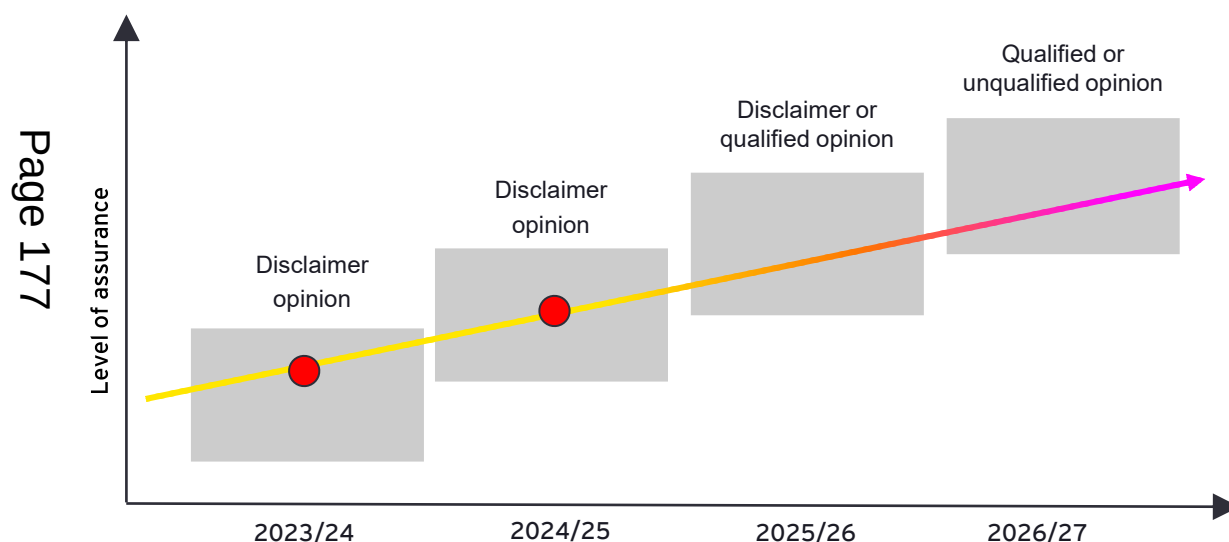
Green: Effective. There were no significant matters that impacted the timing or effectiveness of audit procedures.

Appendix A – Rebuilding assurance continued

Progress to full assurance

The chart below sets out the illustrative timescale for the process of rebuilding assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council's actual progress against that timescale, the reasons for that assessment and what still needs to be done to successfully rebuild assurance.

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



Huntingdonshire District Council progress

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

In our view, the Council's progress fell behind the expected timescales set out in LARRIG 01 on conclusion of the 2024/25 audit.

In 2024/25, additional assurance was achieved in relation to Long Term Debtors, Creditors (short and long term), provisions (short and long term). However, there is a continuing lack of assurance over Leases, comparator income and expenditure balances, property plant and equipment balances and reserves. As a result, we anticipate that for 2025/26:

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

We will continue to work with the Council to rebuild assurance over time. Our objective is to continue to rebuild assurance, by providing assurance over the in year 2025/26 transactions and movements, where possible, and closing balances which can be materially determined without the opening balance. Initial discussions with management have indicated that they believe they also have the capacity to support the rebuild of assurance over historical reserve balances, which we will take into account as part of our risk assessment process to be concluded in July 2026.

Appendix B - Independence and Fees

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

Required communications

Planning stage	Final stage
▪ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ▪ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▪ The overall assessment of threats and safeguards; ▪ Information about the general policies and process within EY to maintain objectivity and independence ▪ The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the 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).	▪ 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 external experts used have confirmed their independence to us; ▪ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner ▪ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▪ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence (for breaches of the FRC Ethical Standard include details of its significance); and ▪ An opportunity to discuss auditor independence issues.

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

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

Appendix B - Independence and Fees continued

Relationships, services and related threats and safeguards

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

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of 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 your company. Examples include where we have an investment in accompany; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

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

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

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

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

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

Self review threats

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

Management threats

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

Appendix B - Independence and Fees continued

Other threats

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

EY Transparency Report

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2025 and can be found here: [EY UK 2025 Transparency Report](#).

Appendix B – Independence and Fees continued

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

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

The agreed fee presented is based on the following assumptions:

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

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

	Current Year 2025/26	Prior Year 2024/25	2023/24
	£	£	£
Total Fee – Code Work	171,395 Note 2	166,727	98,019 (Note 3)
Scale fee variation (Note 1)	TBC	TBC	-
Total fees	TBC	TBC	98,019

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 2024/25 audit.
2. The scale fee also may be impacted by a range of other factors which will result in additional work, which include but are not limited to:
 - Consideration of correspondence from the public and formal objections.
 - New and revised accounting standards, for example CIPFA Bulletin 22
 - Non-compliance with law and regulation with an impact on the financial statements.
 - VFM risks of, or actual, significant weaknesses in arrangements and related reporting impacts.
 - The need to exercise auditor statutory powers.
 - Prior period adjustments.
 - Modified financial statement opinions
3. The 2023/24 fee is the final fee as determined by the PSAA.

Appendix C – Prior year recommendations

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

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

Internal control weaknesses

No.	Finding and/or risk	Grading	Management response / Implementation timeframe
1.	Financial Controls During the audit, we identified the following significant deficiencies in internal control: ▪ The Council does not have a formal process for reaching settlement agreements in place. In addition, for some of the exit packages paid during the year, we identified that the settlement agreement does not contain signatures of all parties. ▪ We noted that only finance staff can prepare journals. Up to 31 March 2025, while an approval process existed for journals over £850,000, that approval was a manual process and occurred at month-end after the journals had already been posted, rather than in real-time before journals posted. This has also been raised as part of the Internal Audit Report for Key Financial Controls. ▪ We noted gaps in monitoring and keeping of ICT contracts specifically for contract for various ICT goods and services with Phoenix Software Ltd due to an absence of proper document turnover and contracts repository. ▪ The List of Contracts from Estates Team for Property leases is not up to date.	Medium	This will be followed up as part of our 2025/26 audit.

Appendix C – Prior year recommendations continued

Value for money arrangements

No.	Value for money reporting criteria	Finding and/or risk	Recommendation and grading	Management response / Implementation timeframe
1.	Governance	As a result of the concerns raised by the external review of Internal Audit for 2023/24 and the disclaimed internal audit opinion issues for 2024/25, we were unable to conclude that the internal audit function was operating effectively for the whole of 2024/25 and reported a significant weakness in governance arrangements for 2024/25. We do, however, recognise that management have taken action to address concerns and have engaged external support to ensure that the Internal Audit function is on track to operate effectively for 2025/26.	The Corporate Governance Committee should continue to regularly monitor the implementation of actions taken by management to strengthen the internal audit function, to obtain assurance that the necessary improvements in the control environment are implemented and embedded across the Council. High	Management agreed with the recommendation. This will be followed up as part of our 2025/26 audit.

Appendix D – Regulatory update

Key regulatory changes

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

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

Appendix D – Regulatory update continued

Key regulatory changes continued

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

Appendix D – Regulatory update continued

National Audit Office reporting

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

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

Appendix D – Regulatory update continued

National Audit Office reporting continued

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

Appendix E – 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 Corporate Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA’s appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA’s appointed auditors and audited bodies.
Planning and audit approach	Communication of: ▪ The planned scope and timing of the audit ▪ The planned use of internal audit ▪ The significant risks identified	Audit Planning Report - 17 June 2026 - Corporate Governance Committee Audit Planning Report - 17 June 2026 - Corporate Governance Committee
Significant findings from the audit	▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▪ Significant difficulties, if any, encountered during the audit ▪ Other significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management ▪ Circumstances that affect the form and content of our auditor’s report ▪ Other matters if any, significant to the oversight of the financial reporting process	Audit Results Report - September 2026 Corporate Governance Committee

Appendix E – Required communications with the Corporate Governance Committee continued

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: - Whether the events or conditions constitute a material uncertainty related to going concern - Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements - The appropriateness of related disclosures in the financial statements	Audit Results Report - September 2026 Corporate Governance Committee
Misstatements	- A request that any uncorrected misstatement be corrected - Material misstatements corrected by management - Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation - The effect of uncorrected misstatements related to prior periods	Audit Results Report - September 2026 Corporate Governance Committee
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, unless prohibited by law or regulation any identified or suspected fraud involving: - Management; - Employees who have significant roles in internal control; or - Others, when the identified or suspected fraud is other than clearly inconsequential. - The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected - Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud - Any other matters related to fraud, relevant to Corporate Governance Committee responsibility	Audit Results Report - September 2026 Corporate Governance Committee

Appendix E – Required communications with the Corporate Governance continued

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	Audit Results Report - September 2026 Corporate Governance Committee
Independence	Communication of the relevant ethical requirements, including those related to independence, that we apply for the audit engagement, including any independence requirements specific to audits of financial statements of the entity. Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence ▪ Breaches of IESBA Code of Ethics, local independence regulations or professional standards (for breaches of the FRC Ethical Standard, include details of the breach and its significance) Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.	Audit Planning Report - 17 June 2026 - Audit Results Report - September 2026 Corporate Governance Committee

Appendix E – Required communications with the Corporate Governance continued

		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	- Management's refusal for us to request confirmations - Inability to obtain relevant and reliable audit evidence from other procedures	Audit Results Report - September 2026 Corporate Governance Committee
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 - September 2026 Corporate Governance Committee
Internal controls	Significant deficiencies in internal controls identified during the audit	Audit Results Report - September 2026 Corporate Governance Committee
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - September 2026 Corporate Governance Committee
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit Results Report - September 2026 Corporate Governance Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - September 2026 Corporate Governance Committee
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report - September 2026 Corporate Governance Committee

Appendix F – Additional audit information

Objective of our audit

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

Other required procedures during the course of the audit

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

Purpose and evaluation of materiality

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

Materiality determines the level of work performed on individual account balances and financial statement disclosures.

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

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ED None

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Corporate Governance Committee – 17 June 2026

Report by: Lydia Morrison – Corporate Director – Finance and Resources

Lead Cllr: Cllr Liam Dewey-Beckett
Executive Councillor for Governance & Democratic Services



Wards	Open / Exempt	Key Decision?
All	Open	No

Corporate Risk Register

Executive Summary: This report provides an update on the Corporate Risk Register and presents a heat map relating to the current residual risk scores and a summary report. It provides the Committee with the opportunity to comment on and offer challenge to the Corporate Leadership Team as part of the active management of risks.

Recommendations

- 1.1. To comment on the reports in the appendices and progress with risk management.

Key Corporate Plan/Place Strategy Priorities

- 1 Effective risk management is a key aspect of ensuring that the Council is efficient and sustainable service delivery

Report Author(s)

Lydia Morrison – Corporate Director – Finance & Resources
Lydia.Morrison@huntingdonshire.gov.uk

1. PURPOSE OF THE REPORT

- 1.1 This report informs the Committee of the approach and work undertaken on the Corporate Risk Register including the latest heat maps relating to the corporate risks.

2. WHY IS THIS REPORT NECESSARY

- 2.1 Effective Risk Management is a critical part of the organisation's governance. The Corporate Risk Register identifies those areas where the Council should take action to mitigate its exposure and informs the annual plan for Internal Audit.
- 2.2 Presenting the Risk Register to each meeting of the Committee is an integral part of the overall governance process as set out in the Council's Risk Management Strategy

3. BACKGROUND & CONTEXT

- 3.1 A breakdown of the actions and/or activities that have taken place for the risks with targets has been provided below.

- 3.1.1 **CORP0006 Resilience** – Emergency Planning Response – Q1 2026 – Focus on awareness and support to elected members to ensure they understand their role during an incident and the support and communication they can expect from the Local Authority. HDC's Community Resilience officer is working with several Town and Parish Councils to develop Emergency Liaison Points (ELPs). These will act as locations residents can access if they have to leave their homes during an incident. Brampton are due a dry ELP set up where other T&P leads will be invited to view the set up and the commitment from them. HDC are also offering to review T&P emergency plans to align with HDC incident response and improve communication pathways.

Business Continuity – Q1 2026 – BCP refresh and review currently underway with Heads of Service owning their priority areas and the response to ensuring the Council can deliver their essential services. The Emergency Planning team will be working around the priority areas and conducting desk top exercising to ensure the proposed response are appropriate and all considerations met at time of an incident.

- 3.1.2 **CORP0008 Regulatory** – The Council continues to keep a strategic watch on legislative developments through horizon scanning, Statutory Officer discussions, and regular meetings of both the internal Governance Board, relevant professional bodies, and the Senior Leadership Team. This will support timely updates to governance frameworks and ensure appropriate reporting to the Corporate Governance Committee. The effectiveness of these arrangements will be monitored on an ongoing basis.

- 3.1.3 **CORP0009 Fraud** – The planned programme of fraud, bribery and corruption risk assessment workshops are now complete. Progress has been good and there are now a significant number of fraud risks recorded

within our Risk Management Software (4Risk), although there is follow-up work required for some teams in this area. The final report and recommendations are due by June 2026.

Online fraud awareness training is available to all staff, and so far approximately 25% of staff have completed this. This training is an important part of the Council's anti-fraud culture and is vital to strengthen organisational resilience to fraud. Actions are being taken to increase this uptake.

Regular monthly meetings are held with key stakeholders regarding the Fraud Strategy Action Plan. All actions are monitored and reviewed with the majority now complete, ensuring the key elements of the Anti-Fraud, Bribery and Corruption Strategy are in place. An annual plan has been agreed with Comms for a monthly blog focussing on different fraud types to raise awareness across the Council. A report reviewing the performance of the Corporate Fraud Team will be presented at Corporate Governance Committee on 8th July 2026.

- 3.1.4 CORP0010 Data Protection** – Two Internal Audit actions arising from the Cyber Security audit remain have passed their deadline but are being kept open to ensure full assurance on the position. progress and are reported in Item 6 -Internal Audit Actions Update. The Internal Audit team continues to monitor delivery through regular updates from action owners.

Action 3702: Processes in place and being followed, evidence of this has been attached to the risk register. Action to be closed at the end of June once confirmation process is still being adhered to.

Action 3703: MFA and Single Sign-On has been implemented. Some applications locked down by IP so only accessible using Council provided devices. Action to be closed end of May

- 3.1.5 CORP0012 Staffing** – The Council continues to make good progress in delivering its Workforce Strategy, with 34 actions completed, 11 in progress, and 2 yet to start. A comprehensive Wellbeing action plan is currently in draft to encompass the actions that have already been delivered to ensure they are embedded into BAU work. This action plan will also support the HR Team's aim of reducing sickness absence across the Council and supporting staff to be able to remain in work. This is on track to be moved to BAU in August.

- 3.1.6 CORP0016 Transformation** – Since the previous Committee report, Officers have successfully addressed most of the internal audit actions, primarily through introduction of strengthened project governance and updated processes. Building on these improvements, a refreshed management approach is being rolled out to further enhance oversight and drive more effective service delivery. Regular monitoring remains in place to ensure these enhancements are fully integrated and continue to deliver tangible results.

- 3.1.7 CORP0017 Safeguarding** – The Council continues to make positive progress in safeguarding training compliance; actions were taken to ensure the core safeguarding courses were completed by the end of April. Management action was taken to highlight staff that had not completed the modules within the deadline, and further action followed to ensure this was then completed. HR advises that all staff due to complete training have done so with only those on long term absence due to sickness or maternity leave, or post vacancies, remaining outstanding. The Safeguarding Board will continue to receive quarterly reports on completion of safeguarding training on a rolling basis so that the necessary management actions can be taken where compliance is an issue.

Democratic Services have sourced new training for Members, to be rolled out as part of the Member's training programme and this includes a new module that relates to safeguarding. Compliance with completion of this training will also be monitored, reflecting the Council's continued focus on strengthening safeguarding awareness and accountability across services and Members.

- 3.1.8 CORP0018 Equality, Diversity and Inclusion (EDI)** – The new EDI Group meets quarterly with members of the group taking ownership for leading different activities. Successful outcomes continue to be delivered such as a sign language awareness course, increased accessible parking at HDC sites to support with the Hybrid working policy and a review of the exit interview questionnaire to ensure it captures meaningful feedback on EDI.

- 3.1.9 CORP0019 Local Government Reorganisation (LGR)** – Officers are actively advancing actions stemming from the comprehensive review of risks linked to LGR. The LGR risk register remains fully integrated within ongoing risk management processes, ensuring that all 12 identified risks are assigned to designated owners and regularly reviewed according to established schedules. This systematic approach promotes accountability and supports consistent monitoring of progress.

4. IMPLICATIONS OF THE DECISION

4.1 Implications on Resources

- 4.1.1** Risk Management is now provided by the Risk Team.

5. RISK MANAGEMENT

- 5.1** The draft Risk Management Strategy and Policy have been reviewed and updated by the new Risk Manager and will progress through the appropriate governance process before being presented to this Committee for consideration and approval.
- 5.2** Comprehensive Risk Management Training is being developed to support the previous training of the 4Risk system, which will continue to be rolled out across service areas to support consistent logging of risks. This will support improved consolidation and analysis of risk data, helping to ensure that principal risks are identified, monitored and managed effectively

6. LIST OF APPENDICES

Appendix 1 - Corporate Risk Register Summary

Appendix 2 - Risk Heat Maps

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Appendix 1 – Corporate Risk Register Summary

Risk Register						
Prefix	Risk Title	Risk Description	Risk Owner	Inherent Priority	Residual Priority	Target Priority
CORP0001	Cyber	Successful / serious cyber security attack on the Council	Corporate Director (Communities)	Very High (5:4=20)	High (5:2=10)	High (5:2=10)
CORP0002	Service Quality	Unable to maintain and build quality and consistency in service provision by the Council	Corporate Director (Communities)	Very High (4:4=16)	High (3:3=9)	High (3:3=9)
CORP0003	Political	Unable to effectively respond to changes in political priorities and policies	Chief Executive	High (3:4=12)	Medium (3:2=6)	Medium (3:2=6)
CORP0004	Financial	Failure to preserve Council's financial position	Interim Corporate Director - Finance & Resources	Very High (4:4=16)	Medium (3:1=3)	Medium (3:1=3)
CORP0005	Governance	Governance failure	Chief Executive	High (4:3=12)	Medium (3:2=6)	Medium (3:2=6)
CORP0006	Resilience	Inability to effectively respond to a major disruption / critical event	Corporate Director (Communities)	High (4:3=12)	High (3:3=9)	Medium (3:2=6)
CORP0007	Health & Safety	Serious health, safety, and well-being failure by the Council	Chief Executive	Very High (5:3=15)	High (5:2=10)	High (5:2=10)
CORP0008	Regulatory	Unable to meet requirements of new regulations and legislation affecting the Council	Chief Executive	Very High (4:4=16)	High (3:3=9)	Medium (3:2=6)
CORP0009	Fraud	Significant fraud/ theft successfully committed against the Council	Interim Corporate Director - Finance & Resources	High (4:3=12)	Medium (3:2=6)	Low (2:2=4)
CORP0010	Data Protection	Major confidentiality breach on the part of the Council.	Corporate Director (Communities)	Very High (4:4=16)	High (4:2=8)	Medium (3:2=6)
CORP0011	Environmental	Failure to ensure that the Council responds effectively to its environmental obligations (both legislative and policy); undertakes its activities whilst ensure environment compliance where appropriate; and effectively responds to the climate change challenge in so far as it relates to the Councils policies and	Corporate Director (Place)	High (4:3=12)	High (4:2=8)	High (4:2=8)
CORP0012	Staffing	Failure to recruit, develop, support and retain high quality / calibre staff across all Council services.	Chief Executive	Very High (4:4=16)	High (3:3=9)	Low (2:2=4)
CORP0013	Partnerships / Collaboration	Not maintaining and developing fruitful partnerships and collaborations	Chief Executive	Very High (4:4=16)	Medium (3:2=6)	Medium (3:2=6)
CORP0014	Stakeholder Engagement	Not effectively engaging with our key external stakeholders	Chief Executive	Very High (4:4=16)	Medium (3:2=6)	Medium (3:2=6)
CORP0015	Housing and Infrastructure	Failing to effectively plan for and manage the current and future housing demands and infrastructure development - resulting in a barrier to growth and investment, or detrimental impact on communities.	Corporate Director (Place)	Very High (4:4=16)	High (4:2=8)	High (4:2=8)
CORP0016	Transformation	The Council fails to manage its transformation strategy (including digital)	Corporate Director (Communities)	Very High (4:4=16)	High (3:3=9)	Medium (3:2=6)
CORP0017	Safeguarding	Failure to ensure there are robust systems in place to address safeguarding and prevent duty concerns	Chief Executive	High (4:3=12)	High (3:3=9)	Medium (3:2=6)
CORP0018	Equality, Diversity and Inclusion	The Council fails to support and embed its equality, diversity and inclusion ethos.	Chief Executive	High (4:3=12)	Medium (2:3=6)	Low (2:2=4)
CORP0019	Local Government Reorganisation (LGR)	Failure to effectively plan for Local Government Reorganisation (LGR)	Chief Executive	Very High (4:5=20)	High (3:4=12)	High (3:3=9)
CORP0020	Increase in complexity of ER cases	Increasing level of complex ER cases which increases legal exposure and staff dissatisfaction	Head of HR & OD	High (3:3=9)	Low (2:2=4)	Low (2:2=4)
CORP0021	Data breach involving HR records	Because of human error or insecure data handling, confidential HR data may be accessed inappropriately, which would lead to GDPR breaches.	Head of HR & OD	High (3:4=12)	Low (2:2=4)	Low (2:2=4)
CORP0022	System failure affecting Payroll or HRIS	Because of system outages, HR or payroll processes may be disrupted, which would lead to delays in payments or reporting.	Head of HR & OD	High (2:4=8)	Low (1:2=2)	Low (1:2=2)

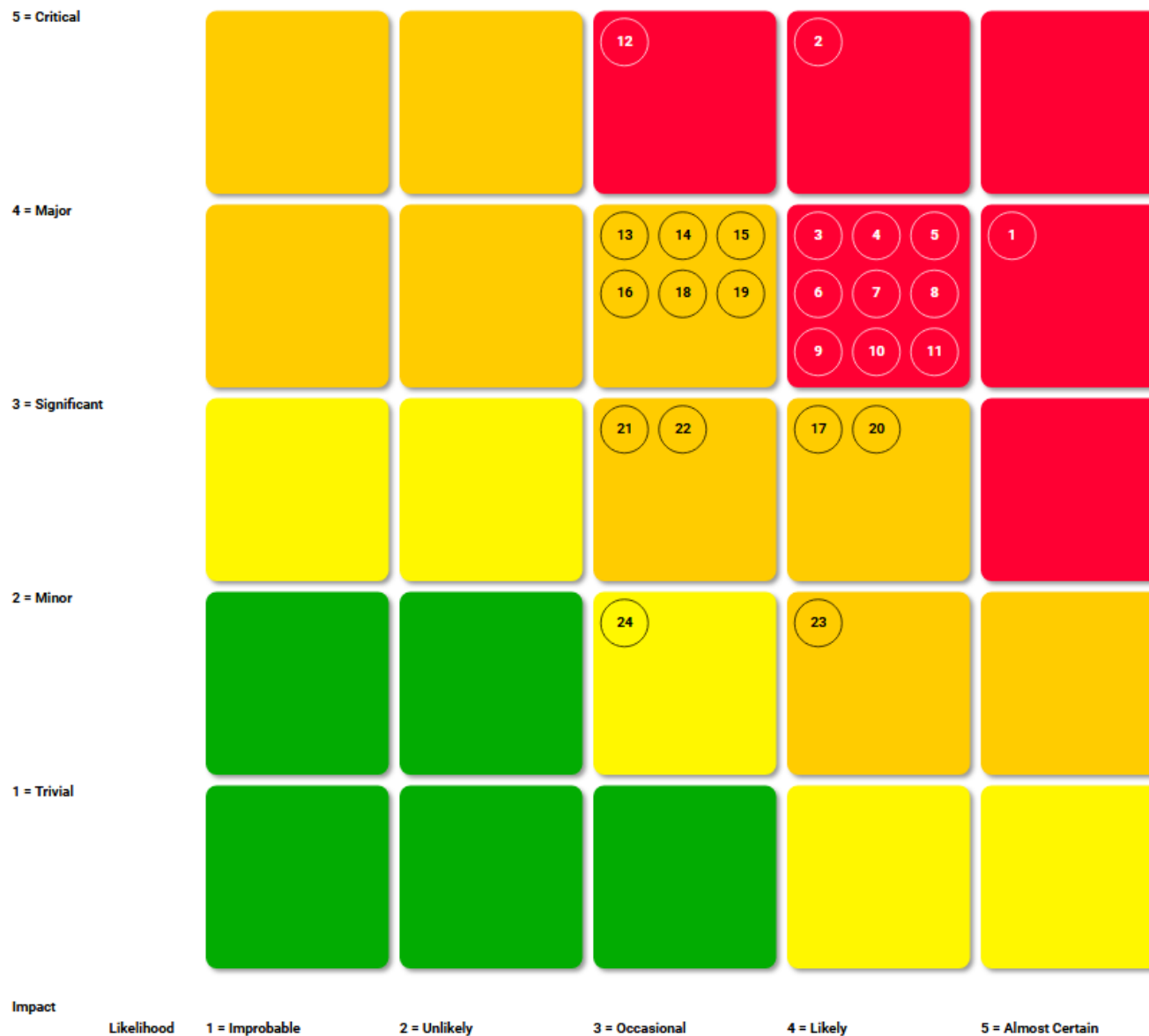


Prefix	Risk Title	Risk Description	Risk Owner	Inherent Priority	Residual Priority	Target Priority
CORP0023	High levels of sickness absence	Because of health trends, workplace issues or poor attendance management, sickness levels may rise, which would lead to service disruption.	Head of HR & OD	High (3:3=9)	Low (2:2=4)	Low (2:2=4)
CORP0024	Mandatory Training - non completion	Because of limited time or awareness, statutory or mandatory training may be missed, which would lead to compliance failures.	Head of HR & OD	Medium (2:3=6)	Low (1:2=2)	Low (1:2=2)



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**Corporate Risk Heat Map:
Inherent Risk Ratings**



**Corporate Risk Heat Map:
Residual Risk Ratings**



Corporate Risk Heat Map:
Target Risk Ratings



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Corporate Governance Committee – 17 June 2026

Report by: Dan Harris (RSM) – Internal Audit Manager
Lydia Morrison – Corporate Director – Finance and
Resources (On behalf of Corporate Leadership Team)

Lead Cllr: Cllr Liam Dewey-Beckett
Executive Councillor for Governance and Democratic
Services



Wards	Open / Exempt	Key Decision?
All	Open	No

Internal Audit Progress Report

Executive Summary: This report sets out a summary of the work undertaken by the Internal Audit Service since the Committee last met in March 2026.

Recommendations

- 1.1. To comment on and note the update on work undertaken by Internal Audit to date.

Report Author(s)

Lydia Morrison – Corporate Director – Finance & Resources
Lydia.Morrison@huntingdonshire.gov.uk

1. PURPOSE OF THE REPORT

- 1.1** The purpose of this report is to provide an update of the work of the Internal Audit Service since the last meeting and progress against the Internal Audit Plan 2026/27 that was approved by the Committee on 18th March 2026.

2. BACKGROUND & CONTEXT

- 2.1** 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'.

- 2.2** RSM will, in the capacity of the Internal Audit Service, be present at the meeting to present the report.

3. IMPLICATIONS OF THE DECISION

3.1 Legal & Constitutional Implications

- 3.1.1** None.

3.2 Implications on Resources

- 3.2.1** No additional resource requirements arise from this report.

LIST OF APPENDICES INCLUDED

Appendix 1 – Internal Audit Progress Report from RSM LLP



HUNTINGDONSHIRE DISTRICT COUNCIL

Internal Audit Progress Report

Corporate Governance Committee – 17 June 2026

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.



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KEY MESSAGES

The internal audit plan for 2025/26 was approved by the Corporate Governance Committee (CGC) on 25 March 2025. This report provides an update on progress against that plan and summarises the results of the work completed by to date.



2025/26 Internal Audit Plan – Since the last CGC meeting in March 2026, we have finalised the following three internal audit reports:

- Market Towns Programme (**Reasonable Assurance**)
- Chief Digital and Information Officer (**Reasonable Assurance**)
- ICT Budget Management and Efficiency Savings (**Minimal Assurance**)

The following report has been issued in draft:

- Follow Up Part Two (2025/26) – this is the last remaining report from the 2025/26 plan.

2026/27 Internal Audit Plan – We have issued the following internal audit report in draft since the last meeting:

- Recruitment and Retention (2026/27)

Fieldwork for the following reviews from the 2026/27 plan are currently in progress:

- Licensing and Environmental Health
- HR Data Quality
- Health and Safety **[to note]**

Details of the progress made, and scheduling of the 2026/27 internal audit plan are included at Appendix A. **[To note]**

We have issued two Client Briefings as follows since the last meeting:

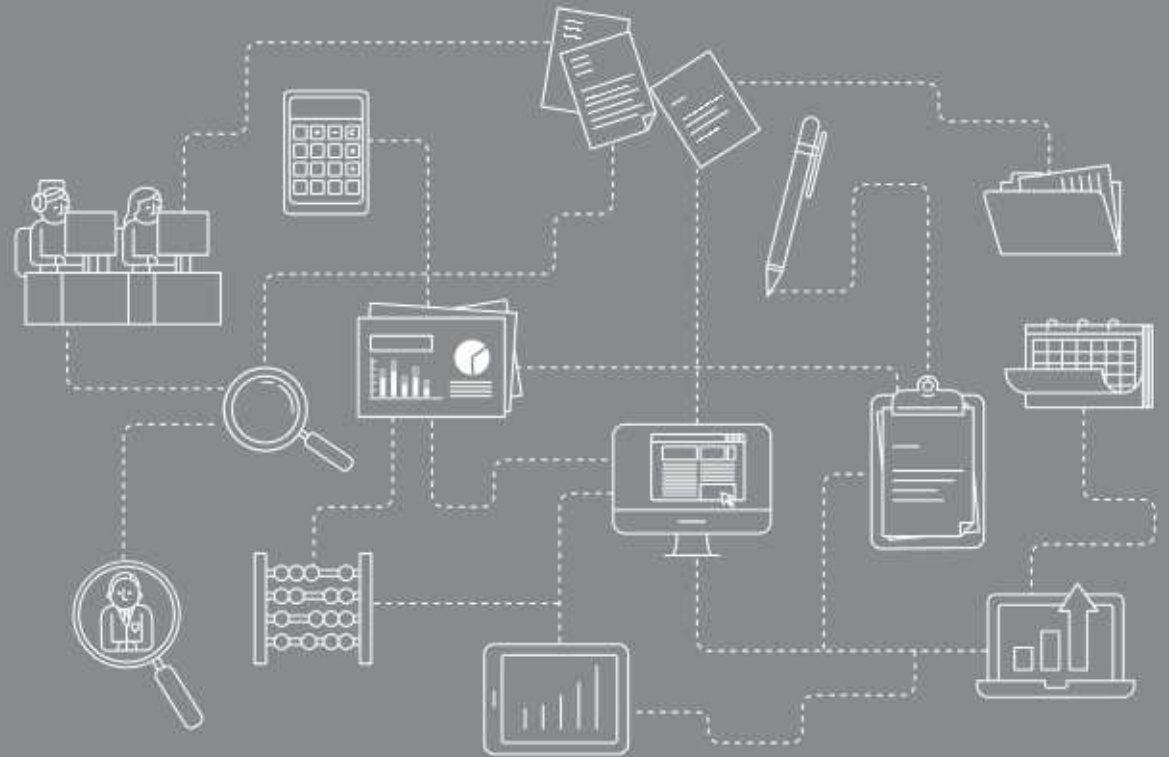
- Emerging Risk Radar (Spring Edition)
- Quality Assurance and Improvement Programme (linked to Global Internal Audit Standards) **[to note]**



Final Reports

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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
Market Towns Programme					
We noted that the majority of this programme has been delivered, which is taken into account as part of our overall (positive) assurance opinion. However, the audit identified some control weaknesses which resulted in the agreement of two medium and three low priority management actions. In two cases we have highlighted weaknesses previously identified from our Transformation internal audit completed early in 2025/26.					
The review identified a number of controls operating in practice across the sampled projects. Delivery progress for the sampled projects is tracked through structured highlight reporting, supported by standard templates which capture project RAG status, key milestones, risks, mitigating actions and financial information. During the period the Market Towns Programme Board was operating, these reports were used to support oversight of project delivery and emerging risks.					
Financial schedules are maintained to track spend against approved budgets and are incorporated into highlight reporting, providing visibility of project financial performance. Programme and project updates, including financial information, were periodically reported to Members through Overview and Scrutiny and Cabinet, supporting wider organisational oversight. In addition, formal project closure arrangements are in place across the sampled projects. Closure documentation confirmed completion status, assessed delivery against objectives and identified any ongoing responsibilities.		Reasonable Assurance	3	2	0
However, gaps were identified in evidencing approval of business cases and initiation documents, in the consistent use of Project Initiation Documents, and in the maintenance of project-level risk registers as live documents. Whilst a programme-level risk register is maintained and reported on, project-level registers varied in completeness. The projects reviewed commenced at different stages of the programme lifecycle under evolving governance arrangements, which has contributed to variation in documentation practices over time. These themes are consistent with findings raised within the Transformation audit regarding the need for greater standardisation of project management practices across the Council.					
In addition, whilst changes sampled were supported by evidence that approval had been obtained prior to implementation, there is no documented change control framework prescribing approval thresholds or routes, and no centralised programme-level change log. Also, although financial performance is monitored through highlight reporting, no documented variance thresholds were identified to define when budget variances should trigger formal escalation. Furthermore, the discontinuation of the Programme Board was not formally documented at the time of change, and revised governance arrangements were not reflected project documentation.					

Assignment	Opinion issued	Actions agreed		
		L	M	H
Overall, strengthening documentation, standardisation and formal governance frameworks will enhance consistency and provide clearer assurance over programme management arrangements.				
Chief Digital and Information Officer Our assessment indicates that the introduction of the CDIO role has enabled HDC to deliver improvements as set out by the CDIO programme and has accelerated foundations for long-term improvement. The three-wave delivery framework has strengthened sequencing and dependency management, and a consolidated survey instrument evidence's year-on-year improvement in overall satisfaction and core service dimensions. Taken together, these outcomes demonstrate clear positive impact against the intent of the CDIO programme. Nevertheless, we have agreed on a high priority action where we have identified that embedding of the CDIO role and authority remain inconsistent across the Partner Councils. HDC has fully integrated the CDIO into leadership, whereas CCC and SCDC continue to engage the role on a more ad hoc basis, diluting cross-council alignment and slowing decision-making. Additionally, Local Government Reorganisation (LGR) activity is exerting a significant and un-resourced demand on the CDIO's capacity, creating prioritisation risks between remediation delivery and LGR readiness. Without clearer cross-council expectations, capacity plans and governance alignment, there is an elevated risk that remediation milestones will slip, and benefits realisation will be under-evidenced. Although it is important that a consistent approach is applied in order to drive strategic alignment, we recognise that HDC has progressed further in fully integrating the CDIO role into leadership and therefore can provide a reasonable assurance opinion in this report. <u>Management Action:</u> Huntingdonshire District Council will: - Clarify the Chief Digital and Information Officer (CDIO) remit and authority with the Partner Councils and embed the agreed expectations across leadership structures. - Set clear priorities between remediation and Local Government Reorganisation (LGR), and allocate CDIO capacity and support transparently. - Increase operating-model capacity (e.g. Enterprise Architect/Business Partnering and interim/deputy support) to reduce single-point dependency. High <u>Owner:</u> Michelle Sacks, CEO <u>Deadline:</u> 30 September 2026	Reasonable Assurance	0	0	1
ICT Budget Management and Efficiency Savings This audit was requested by the CDIO and is submitted as a Part 2 paper. The audit identified a number of control weaknesses resulting in seven high, four medium and six low priority management actions.	Minimal Assurance	6	4	7

Appendices

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APPENDIX A: PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2025/26

Assignment	Status / Opinion issued / Start date	Actions agreed			Target CGC	Actual CGC meeting
		H	M	L		
1 Human Resources – Recruitment and Retention	Final Report – Partial Assurance	1	6	1	July 2025	July 2025
2 Payroll	Final Report – Reasonable Assurance	1	4	0	September 2025 (now Nov 2025)	November 2025
3 Capital Expenditure	Final Report – Partial Assurance	0	7	2	September 2025	September 2025
4 Data Quality and Performance Management	Final Report – Partial Assurance	1	4	3	September 2025	September 2025
5 Contract Management	Final Report – Partial Assurance	1	5	1	September 2025	September 2025
6 Procurement	Final Report – Partial Assurance	1	4	6	March 2026	September 2025
7 Transformation	Final Report – Partial Assurance	1	8	2	September 2025	September 2025
8 Council Tax	Final Report – Reasonable Assurance	0	1	7	September 2025	September 2025
9 Housing Benefits	Final Report – Reasonable Assurance	0	0	7	September 2025	September 2025
10 Complaints and Compliments	Final Report – Reasonable Assurance	0	4	2	November 2025	November 2025
11 Business Rates	Final Report – Reasonable Assurance	0	1	3	November 2025	November 2025
12 Creditor Payments	Final Report – Partial Assurance	2	9	1	November 2025	November 2025
13 Disabled Facility Grant (DFG) Verification	Assignment Complete	-	-	-	N/A	N/A
14 Capacity Planning	Final Report – Advisory	1	3	1	November 2025	January 2026
15 General Ledger	Final Report – Partial Assurance	0	6	0	January 2026	January 2026
16 Workforce Development Strategy	Final Report – Substantial Assurance	0	0	1	March 2026	January 2026
17 Follow Up – Part 1	Final Report – Reasonable Progress	0	2	1	March 2026	March 2026
18 IT Remediation Review	Final Report – Advisory	0	2	0	March 2026	March 2026
19 Risk Management	Final Report – Advisory	0	4	2	March 2026	March 2026
20 Democratic Services	Final Report – Reasonable Assurance	0	1	4	March 2026	March 2026
21 Data Protection (Advisory)	Final Report – Advisory	0	4	4	June 2026	March 2026

Assignment		Status / Opinion issued / Start date	Actions agreed			Target CGC	Actual CGC meeting
			H	M	L		
22	Follow Up – Part 2 *	Draft Report				June 2026 (now September 2026)	
23	Market Towns Programme	Final Report – Reasonable Assurance	0	2	3	March 2026 (now June 2026)*	June 2026
24	Effectiveness of CDIO Role	Final Report – Reasonable Assurance	1	0	0	March 2026 (now June 2026)*	June 2026
25	ICT Budget Management and Efficiency Savings (replaces AI)	Final Report – Minimal Assurance	7	4	6	June 2026	June 2026

* This report has been issued in draft, but we are awaiting a response from management to agree the action owners and dates.

APPENDIX A: PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2026/27

Assignment	Status / Opinion issued / Start date	Actions agreed			Target CGC	Actual CGC meeting
		H	M	L		
1 Recruitment and Retention	Draft Report issued				September 2026	
2 Licensing and Environmental Health	Fieldwork in progress				September 2026	
3 Data Quality – Human Resources	Fieldwork in progress				September 2026	
4 Health and Safety	Fieldwork in progress				September 2026	
5 Mandatory Training	June 2026				September 2026	
6 Debt Management	June 2026				September 2026	
Transformation Follow Up	July 2026				November 2026	
Capital Expenditure Follow Up	July 2026				November 2026	
Creditor Payments Follow Up	August 2026				November 2026	
General Ledger Follow Up	September 2026				November 2026	
11 Insurance	September 2026				November 2026	
12 Disabled Facility Grant (DFG) Verification	September 2026				November 2026	
13 Business Continuity	October 2026				January 2027	
14 Preparedness for LGR	November 2026				January 2027	
15 Safeguarding	December 2026				January 2027	
16 Community Health and Wealth Fund	January 2027				March 2027	
17 ICT Budget Management Follow Up	January 2027				March 2027	
18 Risk Management	January 2027				March 2027	
19 IT Disaster Recovery	February 2027				June 2027	
20 Full Follow Up	February 2027				June 2027	

APPENDIX B: OTHER MATTERS

For the 2026/27 plan, we are in the process of scoping audits and agreeing timeframes with management. At the March 2026 meeting we submitted a draft and oversubscribed internal audit plan. We can confirm that the following audits have been removed from 2026/27 programme of work following discussions with management as these were not deemed slightly lower priority areas for 2026/27. These areas will be reconsidered as part of the 2027/28 internal audit planning process and kept under review during the next few months:

- Car Parking Enforcement
- Sickness Absence Management
- Planning – Conservation and Specialists Team

There have been no changes to the 2025/26 Internal Audit Plan since the last meeting.

Detailed below are the changes to the 2025/26 plan previously reported to the Committee

Note	Auditable area	Reason for change
1	IT Reports	We have agreed with the CDIO to split the 'Effectiveness of CDIO Role' audit into two separate reports. One covers IT Remediation (HDC Arrangements), which has been finalised, and has been shared with 3C ICT Partners. The other report will be shared with HDC only.
2	Various Audits – Start date changes	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 Capital Expenditure moved to Q1, Data Quality and Performance Reporting moved to Q1 and Workforce Development Strategy has moved to commence in Q3.
3	Artificial Intelligence (AI)	We have been requested by the Section 151 Officer and the Chief Digital and Information Officer (CDIO) to replace the Artificial Intelligence (AI) internal audit with a review into ICT Budget Management. We are in the process of scoping and scheduling this review.
4	Risk Management – start date change	The Risk Management review is now scheduled for Q4 at the request of the previous S151 Officer and the Monitoring Officer. This review will be an advisory review to provide forward looking advice in respect of methods to further develop and enhance risk management arrangements. Given the Risk Manager is relatively new in post, it was agreed that a review in Q4 would add most value.
5	Various IT Audits	Following further scoping meetings we have amended some timeframes for audits with audit sponsors. These amendments in timing were made in respect of the technology risk related audits, including Artificial Intelligence (AI), Effectiveness of CDIO Role and GDPR reviews. This is a result of scoping meetings with the relevant 3C Shared Services Director.

Head of Internal Audit opinion 2025/26

Please refer to our separate agenda items covering this matter.

Quality assurance and continual improvement

To ensure that RSM remains compliant with the IIA standards and the financial services recommendations for Internal Audit 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 being used to inform the training needs of our audit teams.

The Quality Assurance Team is made up of; the Head of the Quality Assurance Department (FCA qualified) and an Associate Director (FCCA qualified), with support from other team members across the department. This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

APPENDIX C: ASSURANCE OPINIONS



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).



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).



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).



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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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Huntingdonshire District Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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Emerging Risk Radar



Emerging risk considerations

Spring 2026 (Publication 7)



Emerging risk – why and what?

Why?

The board should establish and keep under review the risk and internal control framework and determine the nature and extent of the emerging and principal risks it is willing to take to achieve its strategic objectives.

What?

An emerging risk might be defined as:
“a new or unforeseen level of uncertainty driven by external events – the risk may still be forming, and it may not be clear as to the implications for the business, be these negative or positive.”

To be watchful of these emerging risks and how they might play through is an important element of preparedness and the business management of risk.

We have framed the emerging risks as:

Most prevalent: emerging risk themes that were more regularly identified in our discussions.

Keep monitoring: to represent the emerging risk themes that had a moderate prevalence in our discussions.

Worth watching: those emerging risk themes that were less prevalent.

The emerging risks are constantly evolving and shifting. They can be translated into any sector and are all worthy of consideration.

Emerging risk radar – Spring 2026

Given your strategic objectives, what do you see as the **emerging events or threats that could impact on your business**, either negatively or positively, and that you believe should be watched?

This content is based on our on-going dialogue with board members & senior management drawn from workshops and discussions across all industries/sectors as well as drawing on our own current emerging risk knowledge.

Key emerging risks in summary

There are 28 emerging risks identified, an increase of 2 since the last publication. New emerging risks in the form of **Gen X staff opting to leave employment** and **AI replacing humans** – both emerging risks impacting private, public and not for profit sectors, both creating an environment where there is less institutional memory, knowledge and experience that can be called upon.

7 emerging risks identified as most prevalent being 1 more since the last publication. These are included across the areas of **political & policy (1)**, **technological (3)**, **commercial (2) and economic (1)**. There is increasingly reference to **business resilience and continuity** and specifically relating to **supply chain**. There have also been updates in wording to previous emerging risks.

Many of these emerging risks are already recognised and being tackled by businesses. These risks, however, are constantly changing and therefore their management should be kept under review by the Board or equivalent. Furthermore, these emerging risks rarely exist in isolation, so it is important that a holistic view is taken to understand their connectivity and how best to manage these emerging risks.

The top 3 most prevalent emerging risks

01

Geo-political instability

Geo-political change and instability, including potential for trade wars, fall-out from and expansion of armed conflicts and the impact and influence on businesses and society.

02

Cyber attacks increasing

Cyber-attacks increasing in frequency and complexity, including targeted attacks on infrastructure and supply chains. Unable to sufficiently invest in defence and recovery – attacks more disabling, coupled with loss of data.

03

Artificial Intelligence (AI) governance lag

Increasing use of and reliance on AI without sufficient checks and balances to ensure strengths, weaknesses, threats and opportunities are understood.

These have remained unchanged since the last publication.

Emerging risk considerations

What do you see
as the emerging
risks?

How far will these
emerging risks
affect your
business?

How far will these
emerging risks
play through into
your existing
strategic risks?

How far will they
change the way
you currently
manage your
strategic risks?

How will you
respond?
How will you
continue to review
the emerging
risks?

Emerging risk radar Spring 2026

Societal and Community

- 1.1 – Availability of, access to and effectiveness of public services is reduced.
- 1.2 – Increasing awareness of mental health and physical well-being issues impacting productivity.
- 1.3 – Societal tensions stemming from, by example, politics, racial, ethnicity, diversity, wealth, age, and cultural differences, spilling over into the work environment.
- 1.4 – Access to affordable housing, homelessness and poor housing conditions impacting workforce.
- 1.5 – Epidemic creating disruption and impacting productivity.

Governance

- 8.1 – Reduced accountability and transparency e.g. lip service to rules and standards, conflicts of interest unchecked.
- 8.2 – Developing the board capacity and capability – fitness for future, availability of NEDs and having real world insights.
- 8.3 – Cultural challenges and tensions within the board room and work-place.
- 8.4 – Loss of trust in institutions and their leadership, both large businesses, government and public sector bodies.

Economic and Financial

- 6.1 – Increasing operating costs e.g. energy, staff etc.
- 6.2 – Reduced investment in research and development, reducing agility and innovation due to funding options being reduced and macro-economic conditions.
- 6.3 – Access to and availability of finance / funding due to cost of finance and funding changes.
- 6.4 – Increasing levels of fraudulent activity making use of technology as a tool for doing so, including AI e.g. deep fakes.

People Resources

- 7.1 – Reduced investment in staff development & apprenticeships, increased use of temporary contracts.
- 7.2 – **NEW:** Gen X in key roles opting to leave employment before retirement leading to loss of corporate memory in the form of knowledge and experience.
- 7.3 – **NEW:** AI replacing human roles.

Political, Policy and Regulation

- 2.1 – Change in government priorities resulting in new or changes to laws, policies, regulations affecting businesses..
- 2.2 – Geo-political change & instability, including trade wars, fall-out from and expansion of armed conflicts, all influencing & impacting society and business.
- 2.3 – Increasing level of regulation & compliance.

Environmental

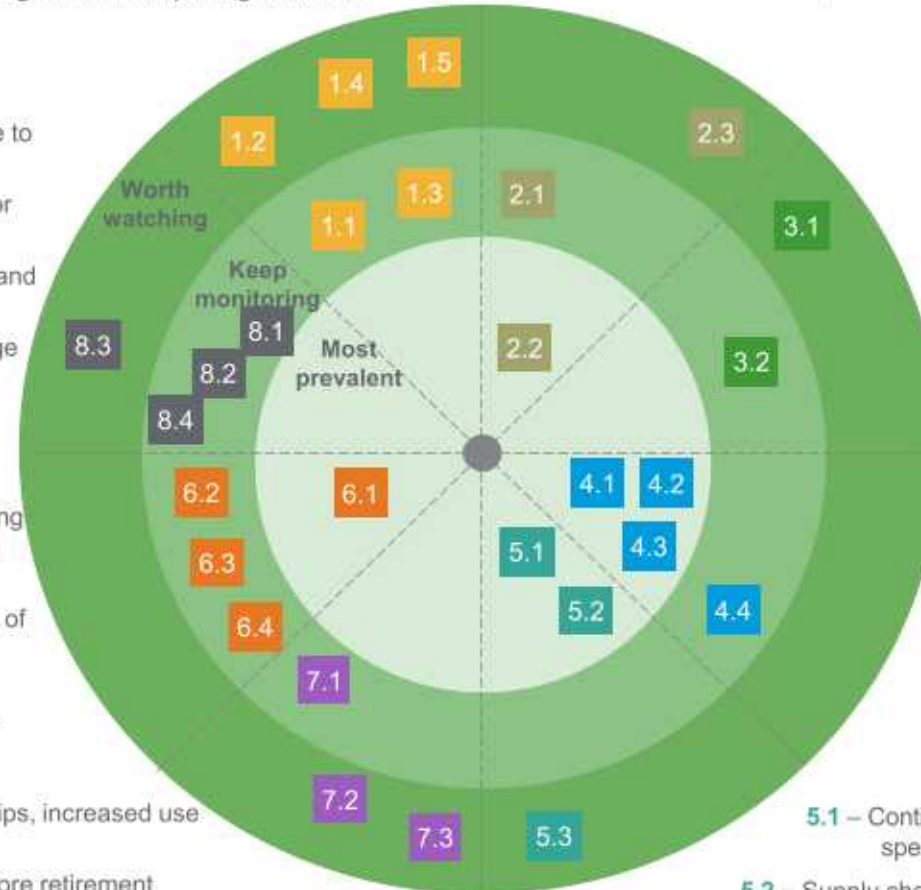
- 3.1 – Ability to effectively engage with and leverage off the sustainability agenda.
- 3.2 – Increasing weather pattern shifts & extreme weather impacting infrastructure, supply chains, production and operations – threatening continuity of operations.

Technological

- 4.1 – Cyber-attacks increasing in frequency and complexity including targeted attacks on infrastructure and supply chains.
- 4.2 – Artificial Intelligence (AI) efficiencies not fully explored coupled with governance lag – no sufficient checks and balances.
- 4.3 – Operational resilience of technology increasingly threatened e.g. power outage, IT infrastructure age, cost of maintenance / lack of investment, sabotage / attack, vulnerabilities of 3rd parties not known etc.
- 4.4 – Disinformation spread via social media platforms impacting businesses.

Commercial

- 5.1 – Continued economic slowdown. Overall reduced economic confidence and spending by consumers. Reduced / changes in spending by Government.
- 5.2 – Supply chain resilience threats due to extended nature and loss of visibility e.g. geo-politics, in-secure physical and technological assets, applicable law etc
- 5.3 – Various factors leading to market / business restrictions e.g. tariffs, trade embargos, location, laws & customs, access to competition, labour availability, ownership, acquisition & merger.



Emerging areas of risk

Spring 2026

Consistent >
Increasing <<
Decreasing >>

Direction of travel since previous emerging risk radar publication.

	Most prevalent	
2.2	Geo-political change and instability, including potential for trade wars, fall-out from and expansion of armed conflicts. All influencing and impacting on businesses and society - creating trade, travel and communication barriers.	>
4.1	Cyber-attacks increasing in frequency, complexity with greater levels of disruption, including targeted ransomware attacks across all sectors, infrastructure and supply chains. Coupled with loss / theft of data. Businesses being unable to invest in defence or afford cost of recovery leading to business failure.	>
4.2	Artificial Intelligence (AI) governance lag – increasing use of and reliance on AI without sufficient checks and balances to ensure strengths, weaknesses, threats and opportunities are understood.	>
4.3	Operational resilience of technology increasingly threatened e.g. power outage, IT infrastructure age, cost of maintenance / lack of investment, sabotage / attack (be this physical or digital via cyber attack), vulnerabilities of 3 rd parties not known etc	>
5.1	Continued economic slow-down. Persistent inflation. Reduced spending by consumers. Reduced and / or changes in spending by Government impacting all sectors.	>
5.2	Supply chain resilience threats due to extended nature and loss of visibility e.g. geo-politics, in-secure physical and technological assets, applicable law etc. <i>Previous publication ref 6.2.</i>	<<
6.1	Affordability and cost pressures e.g. employment costs, energy costs etc. Creating financial pressure impacting investment and discretionary spend. Impacting longer term plans.	>

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Emerging areas of risk

Spring 2026

Direction of travel since previous emerging risk radar publication.

	Keep monitoring	
1.1	Availability and effectiveness of public services are reduced due to under investment, lack of resources, strategic change e.g. devolution, local government review and police reform. Further, likely increased industrial action and increasing demand from the public.	➤
1.3	Societal tensions created, stemming from, by example, racial, ethnicity, diversity, wealth, age, cultural differences as well as fall out from global geo-political tensions and instability, as well as social media. These can spill-over into the working environment.	➤
1.1	Change in government priorities resulting in new or changes to laws, policies, regulations and consequences affecting businesses across all sectors.	➤
3.2	Increasing weather pattern shifts and extreme weather physically impacting availability and access to infrastructure, supply chains, production – threatening continuity of operations.	➤
4.4	Disinformation spread via social media platforms impacting businesses (including use of AI deep fake) – including targeted attacks on businesses and individuals associated with them, impacting investment etc and creating reputation damage.	➤
6.2	Reduced investment in research and development - businesses take a short-term approach and focus on business as usual (reducing agility and innovation) due to macro-economic conditions including geo-political challenges. <i>Previous publication reference 5.2.</i>	➤
6.3	Access to and availability of finance and funding – impacting both private, public and not for profit sectors, including cost of finance, funding changes - including funding and grants provided by Government.	➤
6.4	Increasing levels of fraudulent activity making use of technology as a tool for doing so including use of AI.	➤

Emerging areas of risk

Spring 2026

Direction of travel since previous emerging risk radar publication.

	Keep monitoring	
7.1	Reduced investment in staff development & apprenticeships, increased use of temporary contracts, reducing business capacity and capabilities with declining organic growth. This is compounded by generational outlook towards employment and use of AI (<i>see specific separate emerging risks in worth watching</i>). In turn impacting organisation corporate memory, knowledge and experience.	➤
8.1	Reduced accountability and transparency e.g. lip service to rules and standards, conflicts of interest go unchecked.	➤
8.2	Developing the board member capacity and capability - fitness for future, including availability of non-executives for appointment and holding modern world insights.	➤
8.4	Loss of trust in institutions and their leadership, both large businesses, government and public sector bodies.	⬆

Emerging areas of risk

Spring 2026

Direction of travel since previous emerging risk radar publication.

	Worth watching	
1.2	Increasing awareness of mental health and physical well-being issues impacting individuals stemming from post pandemic fall-out e.g. remote working fatigue, expectation of business v individuals. Further, being increasing poverty etc. Also impacting on public services and employers (creating potential duty of care implications).	➤
1.4	Access to affordable housing. Increasing homelessness and poor housing conditions. e.g. damp and mould hazards. Access to affordable housing and the impact on individuals, families, society more widely and business in the form of access to / availability of staff due to location or ill-health.	➤
1.5	Epidemic (and potential for lock down locally, nationally) impacting public health, operations and productivity.	➤
3.3	Increasing level of regulation, compliance and inspection / enforcement.	✓
3.1	Ability to effectively engage with and leverage off the sustainability agenda, including ability to meet green agenda targets (coupled with potential for Green Washing).	✓
5.3	Various factors leading to market changes impacting business e.g. access to materials and labour, global trade embargos, restrictions, tariffs, business re-location, competition, ownership / acquisition and merger.	➤
7.2	NEW: Staff in key roles opting to leave employment before retirement leading to loss of corporate memory in the form of knowledge and experience. Often generation X staff in key roles. This loss of cumulative knowledge and experience can weaken operations and controls, reduce effectiveness / efficient decision making.	New
7.3	NEW: AI replacing human roles.	New
8.3	Shifts in business culture due to external influence and attitudes creating conflicts and tensions amongst leadership in all sectors.	➤

Emerging risk radar Autumn 2025 *Previous publication*

Societal and Community

- 1.1 – Availability and effectiveness of public services are reduced.
- 1.2 – Increasing awareness of mental health and physical well-being issues.
- 1.3 – Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural differences, spilling over into the work environment.
- 1.4 – Access to affordable housing, homelessness and poor housing conditions.
- 1.5 – Epidemic / further pandemic (and lock down) impacting productivity.

Governance

- 8.1 – Loss of accountability and oversight – lip service to standards / codes, lack of transparency in decision making, conflicts of interest justified.
- 8.2 – Developing the board capacity and capability – fitness for future, availability of NEDs and having real world insights.
- 8.3 – Shifts in business culture due to external influence and attitudes creating conflicts / tensions amongst leadership.
- 8.4 – **NEW** Loss of trust in institutions, both large businesses, government and public sector bodies.

Economic and Financial

- 6.1 – Affordability & cost pressures e.g. staff, energy etc.
- 6.2 – Supply chain resilience across all ranges of goods and services, including supply chain visibility.
- 6.3 – Access to and availability of finance and funding including cost of finance and funding changes.
- 6.4 – Increasing levels of fraudulent activity making use of technology as a tool for doing so, including AI.

People Resources

- 7.1 – Loss of access to skills, knowledge and experience – reduced investment in staff development / apprenticeships, temporary contracts more frequent, reduced pool of skilled / experienced staff available with movement between employers and increased use of AI replacing human roles.



Political, Policy and Regulation

- 2.1 – Change in government priorities resulting in new or changes to laws, policies, regulations affecting businesses.
- 2.2 – Geo-political change and instability, including potential for trade wars, fall-out from and expansion of armed conflicts and the influence on society and business.
- 2.3 – Increasing level of regulation, compliance and inspection.

Environmental

- 3.1 – Ability to effectively engage with and leverage off the sustainability agenda.
- 3.2 – Increasing weather pattern shifts / extreme weather impacting businesses productivity and continuity / recovery of operations.

Technological

- 4.1 – Cyber-attacks increasing in frequency and complexity.
- 4.2 – Artificial Intelligence (AI) governance lag – increasing use of and reliance on AI without sufficient checks and balances.
- 4.3 – Operational resilience of technology increasingly threatened e.g. power outage, IT infrastructure age, cost of maintenance / lack of investment, sabotage etc.
- 4.4 – **NEW** Misinformation spread via social media platforms impacting businesses.

Commercial

- 5.1 – Continued economic slow-down. Persistent inflation. Reduced spending by consumers. Reduced / changes in spending by Government.
- 5.2 – Reduced investment in research and development, reducing agility and innovation due to macro-economic conditions.
- 5.3 – Various factors leading to market changes e.g. access to materials and labour, global trade restrictions, location, competition, ownership, acquisition & merger.

Further insights



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4risk: <https://youtu.be/12NyJhSNK3o>

4action: <https://youtu.be/xEuFSwzbzvw>

4policies: <https://youtu.be/ufXYt1juwhA>

4questionnaires: <https://youtu.be/NW17EoRJsjis>

This is our 7th emerging risk radar publication.

We know from feedback that this lands well with boards and management in all sectors, with the publication being used for comparison with existing risk information, as well as helping inform strategy and plans, strengthen and improve controls, stress testing and risk mitigation plans, with the publication often being used to stimulate board, committee and management discussion – including at away days as part of board and organisation development.

We are now offering a facilitated emerging risk discussion / workshop so that individual businesses may get more from the emerging risk radar. If you would like to know more about this service, then please make contact.

Contacts

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Note re contents of the emerging risk radar:

- This is not subject to any form of validation. RSM cannot guarantee the completeness, accuracy or validity of the contents.
- The content is based on the views of board members and others with whom RSM have interacted as part of this process with the information gathered being collated, interpreted and summarised by RSM.
- The views are not necessarily representative of all sectors.
- There is no relationship of any kind created between RSM and the recipient / user of the emerging risk radar publication. The publication is for purposes of reference, compare, contrast and discussion as required by the recipient / user.

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Corporate Governance Committee – 17 June 2026

Report by: Lydia Morrison – Corporate Director – Finance and Resources (On behalf of Corporate Leadership Team)

Lead Cllr: Cllr Liam Dewey-Beckett
Executive Councillor for Governance and Democratic Services



Wards
All

Open / Exempt
Open

Key Decision?
No

Internal Audit Actions – Update Report

Executive Summary: This report summarises the progress in implementing management actions arising from final internal audit reports. Implementation of the actions are the responsibility of the relevant managers with oversight from Corporate Leadership Team. Further information relating to the Internal Audits carried out will be reported in a separate paper.

Recommendations

- 1.1. To comment on and note the current position regarding actions arising from internal audit reports

Key Corporate Plan / Strategic Priorities

- 1 Corporate Priority 3 – Doing our core work well.

Report Author(s)

Lydia Morrison – Corporate Director – Finance & Resources
Lydia.Morrison@huntingdonshire.gov.uk

1. PURPOSE OF THE REPORT

- 1.1 This report sets out the current position with respect to implementation of actions arising from Internal Audit reports.

2. BACKGROUND & CONTEXT

- 2.1 This report summarises the position regarding audit actions arising from final Internal Audit reports. Progress on the completion of audit actions remains under regular review. While the additional pressures arising from Local Government Reorganisation have created some capacity challenges, Officers remain confident in their ability to deliver the required actions within acceptable timeframes. Officers will continue to monitor workloads closely and, where any capacity issues do arise in relation to audit actions, will ensure the Committee is apprised.

3. OVERALL PROGRESS SINCE THE LAST COMMITTEE MEETING

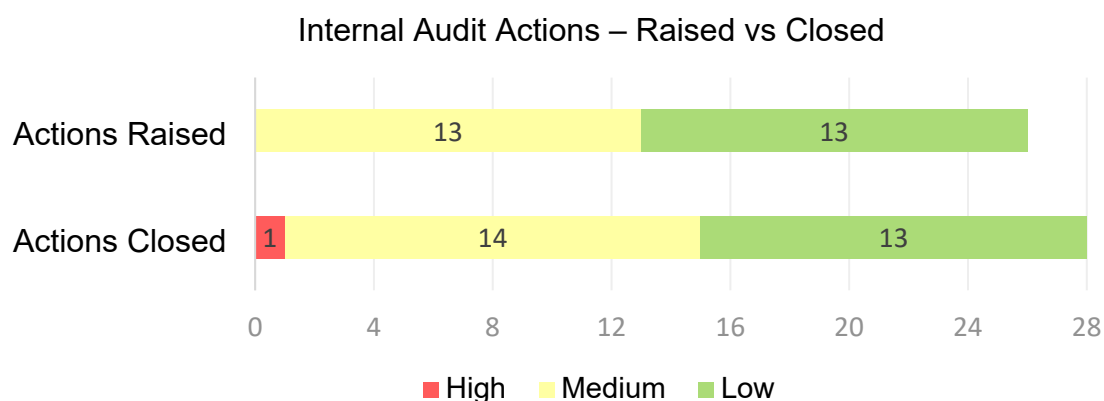
- 3.1 At the last Committee meeting there were 44 open internal audit actions.

Since then, 28 have been closed, meaning that 16 actions have been carried forward from the previous reporting period.

A further 26 new actions were raised from completed audits during the period.

As a result, there are currently 42 open internal audit actions, representing a net reduction of 2.

The bar chart below provides a visual summary of internal audit actions closed and raised since the last Committee meeting, split by priority.



4. CURRENT OPEN ACTIONS POSITION

- 4.1** There are currently 42 open internal audit actions, comprising of 4 High, 26 Medium and 12 Low priority actions.
- 4.2** Appendices 1 and 2 sets out all the actions that remain open from final internal audit reports. It includes the agreed management actions, original and revised target dates, and the latest updates provided by action assignees.

5. ACTIONS CLOSED SINCE LAST COMMITTEE MEETING

- 5.1** Since the last Committee meeting, 28 internal audit actions have been closed, comprising of 1 High, 14 Medium and 13 Low priority actions.
- 5.2** Of the 28 closed actions, 23 were closed on or before their agreed target dates, and 5 were closed after their expected completion dates.
- 5.3** Full details of actions closed since the last Committee meeting, including closure dates and closure comments, are provided in Appendices 3 and 4.

6. ACTIONS WITH REVISED TARGET DATES

- 6.1** This section highlights internal audit actions where target dates have been revised. There are currently 18 open actions operating to revised target dates, of which 3 actions have had their target date revised since the last Committee meeting.
- 6.2** The table below sets out the open actions that have had their target dates revised since the last Committee meeting, including the new due date and the reason for the change.

Details of all currently open actions, including historic target date revisions, are provided in Appendix 1.

Action Ref	Priority	Original Date	Revised Date	Action Summary	Update
Code of Procurement Audit 24.25					
3371	Medium	28 Apr 2025	31 Oct 2026	Action to update and review procurement documentation, including the Code of Procurement and supporting guidance, in line with Procurement Act 2023 requirements and	Target date revised to align with the planned approval timetable for the updated Code of Procurement, which is currently in its final stages and progressing through the Council's

				procurement reform changes.	governance and approval process.
Creditor Payments					
4171	Medium	31 Dec 2025	31 Aug 2026	Action to develop, approve and maintain a formal scheme of delegation and financial approval register, including periodic review arrangements and confirmation of appropriate approval limits across services	Target date revised due to difficulties recruiting to the Systems Accountant role. A new postholder is due to start in July 2026 and this work will form part of their role.
4173	Medium	31 Mar 2026	31 Aug 2026	Action to implement monitoring and reporting arrangements for retrospective purchase orders, with exceptions escalated to CLT to support compliance with the No PO No Pay policy.	Target date revised due to difficulties recruiting to the Systems Accountant role. A new postholder is due to start in July 2026 and this work will form part of their role.

7. IMPLICATIONS OF THE DECISION

7.1 Implications on Resources

7.1.1 There are no additional resource requirements arising from this paper.

8. RISK MANAGEMENT

8.1 Each monthly meeting of CLT that reviews governance matters includes a report on completed audits and actions raised, providing another opportunity for CLT to maintain oversight.

8.2 Progress against audit actions continues to be monitored regularly. Whilst Local Government Reorganisation activity has continued to place additional demands on officer capacity in some areas, officers remain committed to progressing agreed actions within reasonable timeframes. Any significant capacity pressures or delays impacting delivery will continue to be reported to the Committee as appropriate.

9. LIST OF APPENDICES INCLUDED

- Appendix 1 - Open Internal Audit Actions
- Appendix 2 - Open Internal Audit Actions (Restricted)
- Appendix 3 - Closed Internal Audit Actions
- Appendix 4 - Closed Internal Audit Actions (Restricted)

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Open Internal Audit Actions



Generated Date		Jun-26			
Capacity Planning					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
4831	High	Consider the development of a proportionate, corporate approach for assessing capacity and resource availability across all service areas. This should support services to: • Set out their BAU activity, planned change work and expected future pressures • Understand the time and effort involved in BAU tasks, including typical volumes and peaks • Record the resources they have available, such as people, time and skills • Compare workload with available capacity so they can identify gaps, pressures or risks of overcommitting. • Provide clear capacity information to support decision making, rather than relying solely on professional judgement. Capacity assessments should be reported and monitored through an agreed route so that risks are visible and the Council can see where support or prioritisation is needed.	30 Sep 2026	30 Sep 2026	Description: No progress to report, on schedule to meet target date in Sept for implementing capacity planning. To align to LGR Further Information: Update Date: 19 May 2026 Description: No progress to report, on schedule to meet target date in Sept for implementing capacity planning. To align to LGR Further Information: Update Date: 27 Mar 2026 Description: The Business Analyst Team have started to investigate the options and will be carrying out a survey of management to establish current approaches taken. Still on schedule to bring back recommendations by June 2026. Further Information: Update Date: 04 Mar 2026 Description: Raised New Ideas request form for Business Analyst service to investigate proportionate solutions and to bring back recommendations to CLT +HOS by June 2026. To consider using an existing software application used by Planning Service team for managing capacity planning. Further Information: Update Date: 15 Jan 2026 Description: Following the recent completion of the Capacity Planning advisory review, the resulting action has now been uploaded for monitoring. Updates will be provided by the assigned owner as the action progresses. Further Information: Update Date: 14 Jan 2026
4832	Medium	Create a single Service Planning Methodology that sets out the full process for preparing, reviewing and approving and monitoring of Service Plans. It should explain: • The steps in the process and who is responsible at each stage. • What Service Plans must include, covering BAU activity, planned change, pressures, risks, dependencies and resourcing. • The approval route and how decisions are recorded. • The supporting guidance, templates and timelines.	30 Jun 2026	30 Jun 2026	Description: In progress and on target for end June 26 - The service planning process for new requests is now aligned to the Project intake process and gating review controls. The Council's Officer governance is currently being reviewed, and once this is finalised the documented methodology and process will be published. Further Information: Update Date: 19 May 2026 Description: Service planning requests to be aligned to Project intake process and gating review controls. To implement enhanced controls by end of June, including documented methodology and process launched for staff. Further Information: Update Date: 27 Mar 2026 Description: Service Planning is underway, and the changing requirements captured. So far, there is a working document of the current process and approvals, though clarity on current working practice and lessons learned are required before the standardisation of the process which is to be captured in this working document Further Information: Update Date: 03 Mar 2026 Description: Following the recent completion of the Capacity Planning advisory review, the resulting action has now been uploaded for monitoring. Updates will be provided by the assigned owner as the action progresses. Further Information: Update Date: 14 Jan 2026

4833	Medium	Document the process for reviewing and challenging Service Plans, including how the Transformation Team undertakes the review, who is involved and what the purpose of the review is. The team should also develop internal guidance or a simple checklist to ensure that key checks are carried out consistently and that decisions and follow-up actions are recorded.	30 Jun 2026	30 Jun 2026	Description: In progress and on target to be completed by June 26 - The Corporate Transformation, Insight and Performance Service is currently being refreshed with changes in responsibilities being shifted between job roles. This includes the service planning assurance. The documented process will be completed as part of the Service Planning Methodology. All new requests are now being processed through the new Gating Panel weekly meetings Further Information: Update Date: 19 May 2026 Description: The process of reviewing and challenging Service Plans is underway, with the particular areas to assess being monitored as we proceed. A fixed and standardised method is being agreed, though better understanding of scrutiny and challenge that may be applied is still to be determined.No working document as yet Further Information: Update Date: 03 Mar 2026 Description: Following the recent completion of the Capacity Planning advisory review, the resulting action has now been uploaded for monitoring. Updates will be provided by the assigned owner as the action progresses. Further Information: Update Date: 14 Jan 2026
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4835	Medium	Set clear standards for updating the Transformation Programme tracker so that monitoring of actions is consistent and reliable. This should include: • Clear definitions for RAG ratings • Minimum requirements for commentary, particularly where actions are delayed or at risk Periodic review to check that updates have been submitted as expected and that information is complete and accurate.	30 Jun 2026	30 Jun 2026	Description: On track for completion end of June 26 - The process for progress updates and monitoring has been agreed. Changes to internal Officer governance are being considered, and once agreed, this action will be finalised and completed. Further Information: Update Date: 19 May 2026 Description: Service plan sent to Heads of service for approval 25th march Further Information: Update Date: 26 Mar 2026 Description: To be started post discussion with Head of service Further Information: Update Date: 23 Feb 2026 Description: Following the recent completion of the Capacity Planning advisory review, the resulting action has now been uploaded for monitoring. Updates will be provided by the assigned owner as the action progresses. Further Information: Update Date: 14 Jan 2026
4834	Low	Develop guidance or a checklist to support services in considering Local Government Reorganisation(LGR) as part of the 2027/28 Service Planning cycle. It should: • Highlight key areas for services to consider, such as statutory duties, future operating models, resource implications and dependencies. • Provide prompts to help managers assess these impacts in a consistent and proportionate way. • Include a straightforward way for services to record assumptions, risks and uncertainties	31 Dec 2026	31 Dec 2026	Description: Regarding capacity and service planning for 2027/28 and impact of LGR - All HoS have been asked in April 26 to put forward any capacity issues regarding key staff releasing time for LGR. The additional resource requests are being considered by Leadership. All HoS have also been shared 'Minimum requirements for Day1' for new unitary organisation. This is the baseline that will help identify priorities for service planning for 2027/28. Further Information: Update Date: 19 May 2026 Description: Regarding capacity planning and impact of LGR - The baseline data set per a service has been created to highlight current demand due to transformation projects, business as usual including statutory projects, corporate compliance requirements, external LGR working groups and internal data quality working groups. This baseline information is being used to bring challenge regarding project priority. The new HoS for Transformation will also be meeting all HoS in March to discuss being prepared for LGR and capacity implications. Further Information: Update Date: 04 Mar 2026 Description: Relevant service leads have been identified for workstreams (internal and external) and progress will be reported to transformation board. An overview of key workstreams and resources needed will be presented at this board alongside engagement with Heads of Service to encourage them to start thinking about managing BAU alongside LGR. This will feed into the creation of the checklist in service planning process. Further Information: Update Date: 20 Feb 2026 Description: The LGR programme is in the pre-decision and data gathering phase (Dec 25 to Jun 26). As part of the data gathering, we will be identifying the key specialist officers per a service stream, application, data set that will be involved more directly as we move into the pre-unitary phase. Further Information: Update Date: 15 Jan 2026 Description: Following the recent completion of the Capacity Planning advisory review, the resulting action has now been uploaded for monitoring. Updates will be provided by the assigned owner as the action progresses. Further Information: Update Date: 14 Jan 2026

Capital Programme					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
3729	Medium	To ensure robust governance and compliance with the capital budgeting process, management will implement controls to ensure a capital bid form is completed for all capital items. In cases where the expenditure relates to a recurring asset replacement programme, management will ensure that the anticipated annual replacement is either: • Approved via a completed Capital bid form • Clearly documented as part of an appropriately approved rolling capital programme • Covered under a pre-approved budget or contract framework	31 Jul 2025	28 Feb 2027	Description: A new governance process will be approved, as part of the 2027/28 budget setting process. This will ensure that all new capital bids are submitted via a capital bid form and approved via an appropriate forum. The approving forum will be dependent on the size of the bid and the funding source. New bids will only be added to the rolling capital programme after a bid has been formally approved, and a source of funding has been identified. The new bid form will require services to complete a range of information, including a section to document its review and endorsement. Further Information: Update Date: 03 Jun 2026 Description: Reopened: Action Re-Opened following a Follow Up Part One Audit - We were advised by the Head of Finance and Deputy S151 that a new governance process will be approved, as part of the February 2026 budget report, which will ensure that all new capital bids are submitted via a capital bid form and approved via an appropriate forum. The approving forum will be dependent on the size of the bid and the funding source. New bids will only be added to the rolling capital programme after a bid has been formally approved, and a source of funding has been identified. The new bid form will require services to complete a range of information, including a section to document its review and endorsement. However, we were advised by the Head of Finance and Deputy S151 that this new process had not been developed or documented yet, with the intention it will be finalised in January 2026. The action has not been implemented. Further Information: Update Date: 19 Feb 2026 Description: Action update Further Information: Email sent to service detailing requirement to complete bid form for rolling programme of replacement Update Date: 28 Jul 2025
3730	Medium	Action addition from a Follow Up Part One Audit Report 19 Feb 2026 - The Council will continue to develop and document the new capital bid process to be approved as part of the February 2026 budget report. Original Action -Management will ensure capital bids are reviewed and approved by an appropriate forum. The capital bid form will be updated to include a section for documenting the forum's review and endorsement decision.	30 Jun 2025	28 Feb 2027	Description: A new governance process will be approved, as part of the 2027/28 budget setting process. This will ensure that all new capital bids are submitted via a capital bid form and approved via an appropriate forum. The approving forum will be dependent on the size of the bid and the funding source. Further Information: Update Date: 03 Jun 2026 Description: Reopened: Action Re-opened following a Follow Up Part One Audit. We were advised by the Head of Finance and Deputy S151 that a new governance process will be approved, as part of the February 2026 budget report, which will ensure that all new capital bids are submitted via a capital bid form and approved via an appropriate forum. The approving forum will be dependent on the size of the bid and the funding source. However, a paper has not yet been drafted to summarise the revised process and we have not been provided with evidence to confirm this new process has been implemented yet. The action has not been implemented. Further Information: Update Date: 19 Feb 2026

3734	Medium	We will review and formalise the capital programme governance framework by: • Updating The Financial Procedures (included within the Constitution) and Budget Process: A Guide for Budget Managers to reflect current practices, including the role of the Informal Cabinet in capital bid review. • Ensuring both documents are subject to formal approval and made readily accessible (e.g. via the Council intranet). • Developing comprehensive procedures that clearly outline the end-to-end capital programme process, including capital bid approvals, in-year amendments and monitoring procedures, record keeping and roles and responsibilities	31 Dec 2025	28 Feb 2027	Description: A new governance process will be approved, as part of the 2027/28 budget setting process. This will ensure that all new capital bids are submitted via a capital bid form and approved via an appropriate forum. The approving forum will be dependent on the size of the bid and the funding source. Further Information: Update Date: 03 Jun 2026 Description: As per the comments, action has been moved to 28/02/2027 as per Head of Finance request Further Information: Update Date: 09 Mar 2026 Description: This action is part of the wider plan to implement a new bid and approval process for the capital programme which the HoF will work on during 26/27 and have fully implemented in time for the 27/28 budget bid process. Further Information: Update Date: 09 Mar 2026 Description: Sandra Beard will be updating the document as the new head of service Further Information: Update Date: 30 Dec 2025 Description: The existing document The Budget Process 2026/27 A Guide for Budget Managers, will be enhanced to include further detail on the capital programme process. The role of informal Cabinet in the bid approval process is already covered but will be reviewed to ensure that it is sufficiently detailed. Further Information: Update Date: 12 Nov 2025
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Creditor Payments					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
4171	Medium	Management will: •Develop and maintain a formally documented scheme of delegation and financial approval register, setting out the authorised approval limits for each role. •Ensure the document is approved by senior management, reviewed periodically, and updated where changes occur, with all amendments documented and approved. •Share the approved register with Heads of Service so they can confirm staff limits are appropriate for their teams.	31 Dec 2025	31 Aug 2026	Description: As per below comments and request from Head of Finance, the action target date has been moved to end of August Further Information: Update Date: 03 Jun 2026 Description: There has been significant difficulty in filling the internal Systems Accountant role and therefore no capacity to complete this. We have a new starter on 01/07/26 and this task will be part of their role. Further Information: Update Date: 03 Jun 2026 Description: As per below comments and request from Head of Finance, action due date is being moved to 31/05/2026 Further Information: Update Date: 09 Mar 2026 Description: Following the retirement of the prior Systems and Transactional Accountant we have now employed an interim who will pick this up. She will need time to bed in and familiarise herself with the issue so I suggest extending the deadline to the end of May 26. Further Information: Update Date: 09 Mar 2026 Description: This is with Sandra Beard for a decision Further Information: Update Date: 19 Jan 2026

4173	Medium	The Head of Finance will introduce regular monitoring reports in TechOne comparing invoice date to PO approval date and review the results. Exceptions will be escalated to the Corporate Director (Finance and Resources), who will present them to CLT for review. CLT will be responsible for challenging services and reinforcing compliance with the No PO No Pay policy. In the meantime, communications will be issued to services advising staff that retrospective ordering is not permitted under the No PO No Pay policy and that this will be monitored and reported to CLT.	31 Mar 2026	31 Aug 2026	Description: As per below comments and request from Head of Finance, the action target date has been moved to end of August Further Information: Update Date: 03 Jun 2026 Description: There has been significant difficulty in filling the internal Systems Accountant role and therefore no capacity to complete this. We have a new starter on 01/07/26 and this task will be part of their role. Further Information: Update Date: 03 Jun 2026 Description: As per below comments and request from Head of Finance, the action due date has been moved to 30/06/2026. Further Information: Update Date: 09 Mar 2026 Description: The new HoS will work with the new Systems and Transaction Accountant to implement the recommended approval however this will need time for both to familiarise themselves with the issue and identify a solution. As HoS I recommend extending the deadline date to the end of June 26. Further Information: Update Date: 09 Mar 2026 Description: I have inherited this action from my predecessor. I will discuss with the relevant staff members to understand the ask and take action to implement by the due date. Further Information: Update Date: 22 Dec 2025
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General Ledger

Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
4630	Medium	Management will undertake a formal review and update of its Financial Procedure Rules within the Constitution to ensure they remain current, fit for purpose, and aligned with relevant legislation and best practice. The council will implement a formal review cycle for its Financial Procedure Rules, ensuring they are reviewed at least every two years, or sooner if there are significant changes in legislation, financial systems, or governance arrangements.	30 Jun 2026	28 Feb 2027	Description: A new governance process will be approved, as part of the 2027/28 budget setting process. This will ensure that all new capital bids are submitted via a capital bid form and approved via an appropriate forum. The approving forum will be dependent on the size of the bid and the funding source. Further Information: Update Date: 03 Jun 2026 Description: As per below comments and request from HoF, the due date has been moved to Feb 2027 Further Information: Update Date: 09 Mar 2026 Description: the new HoS will be implementing a new approval and governance process for both capital and revenue during 26/27, to be fully implemented in time for the 27/28 budget setting process. Deadline to be extended to 27/02/27 to match the deadline for the same capital action. Further Information: Update Date: 09 Mar 2026 Description: To be undertaken in the New Year so as to ensure completion by the due date. Further Information: Update Date: 22 Dec 2025
4632	Medium	Management will develop and implement a formal journal processing policy that: • Defines segregation of duties and journal approval requirements. • Specifies permitted exceptions and their rationale. • Requires supporting documentation to be attached to all journals to ensure a complete and accessible audit trail is maintained. • Is approved by the Head of Finance and communicated to relevant staff.	31 Mar 2026	28 Feb 2027	Description: A new governance process will be approved, as part of the 2027/28 budget setting process. Further Information: Update Date: 03 Jun 2026 Description: As per below comments and request from HoF, the action due date has been moved to end of Feb Further Information: Update Date: 09 Mar 2026 Description: The new HoS will be implementing a new governance and approval process during 26/27 which will be in place in time for the 27/28 budget setting process. Deadline to be extended to 27/02/27 to match the other actions for this issue. Further Information: Update Date: 09 Mar 2026 Description: I have inherited this from my predecessor. I will speak to the relevant staff members to understand the ask and ensure that it is implemented by the due date. Further Information: Update Date: 22 Dec 2025

4633	Medium	We will introduce review and sample checking of high value journals.	31 Mar 2026	28 Feb 2027	Description: A new governance process will be approved, as part of the 2027/28 budget setting process. Further Information: Update Date: 03 Jun 2026 Description: As per below request from Head of Finance, action has been moved to end of Feb 2027 Further Information: Update Date: 09 Mar 2026 Description: This will form part of the new governance and approval process that will be implemented by the HoS during 26/27 and which will be in place in time for the 27/285 budget setting process. Deadline to be extended to 27/02/27 to match the other actions within the overall requirement. Further Information: Update Date: 09 Mar 2026 Description: I have implemented this from my predecessor. I will speak to the relevant staff members to understand the ask and ensure that it is implemented by the due date. Further Information: Update Date: 22 Dec 2025
4634	Medium	Management will review the current process and consider splitting the responsibilities for daily cash postings and bank reconciliations between different personnel to strengthen segregation of duties.	31 Mar 2026	28 Feb 2027	Description: As per below request from Head of Finance, action has been moved to end of Feb 2027 Further Information: Update Date: 09 Mar 2026 Description: This will be a part of the wider governance and approval process that will be introduced by the HoS during 26/27 and in place in time for the 27/28 budget setting process. Deadline to be extended to 27/02/27 to match the other items within the wider requirement. Further Information: Update Date: 09 Mar 2026 Description: I have inherited this from my predecessor. I will speak to the relevant staff members to understand the ask and ensure that it is implemented by the due date. Further Information: Update Date: 22 Dec 2025
4631	Low	Management will implement a formal document control process to ensure all procedures are updated to include version history, review dates, responsible individuals, and defined review frequency. Management will ensure procedures are subject to regular review.	31 Jan 2026	28 Feb 2027	Description: A new governance process will be approved, as part of the 2027/28 budget setting process. Further Information: Update Date: 03 Jun 2026 Description: As per below comments and request from HoF, action due date has bene moved to end of Feb 2027 Further Information: Update Date: 09 Mar 2026 Description: the new HoS will be implementing a new governance and approval process during 26/27 to be in place in time for the 27/28 budget setting process. Deadline to be extended to 27/02/27 to match the other actions on this. Further Information: Update Date: 09 Mar 2026 Description: Head of Finance has requested completion date be moved forward to 31 March 26 Further Information: Update Date: 03 Mar 2026 Description: Per my last update, can the completion date for this be moved forward to 31/03/26 please. 31/01/26 is not achievable. Further Information: Update Date: 28 Jan 2026
4636	Low	Management will: - Implement a formal review process for payroll reconciliations. - Include payroll reconciliation as a mandatory item in the Finance month-end checklist. - Record the date of completion and review on all reconciliations to evidence timeliness.	31 Jan 2026	28 Feb 2027	Description: As per below comments and request from Head of Finance, action due date has been changed to to end of Feb 2027. The action has also been re-assigned to Head of Finance. Further Information: Update Date: 09 Mar 2026 Description: This will be incorporated into the wider review of the approval and governance process that will be implemented by the HoS during 26/27 and in place in time for the 27/28 budget setting process. Deadline to be extended to 27/02/27, to match the date of the other actions within the wider requirement. Further Information: Update Date: 09 Mar 2026 Description: 1. The team is currently testing the methodology, we are on track for timely implementation.2. Will be included from following month-end. On track.3. This is done automatically by T1 (our financial system). Further Information: Update Date: 15 Jan 2026

4641	Low	Management will implement a formalised approval process for the creation and amendment of GL codes. This process will include: - Defined roles and responsibilities for initiating, reviewing, and authorising changes. - Documented approval records retained for audit purposes. - Integration of the approval step into existing financial controls, such as the month-end checklist.	31 Mar 2026	28 Feb 2027	Description: As per below comments and request from Head of Finance, the action due date has been moved to end of Feb 2027. Further Information: Update Date: 09 Mar 2026 Description: this will be included within the wider review of the governance and approval process which will be implemented during 26/27 by the HoS and in place in time for the 27/28 budget setting process. Deadline to be extended to 27/02/27 to match the other actions within the overall requirement. Further Information: Update Date: 09 Mar 2026 Description: I have inherited this from my predecessor. I will speak to the relevant staff members to understand the ask and ensure the it is implemented by the due date. Further Information: Update Date: 22 Dec 2025
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Housing Benefits					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
3929	Low	We will continue to: • Complete the update and migration of all Housing Benefit procedures into the new standardised format and template • Address any remaining gaps in procedures identified during the update process • Implement and follow a clear timeline to coordinate the completion of this work, using the central tracking spreadsheet to monitor progress	31 Mar 2026	30 Jun 2026	Description: Further progress has been made against the action. The revised target date of end of Q1 remains achievable, some elements are still in progress and will continue to be closely monitored. Further Information: Update Date: 22 May 2026 Description: As per below comments from Revenues and Benefits Manager, target date has been amended to end of Q1 - 30th June 2026 Further Information: Update Date: 26 Jan 2026 Description: Update: good progress is being made against the action, but the volume of very technical procedures requiring review has meant that this is taking longer than originally anticipated. The task is approximately 50% complete, and with limited capacity in Q4 due to annual updating required, the new target date for completion has been moved to end of Q1 2026. Further Information: Update Date: 19 Jan 2026 Description: work is continuing and in progress Further Information: Update Date: 16 Dec 2025 Description: Work is ongoing and in progress as planned Further Information: Update Date: 30 Oct 2025

Market Towns Programme					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
5294	Medium	Management will formally document and consolidate the current governance and reporting arrangements for the remaining Market Towns projects, including how oversight sits within Transformation Board governance. Management will also establish or confirm a clear mechanism for recording and tracking programme-level actions and decisions and ensure that relevant project documentation (including PIDs) is updated where appropriate to reflect the revised governance arrangements and reporting routes.	30 Jun 2026	30 Jun 2026	Description: Still in progress and on track - The corporate governance arrangements are currently being reviewed. The methodology and processes for gating and decision making that sits below this has been agreed, just need to refresh escalation governance. Further Information: Update Date: 19 May 2026 Description: Market Towns delivery programme comes under the wider Transformation Programme governance. The Transformation Framework was approved by Cabinet in Nov 25. The programme and project toolkit including processes, documentation and controls was launched end of March 26 for services. The next step is to ensure alignment to these new ways of working. The HoS is to put in place the Market Town Programme Delivery Board by June 26 aligning to Transformation Board governance. SPECIFIC ACTION - This will include reporting on the remaining Market Town Programme of works, decisions and document controls such as PIDs. Further Information: Update Date: 27 Mar 2026
5293	Low	Management will define and document variance thresholds and escalation routes for future programmes to ensure material variances from approved budgets are identified, reported, and escalated consistently.	30 Sep 2026	30 Sep 2026	Description: In progress and on target for Sept 26 - The project methodology has been agreed regarding process, decision and gating. The threshold for reporting material cost variance is still to be agreed and approved. Further Information: Update Date: 19 May 2026 Description: Market Towns delivery programme comes under the wider Transformation Programme governance. The Transformation Framework was approved by Cabinet in Nov 25. The programme and project toolkit including processes, documentation and controls was launched end of March 26 for services. The next step is to ensure alignment to these new ways of working. The HoS is to put in place the Market Town Programme Delivery Board by June 26 aligning to Transformation Board governance. SPECIFIC ACTION - This will include processes for managing change controls and approvals. Further Information: Update Date: 27 Mar 2026
Payroll					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
3974	Medium	The Council will finalise and approve the Claiming Additional Hours and Overtime guidance, incorporating clear procedures for claim submission, authorisation, thresholds, and TOIL agreements, and ensure it is effectively communicated to all staff.	31 Mar 2026	31 Mar 2026	Description: Overtime and Expenses Policy has been written and will be going to June's Employment Committee for endorsement Further Information: Update Date: 19 May 2026 Description: Further information has been required to ensure fairness and consistency across all areas which has resulted in a delay in this being finalised. Aiming approval at next Employment Committee Further Information: Update Date: 03 Mar 2026 Description: This is being drafted for inclusion with the Expenses policy with a view to being approved at February Employment Committee Further Information: Update Date: 02 Dec 2025 Description: Update provide by Head of HR & OD - 'policy is being drafted to be endorsed at February employment committee' Further Information: Update Date: 06 Nov 2025

Risk Management					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
5284	Medium	Management will ensure that the updated Risk Management Strategy 2026–2028 is reviewed and approved through the appropriate governance forums at the earliest available meeting. The draft strategy will be circulated in advance, along with a summary of key changes, to support an informed decision-making process. Following approval by the relevant governance forum(s), the strategy will be progressed through the formal reporting route for adoption in line with established governance procedures.	31 Aug 2026	31 Aug 2026	Description: New Risk Manager in post and progressing with action. Further Information: Update Date: 29 May 2026
5286	Medium	Management will ensure that the revised risk management approach, which has already been applied to the Corporate risk register, is fully embedded across the organisation by completing updates to all remaining service-level risk registers. Management will also ensure that routine reviews incorporate quality-assurance checks to confirm ongoing alignment with the updated strategy.	31 Aug 2026	31 Aug 2026	Description: New Risk Manager in post and progressing with action. Further Information: Update Date: 29 May 2026
5288	Medium	The Council will establish a reporting route and mechanism for service level risk registers to be considered within the governance structure. This could include a schedule of review by SLT, with the forum considering service level risk registers to an agreed schedule or timetable.	31 Aug 2026	31 Aug 2026	Description: New Risk Manager in post and progressing with action. Further Information: Update Date: 29 May 2026
5289	Medium	We will continue to complete and actively monitor the gap analysis, updating and recording progress against all areas currently recorded as 'Needs Reviewing'.	31 Aug 2026	31 Aug 2026	Description: New Risk Manager in post and progressing with action. Further Information: Update Date: 29 May 2026
5285	Low	Management will finalise this training schedule, ensure the approach is formally documented, and embed it across all relevant service areas, including establishing consistent review periods and responsibilities for maintaining the schedule.	31 Aug 2026	31 Aug 2026	Description: New Risk Manager in post and progressing with action. Further Information: Update Date: 29 May 2026
5287	Low	Quarterly communications will be issued by the risk manager to prompt the review and update of service-level risk registers.	31 Aug 2026	31 Aug 2026	Description: New Risk Manager in post and progressing with action. Further Information: Update Date: 29 May 2026

Transformation					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
3764	Medium	The PMO will ensure that all Project Managers have completed a Benefits Realisation Plan, including benefit owners, measurable outcomes, and timelines for realisation.	31 Mar 2026	30 Jun 2026	Description: This action is still active and is on schedule to be completed within target. The Transformation Team have started collecting the benefits realised from the completed projects, and these will be recorded centrally. Further Information: Update Date: 19 May 2026 Description: This action is still active. There has been progression with the launch of the project management toolkit. The standard templates clearly capture any proposed benefits at the beginning of a project, and a review of benefits realised when the project has finished. The next steps are for the Team is to start collecting and recording proposed benefits per a project and benefits realised. Further Information: Update Date: 26 Mar 2026 Description: As per below comments and request from Head of Service, the action due date is changed to end of June 2026 Further Information: Update Date: 09 Mar 2026 Description: The completion of a benefit realisation plan per a transformation project will need to be pushed back to June 2026. The reason for this is that this activity is quite complex in the breakdown of measurable outcomes and timelines for realisation, and collation is linked to the development of a project management solution. The Transformation Team are currently collecting proposed benefits at a high-level and more detail is needed regarding agreement of measures and how these transition to delivered benefits. Further Information: Update Date: 09 Mar 2026 Description: As per previous update, will be included in PMO process - BCs, PID etc.. Template review progressing aligned to updated process and for integration with / support of ICT transformation Further Information: Update Date: 23 Feb 2026

Workforce Development Strategy					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
4836	Low	At the conclusion of the Leadership Development Programme in March 2026, management will prepare a closure report to summarise, attendance and compliance against all modules, key outcomes and action plan to move into BAU	31 Mar 2026	31 Mar 2026	Description: The leadership development programme completed on 31 March 2026, the team are in the progress of collating all information in order to compile a Closure Report. Further Information: Update Date: 22 May 2026 Description: The leadership development programme is still underway, and runs until the 31 March. Further Information: Update Date: 03 Mar 2026 Description: Following the recent completion of Workforce Development Strategy audit, the resulting action has now been uploaded for monitoring. Updates will be provided by the assigned owner as the action progresses. Further Information: Update Date: 14 Jan 2026

Code of Procurement Audit 24.25					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
3371	Medium	The Code of Procurement reform changes need to be expedited on the back of this audit and the Procurement Act 2023 updates due to happen in early 2025 to ensure effective and efficient procurement thresholds. The Procurement Lead with the support of the Monitoring Officer to document, review and update (as applicable) a full suite of Procurement documentation to include the Code of Procurement, the Procurement Aide Memoire and supporting procedure notes. Internal Audit recommends that this documentation is reviewed (and is subject to appropriate approval) once every 3 years, or when regulations change (if they change before 3 years). The procurement documentation will be updated by the Procurement Lead/team after discussions with the Monitoring officer and will be reviewed and approved by Director of Finance and Corporate Services. (Amber-Medium).	28 Apr 2025	31 Oct 2026	Description: Variable target date extended to 31 October 26 following request from Procurement Manager to bring due date in line with the Full Council meeting as this will hopefully be the final signoff of the Code of Procurement. Further Information: Update Date: 22 May 2026 Description: The CoP is in its final stages and will be progressed for approval via the Constitution Working Group, CGC and Full Council as these become available in the coming weeks/months. Further Information: Update Date: 19 May 2026 Description: Draft Code of Procurement was sent to 3C Legal for comment/feedback. Awaiting response before progressing. Further Information: Update Date: 20 Feb 2026 Description: As per below comments, due date has been moved with agreement from Interim S151 Officer - see email attachment for audit trail. Further Information: Update Date: 12 Jan 2026 Description: Following my appointment as Procurement Manager (01/12/25) I am reviewing the current Code of Procurement and will be sending a revised version to 3Cs Legal by 16/01/25) for review and comments. Further Information: Update Date: 05 Jan 2026

Committee Governance Structure 24.25					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
3716	Medium	The Constitution Review Working Group will evaluate the current scheme of delegation to identify gaps, ambiguities and areas where further detail is needed. This should include an assessment of roles, responsibilities, and authority at each level of the Council. Key stakeholders may need to be engaged throughout the process. Specific delegated authorities should be clearly defined within a clear, structured document. The authority, responsibilities and limits of decision making for each individual, committee or department should be clearly outlined. The delegation should include levels of financial authority, operational decisions and strategic responsibilities as appropriate.	31 Mar 2026	31 Jul 2026	Description: Comments provided by Head of Democratic Services & Monitoring Officer - The Constitution Review Working Group will undertake a comprehensive examination of the current scheme of delegation to identify gaps, ambiguities, and areas requiring further clarification. This review will include an assessment of roles, responsibilities, and decision making authority across all levels of the Council, with engagement from key stakeholders as required. As part of the preparatory work, initial professional support and advice has been sought from the Association of Democratic Services Officers, who have been actively engaged in preliminary conversations. Internal Officers are also contributing to the early stages of the review. Given the complexity and breadth of this work, additional time and resource is required to complete the review to the necessary standard. It is therefore proposed that the target date for this action is revised to reflect a more realistic and achievable timescale. It is intended that delegated powers will be set out within a clearly structured and comprehensive document, providing explicit definitions of the authority, responsibilities, and decision making limits assigned to each individual, committee, or department. This will include financial thresholds, operational decision making powers, and strategic responsibilities where appropriate. The developing proposals will be brought forward to the Constitution Working Group in due course. Due date has been moved to 31/07/2026 Further Information: Update Date: 04 Mar 2026 Description: Comments provided by Head of Democratic Services & Monitoring Officer - Officers have engaged the Association of Democratic Services Officers (ADSO) to provide technical support on updating the Constitution. Officers and ADSO are currently working through the existing Scheme of Delegation with key stakeholders, and it will be taken through the Constitution Working Group, CGC and Full Council as soon as possible. This is a complex piece of work which will require the new draft to align to other areas of the Constitution as well as the existing organisational structure. The Monitoring Officer will keep the Committee updated on progress towards the target date. Further Information: Update Date: 09 Jan 2026 Description: The Constitution Review Working Group continues to work with the Association of Democratic Service Officers who are currently undertaking a review of this chapter of the Constitution. Further engagement is planned with key stakeholders. This will be presented to the Working Group in due course. Current draft has been provided by ADSO for further review internally with SLT and HoS Further Information: Update Date: 11 Nov 2025 Description: The Constitution Review Working Group is working with the Association of Democratic Service Officers who are currently undertaking a review of this chapter of the Constitution. Further engagement is planned with key stakeholders. Further Information: Update Date: 04 Sep 2025

Key Financial Controls 24.25					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
3381	High	The finance team should engage with Tech 1 to agree on a clear resolution plan, including a timeline for when and how the issue will be resolved. If Tech 1 fails to offer a satisfactory outcome within the agreed timeframe, senior management involvement may be necessary to escalate the matter and ensure a prompt resolution.	31 Mar 2025	31 May 2026	Description: There has been significant difficulty in filling the internal Systems Accountant role and therefore no capacity to complete this. We have a new starter on 01/07/26 and this task will be part of their role. Further Information: Update Date: 03 Jun 2026 Description: As per below comments and request from Head of Finance, action due date is being moved to 31/05/2026 Further Information: Update Date: 09 Mar 2026 Description: New interim Systems and Transactional Accountant in place who will pick this item up going forward. They will need time to bed in and familiarise themselves with the issue and so I propose extending the deadline. Further Information: Update Date: 09 Mar 2026 Description: Two meetings with T1 that were productive. T1 R & D team are doing checks on the data re: debtors and billing balances. List of charge transactions needs reviewing and GL transactions correcting via journal if necessary. T1 have also looked at potential set-up issues around the creation of Charge Codes. Where a default does not exist, but a consistent code is used, then it should be populated to help cut down on users inputting incorrect codes. Further Information: Update Date: 29 Jan 2026 Description: Meeting with T1 on 26 January 2026 to discuss differences. Please extend the date to 28/02/2026 Further Information: Update Date: 19 Jan 2026
Overtime 21.22					
Reference	Priority Level	Action Detail	Original Target	Revised Target	Update Details
1625	Medium	The published policy for Expenses and Allowances (including Overtime) will be reviewed and updated to ensure that it is fit for purpose, and accessible to staff and managers. This will support working arrangements prior to a longer term, fundamental review of our policy.	31 Mar 2025	30 Apr 2026	Description: This policy has been drafted and is being taken to June employment committee to be endorse Further Information: Update Date: 19 May 2026 Description: As per below comments and request from Head of HR, the due date has been moved to end of April in alignment with the next Employment Committee Further Information: Update Date: 09 Mar 2026 Description: Policy has been drafted taking into consideration current working practice and updated with best practice additions. We are awaiting further calculations to be able to finalise this and it will be ready to present at the next Employment Committee. Further Information: Update Date: 09 Mar 2026 Description: Further information has been required to ensure fairness and consistency across all areas which has resulted in a delay in this being finalised. Aiming approval at next Employment Committee Further Information: Update Date: 03 Mar 2026 Description: Policy is currently in progress with the aim of it to go to February Employment Committee Further Information: Update Date: 02 Dec 2025

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Closed Internal Audit Actions



Generated Date		Jun-26				
Closed		Since Last Committee Meeting				
Business Rates						
Reference	Priority Level	Action Detail	Original Target	Revised Target	Closed	Closure Update
4287	Low	Management will: • Update the procedure index in respect of Business Rates • Complete the update and migration of all Business Rates procedures into the new standardised format and template • Address any remaining gaps in procedures identified during the update process Implement and follow a clear timeline to coordinate the completion of this work, using the central tracking spreadsheet to monitor progress	31 Dec 2025	30 Apr 2026	30 Apr 2026	Closure Details: Closed: The Business Rates procedure index has been successfully completed and reviewed, with all required procedures appropriately captured. Further Information:
Complaints and Compliments Management						
Reference	Priority Level	Action Detail	Original Target	Revised Target	Closed	Closure Update
4288	Medium	Management to review the current Gap Analysis and Project and Implementation Plan, ensuring the following: □ all passages from the Complaints Handling Code are analysed as part gap analysis, even where gaps are known to not exist; □ all agreed actions are SMART with a clear owner and specific target implementation date; □ a process is in place for monitoring action completion and assuring the relevant oversight group over progress. The Gap Analysis and Project and Implementation Plan will undergo the Council's transformation and approval process to confirm its comprehensiveness, and the Council is able to deliver the necessary change. As part of the transition under the new Complaints Handling Code, management will review the current complaints process to identify	31 Oct 2025	31 Oct 2025	14 May 2026	Closure Details: Closed: Implemented - all actions completed Further Information:
4289	Medium	Management will ensure that both the external and internal staff feedback policies align in content, have appropriate version control and are subject to formal approval. As part of the gap analysis against Complaints Handling Code, consideration should be given as to whether one single policy should be made available to both customer and staff.	31 Mar 2026	31 Mar 2026	14 May 2026	Closure Details: Closed: Implemented - new Policy approved and published Further Information:
4291	Medium	Management will remind services of the requirement to send acknowledgments within five working days of a complaint being received and to retain and upload evidence this. Management will consider the value in implementing a process for monitoring the completion of SIAs. This might include: □ The lead responsible for agreeing the SIA applying a due date; □ The lead responsible providing narrative/evidence that the action has been completed by the due date; and, □ At the due date, the Complaints and Compliments Lead confirming and closing the SIA.	31 Mar 2026	31 Mar 2026	27 May 2026	Closure Details: Closed: Complaints Tracker has been updated with new Stage 1 timescales Further Information:
4292	Medium	The Communications and Engagement Lead to consider the best way to communicate compliments in collaboration with the Complaints and Compliments Lead. As part of this and to aid analysis of compliments, management will add a "compliment type" field to the Compliments Tracker, e.g., service excellence, staff courtesy, responsiveness, problem solving, community engagement, or innovation/improvement.	31 Mar 2026	31 Mar 2026	27 May 2026	Closure Details: Closed: The Compliments tracker has now been updated with the 'Compliment Type' field requested Further Information:

Council Tax						
Reference	Priority Level	Action Detail	Original Target	Revised Target	Closed	Closure Update
3936	Low	Management will continue to: • Complete the procedure index for Council Tax, ensuring all necessary procedures are included • Address any subsequent gaps in procedures identified • Update refund procedures to clearly document approval levels based on refund value • Implement a process to periodically review and update procedures	31 Dec 2025	30 Apr 2026	30 Apr 2026	Closure Details: Closed: The Council Tax procedure index has been successfully completed and reviewed, with all required procedures appropriately captured. Further Information:

Data Protection						
Reference	Priority Level	Action Detail	Original Target	Revised Target	Closed	Closure Update
5299	Medium	Formal Key Performance Indicator reporting will be reinstated, with training completion data incorporated into quarterly Information Governance Board packs and clear escalation routes established for persistent non-completion.	31 May 2026	31 May 2026	23 Apr 2026	Closure Details: Closed: Completed as part of April 2026 board meeting Further Information:
5300	Low	An organisation-wide, risk-based training programme will be developed, ensuring all higher-risk roles receive structured, tailored data protection training aligned to their responsibilities and risk exposure. Completion of this enhanced training will be monitored alongside mandatory modules to ensure consistent capability uplift.	31 Dec 2026	31 Dec 2026	14 May 2026	Closure Details: Closed: TNA approved by SIRO - delivery program built in to support Further Information:

Democratic Services						
Reference	Priority Level	Action Detail	Original Target	Revised Target	Closed	Closure Update
5280	Medium	Management will consider the appropriateness of the current scope of the Action Tracker and determine whether it should be expanded to capture a wider range of actions arising from Committee meetings to ensure comprehensive monitoring, clearer accountability, and improved transparency.	31 May 2026	31 May 2026	02 Jun 2026	Closure Details: Closed: Closure comments provided by Democratic Services Team leader - Management has agreed the Action Tracker should incorporate a wider range of actions. The range of committees has been extended to include Cabinet, Licensing Committee and Licensing and Protection Committee. For clarity, tabs have been established for each committee. Further Information:
5277	Low	Management will ensure that all entries in the Forward Plan include a clear and concise description of the decision to be taken beneath the 'Matter for Decision' title. This will be achieved by implementing a quality assurance check before publication to confirm compliance with this requirement.	31 May 2026	31 May 2026	02 Jun 2026	Closure Details: Closed: Closure comments provided by Democratic Services Team leader - An instruction has been issued that a description should be included in the Notice of Executive Key Decisions going forward. This commenced from the Notice published on 23rd March 2026. The Notice is published on the Council's website. Further Information:
5278	Low	Management will explore the potential to expand the number of SharePoint administrators so that access permissions can be managed by more than one individual.	20 Mar 2026	20 Mar 2026	20 Mar 2026	Closure Details: Closed: As per the Final Democratic Services report, action is noted as Implemented Further Information:
5279	Low	The Action Tracker will be enhanced to include unique action references, target due dates, and a mandatory 'date closed' field, and these fields will be consistently populated to strengthen oversight and provide clear evidence of action completion.	31 May 2026	31 May 2026	02 Jun 2026	Closure Details: Closed: Closure comments provided by Democratic Services Team leader - The Action Tracker template has been amended and now includes columns for unique action references for each committee, due dates, date closed marked as "Mandatory". Actions are allocated to individual Officers who will then be notified and contacted in advance of the completion date. Further Information:
5281	Low	Management will ensure all actions on the Tracker include clear commentary confirming completion, and implement regular reviews to update the status of open actions in a timely manner.	31 May 2026	31 May 2026	02 Jun 2026	Closure Details: Closed: Closure comments provided by Democratic Services Team leader - The template includes a column for completion to be indicated. Actions will be reviewed as a minimum in advance of the next meeting of each committee. In addition, the template is available to the Corporate Leadership Team via SharePoint. Further Information:

Follow Up Capital Programme						
Reference	Priority Level	Action Detail	Original Target	Revised Target	Closed	Closure Update
5186	Low	The Council will ensure that the month end checklist is reviewed and signed off by a senior post-holder.	31 Mar 2026	31 Mar 2026	17 Mar 2026	Closure Details: Closed: Completed Further Information:
Housing Benefits						
Reference	Priority Level	Action Detail	Original Target	Revised Target	Closed	Closure Update
3931	Low	Once parameters are input, both managers will sign the parameter record, and a scanned copy of the signature sheet will be held as evidence of this two-stage verification process	31 Mar 2026	31 Mar 2026	02 Apr 2026	Closure Details: Closed: Task Complete Further Information:
IT Remediation Review						
Reference	Priority Level	Action Detail	Original Target	Revised Target	Closed	Closure Update
5282	Medium	A revised, realistic plan for completing or re-baselining the remaining Year One success criteria will be agreed and documented. This will include clear timelines, ownership, and governance reporting to evidence progress and maintain confidence in programme delivery. Where criteria are no longer achievable due to maturity constraints, success measures will be formally updated to reflect agreed priorities and dependencies.	30 Apr 2026	30 Apr 2026	21 Mar 2026	Closure Details: Closed: All three 3C Partner Councils approached regarding an alternative approach which was agreed. No further action needed. Further Information:
5283	Medium	A concise close-out plan will be agreed and documented that will: 1. Ensure the recruitment of the customer experience manager; 2. Assign ownership, timelines, and reporting for survey-identified service gaps (Hornbill Phase Two, Applications Support review, device/meeting-room upgrades); and 3. Re-baseline success measures where capacity or maturity constraints require staged delivery.	30 Apr 2026	30 Apr 2026	21 Mar 2026	Closure Details: Closed: No further action needed Further Information:
Market Towns Programme						
Reference	Priority Level	Action Detail	Original Target	Revised Target	Closed	Closure Update
5291	Medium	Management will establish a standard change control process for future projects, setting out how changes to scope, cost, and timescales should be approved and evidenced.	30 Jun 2026	30 Jun 2026	19 May 2026	Closure Details: Closed: Action completed - The new project methodology and process has been launched across the council (copy of guidance attached). There is now clear processes and gating for project decisions. The Councils PMO are to attend the Market Towns Delivery Programme to provide guidance and support with processing change requests, reporting and governance and assurance. Further Information:
5290	Low	Management will ensure project initiation documents for remaining and future projects are maintained in line with corporate expectations and updated appropriately throughout the project lifecycle, including where governance or reporting arrangements evolve	30 Jun 2026	30 Jun 2026	26 May 2026	Closure Details: Closed: Actions completed Further Information:
5292	Low	Management will implement a central change log or register to record and track changes across projects, including the nature of the change and the approval obtained.	30 Sep 2026	30 Sep 2026	26 May 2026	Closure Details: Closed: Actions completed. Further Information:

Transformation						
Reference	Priority Level	Action Detail	Original Target	Revised Target	Closed	Closure Update
3756	High	The PMO will create a standardised project management toolkit, which will include including templates and guidance for consistent project management. This could be supported by training for Project Managers to ensure consistent application and continuous improvement of project management practices.	31 Mar 2026	31 Mar 2026	26 Mar 2026	Closure Details: Closed: This action is now complete. The project toolkit for Officers has been launched on the internal intranet and communicated with staff. The toolkit includes templates, guidance and procedures. The toolkit provides clear expectations regarding consistent use of project templates for different project types. Further Information:
3757	Medium	Management will explore ways in which a project management system can be utilised to aid in the planning, tracking, and monitoring of all projects, which will aid in the standardization of project management within the Council. Options analysis should take place to understand potential benefits and risks.	31 Mar 2026	31 Mar 2026	26 Mar 2026	Closure Details: Closed: This action is now complete. Review undertaken and options going forward identified. The Project Management system will support the planning, tracking, and monitoring of all projects, and will aid in the standardization of project management within the Council. The intention is to implement the new project Management System by end of June 2026. Further Information:
3760	Medium	The PMO will ensure that financial assessments are completed and signed-off by the Finance Business Partner prior to project initiation.	31 Mar 2026	31 Mar 2026	26 Mar 2026	Closure Details: Closed: This action is now complete. The project management toolkit has been launched with staff. This includes processes involving the sign-off by the Finance Business Partners for Business Case documents and Project Initiation Documents. Further Information:
3761	Medium	The PMO should ensure that a risk register is developed, maintained, and regularly reviewed for each project. The register should capture identified risks, their potential impact and likelihood, assigned risk owners, risk scores and mitigation or response plans.	31 Mar 2026	31 Mar 2026	26 Mar 2026	Closure Details: Closed: This action is now complete. The project management toolkit has been launched with staff. This includes standard documents for capturing risks and relevant details such as risk owner, score and mitigation. The Transformation Project Office will review these risks regularly, managing and reporting any potential issues. These will be reported collectively once the new project management system is launched end of Qrt1 2026/27. Further Information:
3766	Medium	The PMO will consider ways in which a live dashboard can be implemented to provide real-time visibility into all projects within the Transformation Programme to ensure continuous monitoring and accountability.	31 Mar 2026	31 Mar 2026	26 Mar 2026	Closure Details: Closed: This action is now complete. The live dashboard reporting project information will be designed using Microsoft Power BI solution. The Power BI pages will include a high-level dashboard with the ability to drill down into individual programmes or service areas or project categories. Further Information:
3759	Low	The PMO should ensure that a project initiation document is completed prior to project initiation. The document should include planned aspects of the project, such as the scope, benefits, agreed milestones and tolerances, budget, risks and governance structures.	31 Mar 2026	31 Mar 2026	26 Mar 2026	Closure Details: Closed: This action is now complete. The project management toolkit has been launched with staff. This includes guidance for staff as to when a Project Initiation Document should be completed, which after the relevant approval process and before the project starts. Further Information:
3763	Low	The PMO will ensure that each project has an identified Finance Business Partner and that areas of future financial implications and costs, such as efficiency savings are identified prior as part of the project planning process prior to project initiation.	31 Mar 2026	31 Mar 2026	26 Mar 2026	Closure Details: Closed: This action is now complete. The project management toolkit has been launched with staff. This includes processes involving the sign-off by the Finance Business Partners for Business Case documents and Project Initiation Documents. Further Information:

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Corporate Governance Committee – 17 June 2026

Report by: Lydia Morrison – Corporate Director – Finance and Resources

Lead Cllr: Cllr Liam Dewey-Beckett
Executive Councillor for Governance & Democratic Services



Wards
All

Open / Exempt
Open

Key Decision?
No

Internal Auditor's Annual Report – Including Head of Internal Audit Opinion 2025/26

Executive Summary: RSM have prepared an annual internal audit report for 2025/26. 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 2025/26 being disclaimed.

Recommendations

1.1. To note, comment on and accept the Annual internal audit report for 2025/26.

Report Author(s)

Lydia Morrison – Corporate Director – Finance & Resources
Lydia.Morrison@huntingdonshire.gov.uk

1. PURPOSE OF THE REPORT

- 1.1** This report sets out for the Committee the Annual internal audit report for 2025/26 based on the professional judgement of the partner from RSM acting in the capacity of Head of Internal Audit.

2. BACKGROUND & CONTEXT

- 2.1** 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'.
- 2.2** The report is appended to this report and will be present to the Committee by RSM.

3. IMPLICATIONS OF THE DECISION

3.1 Legal & Constitutional Implications

- 3.1.1** None.

3.2 Implications on Resources

- 3.2.1** No additional resource requirements arise from this report.

LIST OF APPENDICES INCLUDED

Appendix 1 – Annual internal audit report 2025/26 prepared by RSM LLP



HUNTINGDONSHIRE DISTRICT COUNCIL

Annual Internal Audit Report for the year ending 31 March 2026

9 June 2026

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.

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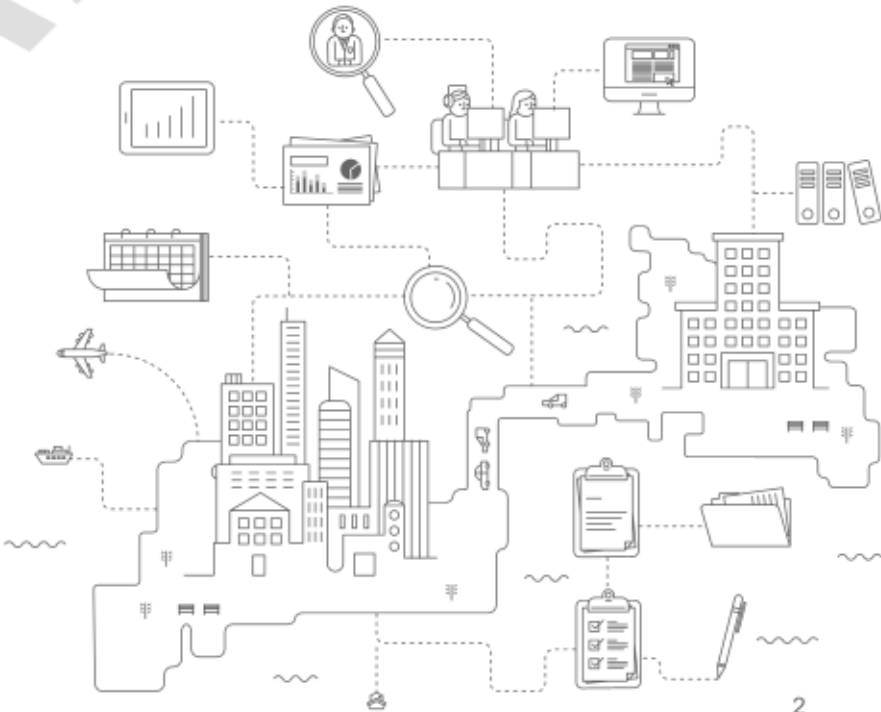
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THE ANNUAL INTERNAL AUDIT OPINION

The 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 2025/26 the head of internal audit opinion for Huntingdonshire District Council is:

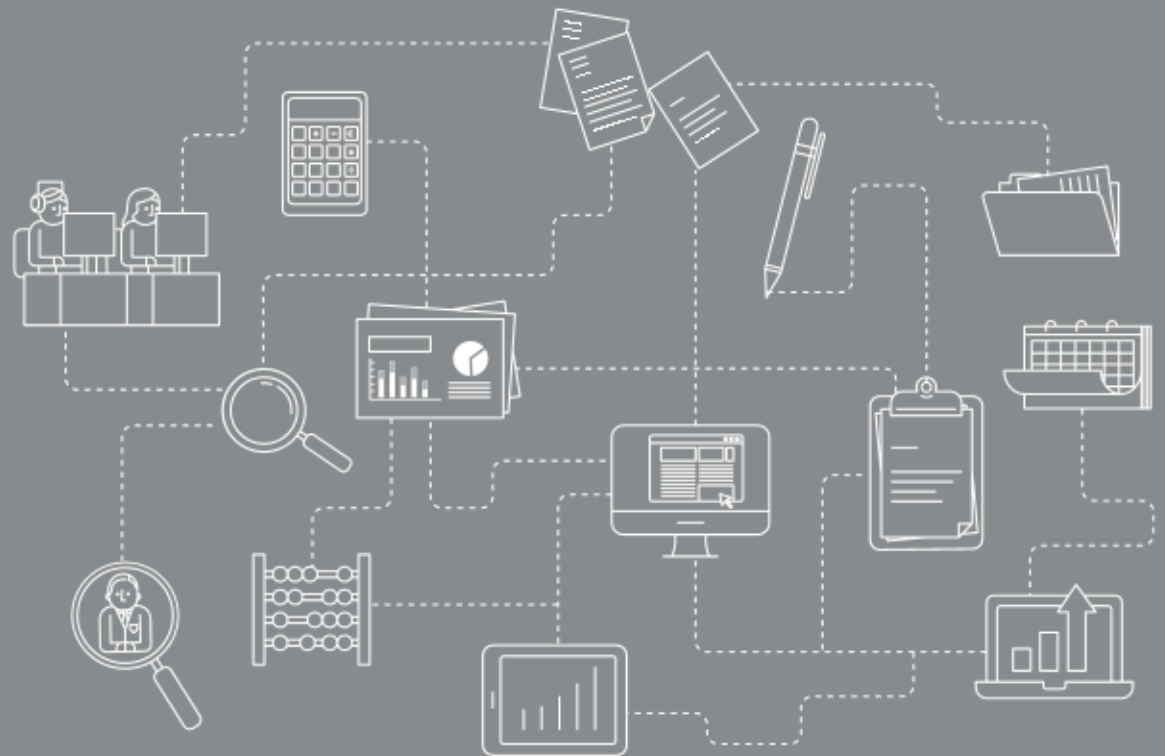
Annual opinion			Factors influencing our opinion
Governance  The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective. +	Risk Management  The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective. +	Internal Control  There are weaknesses in the framework of governance, risk management and internal control such that it could become inadequate and ineffective. -	The factors which are considered when influencing our opinion are: • inherent risk in the area being audited; • limitations in the individual audit assignments; • the adequacy and effectiveness of the risk management and / or governance control framework; • the impact of weaknesses identified; • the level of risk exposure; and • the response to management actions and timeliness of actions taken.



It remains management’s responsibility to develop and maintain a sound system of risk management, internal control, 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

01



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, our opinion is subject to inherent limitations, as detailed below.



- Internal audit has not reviewed all risks and assurances relating to the organisation.
- The 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 Corporate Governance Committee.
- The opinion is based on the findings and conclusions of the agreed work which was limited to the area under review and agreed with the lead individual.
- 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 board and senior management of the Council.

Informing Our Opinion

02



2 FACTORS AND FINDINGS WHICH HAVE INFORMED OUR OPINION

A summary of internal audit work undertaken, and the resulting conclusions, is provided at Appendix A.

Background

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 Public Sector Internal Audit Standards (PSIAS) in 2024/25. We noted that recent years had resulted in various limitation of scope position statements within the Council's annual reports.

For 2024/25 we concluded that a professional opinion on governance, risk management and internal control processes for the 2024/25 financial year as required by the PSIAS could not be provided. There was 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.

The Council has made significant progress with ensuring that sufficient internal audit work has been completed during the 2025/26 financial year. This is the first full year of our internal audit provision, and we are pleased to report that we can provide a full Head of Internal Audit Opinion on governance, risk management and internal control. All internal audit work complies with the Global Internal Audit Standards (GIAS) and both RSM, in-house team members, and the Corporate Leadership Team (CLT) have actively worked to ensure internal audit work is completed in accordance with the agreed schedule.

We have found that members of the CLT and Heads of Service have engaged pro-actively with internal audit throughout the financial year. CLT members have attended scoping meetings to plan internal audit work, attended debrief meetings to discuss findings and responded in a timely manner to finalise internal audit reports.

Our opinions on governance, risk management and internal control are detailed here:

Governance

Our opinion on governance has been informed by a number of the reviews listed below which considered aspects of the governance framework in place across the Council in 2025/26. We provided a reasonable assurance opinion in respect of Democratic Services. This review had concluded that key forums provided sound governance arrangements for the Council, and committee papers were issued in a timely manner, regular meetings were established with appropriate minute taking.

We have also attended the Corporate Governance Committee throughout the financial year, and we have observed that the committee has functioned effectively, applying challenge to internal audit findings and outcomes, risk management arrangements and management action tracking updates. They have also held management and CLT members to account for the outcomes of our internal audit work, and progress in addressing the actions agreed.

We have attended the CLT meetings on a monthly basis and observed that the forum has been meeting regularly, considered updates on risk, internal audit, finance, complaints and other governance related matters.

Risk Management

Our opinion on risk management has been derived from our advisory review into the risk management arrangements at the Council completed in quarter four of 2025/26. Whilst the review was advisory in nature (no formal assurance opinion), we have concluded that processes for risk identification, assessment and monitoring have significantly improved during 2025/26. Overall, controls were largely adequately designed and complied with in practice. We agreed a set of management actions for improvement to further embed new processes. Work was required to improve risk management arrangements at an operational and directorate level.

Our risk management opinion has also been informed by a number of the risk-based internal audit reviews, whilst we have also used our attendance at the Corporate Governance Committee to further inform our opinion, where risk management is a regular agenda item, and risks are regularly presented, discussed and challenged.

Control

We have qualified the annual opinion in relation the internal control. This is due to the number of negative (partial and minimal) internal audit opinions issued during 2025/26. We have issued the following reports with partial assurance conclusions that related to key areas and systems.

- Human Resources – Recruitment and Retention
- Capital Expenditure
- Data Quality and Performance
- Transformation
- Contract Management
- Procurement
- Creditor Payments

-
- General Ledger.

We have issued the following minimal assurance report:

- ICT Budget Management and Efficiencies

We have also issued two advisory reviews that had highlighted some significant actions in 2025/26:

- Capacity Planning
- Data Protection

We have issued two **Follow Up reports** that have focused on progress made by management to implement with respect to both high and medium priority management actions arising from reports with negative assurance opinions in the 2024/25 and 2025/26 plans. Whilst our part one Follow Up report provided a **reasonable progress** (positive) opinion. Our part two Follow Up found that of the 19 management actions followed up, five of the six high actions were marked as implemented, and one was in progress. Of the 13 medium priority actions, six had been implemented, one superseded, four were 'being implemented' and two had not been implemented.

It should be noted that at the time of the part two Follow Up (concluded in April 2026), from the eight partial assurance reviews and two advisory reviews with some critical actions, 28% of the 92 actions had been self-assessed by the Council as 'not having started' or 'in progress'. 66 actions had been self-assessed as implemented, with 26 still outstanding.

We issued one **Minimal Assurance** opinion in the following area:

ICT Budget Management and Efficiency Savings – Minimal Assurance

We completed this review following request from the CDIO. We identified a number of weaknesses which had resulted in the agreement of seven high, four medium and six low priority management actions. The findings from this report were restricted.

We have issued eight **Partial Assurance** opinions in the following areas:

Capital Programme – Partial Assurance

The audit identified control design weaknesses and instances of non-compliance with the control framework, resulting in the agreement of seven medium-priority and two low-priority management actions.

There was a lack of comprehensive, up-to-date and accessible documentation governing the capital programme. This included gaps in the procedures for capital bid approvals, managing in-year capital additions, record keeping and ongoing monitoring. There was no formal framework for evaluating capital bids strategically, and the capital bid form lacked a designated field to evidence review and approval mechanisms. Of five 2025/26 capital bids sampled, one did not have a completed capital bid form. Our testing also raised concerns about the timeliness and traceability of TechOne account disablement, posing a potential risk to system security.

Testing did not identify any issues related to the capitalisation of expenditure. Similarly, our review of a sample of projects confirmed that business cases for capital spend had been appropriately approved, despite their being no central repository for business cases. Monitoring of capital expenditure variances was in place, with over- and underspends reported to Cabinet quarterly along with relevant explanations.

Contract Management – Partial Assurance

We noted a number of areas where the control framework required improvement. Training materials for contract management were available to staff via the Intranet, however no formal training sessions had yet been held despite the Procurement Act 2023 coming into force in February 2025. There was an aim to deliver training from August 2025. Furthermore, while the contract register provided details on each contract, 294 out of the 570 contracts recorded had expired at the time of the review. In a number of cases, the start and end dates in the contract did not align with the dates recorded within the register. There was also a need to ensure that the register was updated and made visible to budget holders to enable them to update the system.

Additionally, we found one instance where key performance indicators had not been reported on to the relevant supplier contract management meeting.

We confirmed the Council had some areas where the controls were operating effectively. Of the finalised contracts reviewed, in both cases, the contract was retained by the Council, and the contract was signed off in line with the Constitution. Furthermore, the contract database outlined the details of each contract, including quote title, department and estimated value, as well as an audit trail of the actions taken for managing each contract.

Creditor Payments – Partial Assurance

We identified a number of weaknesses that led to the agreement of in two high, nine medium and one low priority management actions. The findings from this report were restricted.

Data Quality and Performance – Partial Assurance

This audit had identified control weaknesses relating to data quality and performance reporting, resulting in one high priority, four medium and three low priority management actions. The high priority finding related to gaps in the Performance Management Framework (PMF) and the absence of a Data Quality Framework. The PMF did not clearly outline the annual target setting process, including who was responsible for reviewing and approving targets. It also lacked clarity on document ownership and review cycles. These gaps presented a governance risk, as inconsistent approaches to performance and data management could lead to unreliable reporting and undermine effective decision-making. A combined action had been agreed to update and strengthen the PMF, incorporating data quality requirements into a single, integrated framework.

We also identified that the Terms of Reference (TOR) for the OPE Board contained an outdated list of attendees, despite the document being dated May 2025. This reduced clarity around governance and accountability. An action had been agreed to review and update the TOR, introducing version control and formal approval processes. Despite this issue, OPE Board meetings were found to be taking place as scheduled and were supported by formal agendas and minutes.

Our reconciliation of performance data in reports back to source records found data quality discrepancies for two of the PIs.

General Ledger – Partial Assurance

The audit identified several control design weaknesses and instances of non-compliance within the Council's General Ledger processes. As a result, six medium-priority and six low-priority management actions had been agreed. Key control design weaknesses observed highlight the need to strengthen governance, particularly in relation to the absence of formal policies governing journal processing and amendments to the chart of accounts, gaps in document governance such as missing version control and review dates, and the lack of sample checks on high-value journals. Segregation of duties requires consideration, particularly in relation to cash postings and bank reconciliations. In

addition, the payroll reconciliation process is not consistently reviewed or incorporated into the finance month-end checklist. Systems and data assurance controls also require strengthening; the annual TechOne user access review log does not include fields to evidence the completion of required changes, and there is no formal assurance over daily data backups performed by TechOne.

Areas of non-compliance were also noted. The Council's Financial Regulations, included within the Constitution, required updating, unexplained differences were identified in the accounts receivable reconciliation due to a known system issue, and the month-end checklist had not been consistently reviewed by the Head of Finance or a designated deputy.

Overall, while some compensating controls were in place, enhancements were needed to strengthen governance, improve segregation of duties, and ensure more robust documentation, monitoring, and review practices. It was agreed that timely implementation of the agreed actions would help reduce the risk of financial reporting inaccuracies and potential irregularities, supporting more reliable financial management and oversight.

Human Resources – Recruitment and Retention – Partial Assurance

Our review identified areas of control design weaknesses and are areas of non-compliance with regard to the management of recruitment and retention, which resulted in the agreement of one high, five medium and one low priority management actions. Areas of poor control design included the Council not having a Retention Policy in place.

Contracts signed by new starters were not signed and dated. Recruitment KPIs such as offer acceptance rate were not collated or reported on. The Recruitment and Selection Policy was significantly out of date (2014), which resulted in the policy document being misaligned to the Recruitment Process Guide for Hiring Managers. Through sample testing, we noted that Interview Assessment Forms and Shortlisting Matrices were not always completed and retained.

We did, however, confirm some well-designed controls in place regarding recruitment and retention. Sample testing of the recruitment process confirmed that all individuals had Vacancy Authorisation Forms (VAF) completed and approved, job descriptions posted which reconciled to the VAF, completed application forms and CVs, pre-employment checks correctly completed in line with the Post Information spreadsheet and contracts of employment were retained. Our review also confirmed that controls were being developed to implement training for Hiring Managers on the recruitment process and retention initiatives to reduce employee turnover.

Procurement – Partial Assurance

Our review identified several control weaknesses which had resulted in the agreement of one high, four medium and six low priority management actions. These included testing confirming that the procurement process was not being followed consistently or evidenced with documentation. The published version of the Code of Procurement had not been updated in time for the new legislation (Procurement Act 2023), although we noted that the Procurement Lead had a working copy that was being updated and was provided as part of the audit to ensure alignment with legislation. Also, the waiver process was not being consistently followed as we noted these were very low in number. Whilst the Council has developed numerous processes to meet the requirements of the Procurement Act 2023, the framework was not yet fully embedded. We recognised that the organisation was on an improvement journey and was actively working to embed changes. However, of particular concern was our sample testing of nine payments less than £50k where there were six instances where sufficient written quotations were not held and waivers had not been documented. In addition, there were no checks completed by the Procurement Team to provide oversight of this process, so they were unaware of this spend.

We did, however, find some controls in place including for Direct Award and process maps with clear responsibilities for the different agents like Service Leads, Procurement Leads and IT. We also found that the Procurement Board was meeting regularly since March 2025 although there were also issues with a lack of administrative support to the Procurement Board in the early stages which meant minutes were not consistently produced and shared with key stakeholders. We noted that the new Monitoring Officer had introduced a new house style for minute taking and action recording and recently launched a new approach to administration of the forum.

Transformation – Partial Assurance

Management was concerned that there was inconsistency in how projects follow guidance and templates, and as a result, wanted to understand how controls could be improved. Our review identified areas of control design weaknesses and there were areas of non-compliance relating to the management of the Transformation Programme, which resulted in the agreement of one high, eight medium and two low priority management actions.

Areas of poor control design included the absence of standardised project management processes and the lack of a project management system in place to aid in the PMO's oversight and Project Managers' management of projects. Furthermore, the Transformation Plan lacked a strategic, top-down planning approach, with projects primarily being initiated and developed at the service level. The current project monitoring framework does not include a live dashboard, which could aid in real-time visibility of project status, progress, and risks.

Sample testing identified areas of non-compliance with expected project documentation standards. Several projects lacked key documentation, such as Business Cases, Project Initiation Documents, Financial Assessments, Project Risk Registers, regular progress reporting to the PMO, clearly defined financial implications and cost estimates and completed Benefit Realisation Plans.

We confirmed some well designed controls were in place surrounding the approval of the Transformation Programme by service managers, HOS and Directors, and the planned approval by the Corporate Leadership Team following a governance review led by the Corporate Director (Communities). Review of the Transformation Programme also confirmed that it incorporated the eight recommendations provided to the Council by the Local Government.

We have issued eight **Reasonable Assurance** (positive) opinions in the following areas:

- Business Rates
- Chief Digital and Information Officer
- Complaints and Compliments Management
- Council Tax
- Democratic Services
- Housing Benefits
- Market Towns Programme
- Payroll

We have issued one **Substantial Assurance** (positive) opinion in the following areas:

- Workforce Development Strategy

We also issued the following two **Advisory** reviews which did not identify any significant weaknesses:

- Risk Management
- IT Remediation Review

As well as the headline findings discussed above, the following areas have helped to inform our opinion.



Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2025/26. One report is in draft.



Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place. During the year progress has been reported to the Corporate Governance Committee, with the validation of the action status confirmed by internal audit on rolling basis.

Our follow up of the actions agreed to address previous years' internal audit findings shows that the organisation had made **reasonable progress** in implementing the agreed actions in part one, part two follow up found five (of six) high actions were implemented, and one was in progress. Of the 13 medium priority actions, six had been implemented, one superseded, four were being implemented and two had not been implemented (Draft Report).

Of the 32 actions followed up as part of the part one and part two follow up reviews, 10 actions remained overdue (31%) at the time of drafting this report, with 22 actions implemented (69%).

It should be noted that at the time of the second follow up review, from the eight partial assurance reviews and two advisory reviews with some critical actions, 28% of the 92 actions had been self-assessed by the Council as 'not started / in progress'. 66 actions had been self-assessed as implemented, with 26 still outstanding.



Working with other assurance providers

In forming our opinion, we have not placed any direct reliance on other assurance providers.



Topics judged relevant for consideration as part of the annual governance statement

Based on the work we have undertaken on the Council's system on internal control, we consider that the Council need to reference the qualification to the 'control' opinion in the AGS. We would also expect the Council to consider in the formulation of the AGS the internal control weaknesses identified within the minimal and partial assurance reviews mentioned above, and if any of these constitute significant governance issues. The Council should also reference the actions already taken and being taken to address the issues identified.

In addition, emerging Local Government Re-organisation resents a future risk with potential implications for governance structures, accountability arrangements and partnership working. Whilst this does not directly affect the 2025/26 head of internal audit opinion, it will require proactive oversight and clear transition planning to manage governance complexity and maintain effective controls as reforms progress.

Themes arising from control observations

We identify below the key themes arising from control observations from the 2025/26 internal audit plan. Overall, our observations related to a wide variety of theme categories. The most common theme is in relation to the design of the control frameworks reviewed. We also found issues relating to the following areas:

- Review and update of policies and procedures
- Non-compliance with policies and procedures
- Record keeping and reporting
- Action tracking and follow up
- Management or performance information
- Training and awareness
- Project management.

Direction of travel

The Council has received our third line opinion for 2025/26 'Weaknesses Identified' in relation to the Controls element of the opinion. The most common level opinion issued by RSM in the sector is a second line positive opinion 'Further Enhancements', and this was achieved by the Council in relation to Governance and Risk Management. The opinion for 2025/26 highlights that there are weaknesses in the framework for control, such that it could become inadequate and ineffective. It should however be noted that the Council directed the internal audit coverage in 2025/26 at a number of key risk related areas and therefore some of the negative opinions were expected.

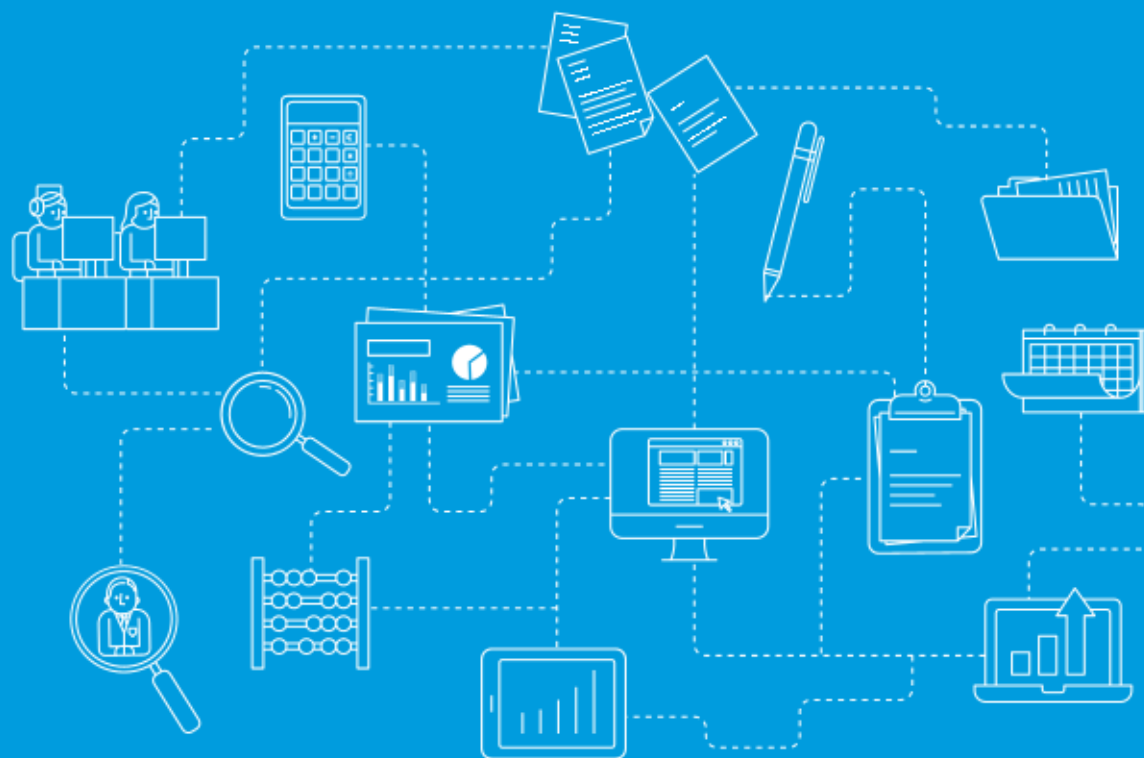
The Council received a disclaimer annual head of internal audit opinion for 2024/25 financial year primarily due to a lack of delivery of internal audit and several cancelled internal audits, as well as internal audit work that did not meet Public Sector Internal Audit Standards and GIAS prior to our appointment in January 2025. The Council received six negative assurance opinions, two critical advisory reviews, five reasonable assurances and two reports without an opinion for 2024/25. A total of 81 recommendations were made in 2024/25 (18 low, 49 medium and 14 high).

For 2025/26, the Council has received nine negative opinions (one minimal and eight partial). We agreed to a total of 160 management actions (62 low, 81 medium and 17 high). Whilst the number of negative opinions and the number of actions have increased between years, this was always a possibility given the increased number of internal audits delivered in 2025/26, and the risk driven focus of these reviews. In conclusion, there are a number of positives to take from the direction of travel in 2025/26:

- a. A fully compliant internal audit service with the GIAS.
- b. A risk based plan targeted at areas of known risk.
- c. Deeper dive audits into areas not audited in recent years.
- d. Positive opinion on the risk management and governance related elements of the overall opinion.
- e. Delivery of all fieldwork by 31 March 2026 and the use of a range of specialists within the plan.
- f. Training, mentoring and effective leadership of the in-house internal audit team.

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3.1 Wider value adding delivery

Area of work	How has this added value?
Publications, articles, and reports	We have issued a number of publications in year, shared with management and CGC members as part of our reporting, including: • Driving Value from Artificial Intelligence • Quality Assurance and Improvement Programme.
Training and Support for In-House Team	We have held weekly meetings with the in-house internal auditors to ensure timely delivery of audit fieldwork. We have also provided tailored training to both individuals and on the job support to ensure audit work meets Global Internal Audit Standards and team members are supported and mentored.
Corporate Leadership Team	We have attended the CLT on a monthly basis to present updated on the latest findings from internal audit work, themes, discuss emerging risks and flex our delivery to react to any emerging issues and risks.
Monthly Highlight Reporting	We have issued a monthly internal audit status report to all CLT members that provides updates on completion of internal audit work, any potential impact on our year end opinion and thematic issues.
Heads of Service	We held a session with Heads of Service to set expectations and manage the relationships with these key stakeholders.
Corporate Governance Committee	We contribute to the discussions at the CGC on various items on the agenda in order to ensure that the Council benefits from our wider experience and input in further developing its governance, control and risk management arrangements.
RSM's Emerging Risk Radar	We provided our Autumn 2025 and Spring 2026 Emerging Risk Radar documents, which analysed the responses from board members and professional advisors in relation to emerging events or threats that could impact a business either negatively or positively. In our latest update, emerging risks were highlighted in relation to geo-political instability, cyber-attacks increasing and AI governance lag.
Best Practice	Throughout our work, where appropriate, we have shared best practice across the sector in our recommendations of improvements to control.
Use of Specialists	We have utilised specialists to support the delivery of the internal audit plan throughout 2025/26, for example the use of technology risk specialists in the IT related audits.
1:1 meetings / discussions	Throughout the year we have continued to liaise with management as part of our core service. This has been based around meetings with our key contacts, the Chief Executive, Interim S151 Officer, and Monitoring Officer. In addition, the Head of Internal Audit meets on a quarterly basis and provides updates to the Lead Member for Governance.

3.2 Conflicts of interest

We provide risk management software (Insight4GRC) to the Council. Our work was completed under separate Letters of Engagement and had 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 engagement and concluded that any potential conflict could be effectively 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 2025/26.

3.3 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Global Internal Audit Standards.

In accordance with the standards, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2021 to provide assurance whether our approach meets the requirements of the 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.

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.

3.4 Quality assurance and continual improvement

To ensure that RSM remains compliant with the GIAS framework 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.

As part of the Quality Assessment and Improvement Programme, none of your files were selected for Internal Quality Monitoring programme during 2025/26. From the results of the reviews undertaken across our client base, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

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.

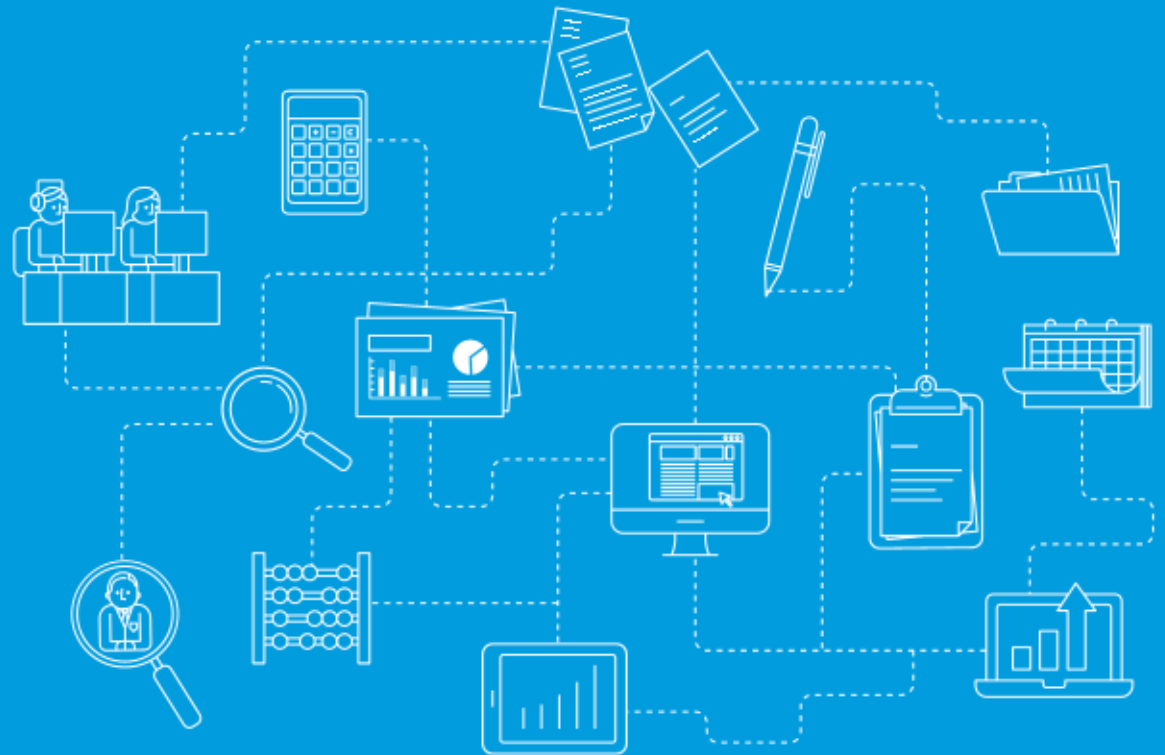
3.6 Performance indicators

Delivery	Target	Performance	Quality	Target	Performance
Audits commenced in line with original timescales*	Yes	Yes	Conformance with IIA Standards	Yes	Yes
Draft reports issued within 10 days of debrief meeting	100%	91%	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	100%	87%	Response time for all general enquiries for assistance	2 working days	2 working days
Final report issued within 3 days of management response	100%	100%	Response for emergencies and potential fraud	1 working days	N/A

*This takes into account changes agreed by management and the CGC during the year; reflecting our 'agile' / 'flexible' approach to our service delivery.

Appendices

04



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	Opinion issued	Actions agreed		
				L	M	H
ICT Budget Management and Efficiency Savings	Chief Digital and Information Officer	RSM	Minimal	6	4	7
Capital Programme	Interim Section 151 Officer	In-House Team	Partial	2	7	0
Contract Management	Head of Democratic Services and Monitoring Officer	In-House Team	Partial	1	5	1
Creditor Payments	Interim Section 151 Officer	In-House Team	Partial	1	9	2
Data Quality and Performance Management	Corporate Director (Finance and Resources)	In-House Team	Partial	3	4	1
General Ledger	Interim Section 151 Officer	In-House Team	Partial	6	6	0
Human Resources – Recruitment and Retention	Corporate Director (Finance and Resources)	RSM	Partial	1	6	1
Procurement	Head of Democratic Services and Monitoring Officer	RSM	Partial	6	4	1
Transformation	Corporate Director (Communities)	RSM	Partial	1	8	2
Business Rates	Corporate Director (Communities)	In-House Team	Reasonable	3	1	0
Chief Digital and Information Officer	Chief Digital and Information Officer	RSM	Reasonable	0	0	1
Complaints and Compliments Management	Corporate Director (Communities)	RSM	Reasonable	2	4	0
Council Tax	Corporate Director (Communities)	In-House Team	Reasonable	7	1	0
Democratic Services	Head of Democratic Services and Monitoring Officer	In-House Team	Reasonable	4	1	0
Housing Benefits	Corporate Director (Communities)	In-House Team	Reasonable	7	0	0
Market Towns Programme	Corporate Director (Place)	In-House Team	Reasonable	3	2	0
Payroll	Interim Section 151 Officer	RSM	Reasonable	1	4	0

Assignment	Executive lead	Review delivered by In-House Team / RSM	Opinion issued	Actions agreed		
				L	M	H
Follow Up – Part One	Interim Section 151 Officer	RSM	Reasonable Progress	1	2	0
Workforce Development	Chief Executive Officer	RSM	Substantial	1	0	0
Follow Up – Part Two (DRAFT)	Interim Section 151 Officer	In-House Team	n/a	2	5	1
Risk Management	Interim Section 151 Officer	In-House Team	Advisory	2	4	0
Data Protection	Chief Digital and Information Officer	RSM	Advisory	3	4	0
IT Remediation Review	Chief Digital and Information Officer	RSM	Advisory	0	2	0
Disabled Facility Grant (DFG) Verification	Interim Section 151 Officer	In-House Team	Advisory	0	0	0
TOTAL				63	83	17

APPENDIX B: OPINION CLASSIFICATION

We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the board can take:



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.

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FOR FURTHER INFORMATION CONTACT



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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Huntingdonshire District Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

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CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

Committee	Decisions	Date for Action	Action Taken	Officer Responsible	Delete from future list															
N/A	Constitution Review Working Group Constitution Review Working Group appointed at Annual Council on 21 May 2026.	N/A	The Group has a meeting scheduled for 18 June to consider the revised Scheme of Delegation. In the meantime, an additional meeting of the Group took place on 4 June to look at the governance implications of the National Scheme of Delegation of planning Decisions.	Elections & Democratic Services Manager	No															
18/03/2026	Corporate Risk Register <u>Committee</u> Over half of staff were having completed the required training with the deadline set a deadline for completion by the end of March, so a short period to get the other half compliant. How many people have to do the training and what is the cut off - are we happy with 80% 90% 100 percent		Safeguarding Figures as at 1 April 2026<table><thead><tr><th>Status</th><th>Number</th><th>%</th></tr></thead><tbody><tr><td>Completed</td><td>523</td><td>86%</td></tr><tr><td>Not completed</td><td>53</td><td>9%</td></tr><tr><td>In progress (face to face toolbox talks – date being confirmed)</td><td>16 Ground Maintenance</td><td>2.5%</td></tr><tr><td>Not completed – due to long germ sickness, maternity, very new starter, retired, leaver or about to leave</td><td>16</td><td>2.5%</td></tr></tbody></table> (Total 608 Learn Accounts)	Status	Number	%	Completed	523	86%	Not completed	53	9%	In progress (face to face toolbox talks – date being confirmed)	16 Ground Maintenance	2.5%	Not completed – due to long germ sickness, maternity, very new starter, retired, leaver or about to leave	16	2.5%	Learning & Development Business Partner	Yes
Status	Number	%																		
Completed	523	86%																		
Not completed	53	9%																		
In progress (face to face toolbox talks – date being confirmed)	16 Ground Maintenance	2.5%																		
Not completed – due to long germ sickness, maternity, very new starter, retired, leaver or about to leave	16	2.5%																		

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

	completion? The figure who had undertaken the training was not acceptable as it's mandatory training so needs to happen. Members requested to receive the latest position as a matter of urgency and when all staff would be trained. What sanctions are at HR's disposal to ensure people undertake the training?		Non wired staff, such as Refuse teams who do not have Learn accounts, received their Toolbox Talks from their managers in November 2025 and registers are kept locally (these figures are not included in the 608 total above). There have been a number of reminders to staff. As you will see from the table above there are some staff where they are on maternity leave, long term sickness etc. An email is being sent to all Heads of Service with staff names asking them to ensure staff complete both modules by 14 April. The email also says that management action will be considered with those that fail to complete by the deadline. The Chief Executive will also be doing a vlog for the intranet around the importance of completing safeguarding training. Going forward there will be quarterly reviews of this data to capture non-compliance. Further Update: I would like to report that everyone who needed to has now completed their mandatory safeguarding eLearning modules.		
18/03/2026	Corporate Risk Register		Officers have confirmed these are the new risks added by Head of HR.	Internal Auditor	Yes

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

	Risks 20-24 - Are these new risks or recategorised into the corporate risk register?				
18/03/2026	Corporate Risk Register At 3.1.5 – Staffing - steady progress had been made - Members recalled at Full Council meeting told lots of people were trying to come and join HDC and HDC was an attractive place to work, and wondered whether the residual risk would have reduced from the high level it was at previously, and are we able to now see that risk has been diminished because we're now a more attractive piece of work, in advance of the next meeting.		Assurances are now in place and working at BAU, reducing the likelihood of the risk occurring. Turnover is remaining at a low level with no concerns at the moment of it rising; attraction to HDC remains high with few roles struggling to recruit. The Residual Risk score has been lowered to reflect this and is now at: 2 – Unlikely	Risk Manager Head of HR & OD	Yes
18/03/2026	Internal Audit Progress Report Particular interest with regard to the Market		O&S have previously been provided on updates as projects have progressed in to delivery; O&S agreed to receive a final report once the MTP has substantially completed the majority of the projects and	Deputy Chief Executive & Corporate Director (Place)	Yes

CORPORATE GOVERNANCE COMMITTEE PROGRESS REPORT

	Towns programme - the final washup of market towns programme hasn't gone through the scrutiny process in this democratic cycle. Committee asked if it was possible to circulate that to the Committee once it is finalised so Committee don't have to wait to the June meeting.		therefore was not due to come forward within the last democratic cycle. Members are regularly updated on a place-based level, and regular updates are given via Cabinet on progress, as well as All Member briefings. The last update was specifically on Ramsey in December 2025 which was reported to Cabinet - 4. Ramsey Great Whyte Regeneration.pdf RSM will be reporting within their regular progress report at the June CGC meeting on the summary findings.	Corporate Director (Finance and Resources) and Section 151 Officer	
18/03/2026	Future Arrangements for Internal Audit Does the direct award require a mandatory standstill period?		Officers have confirmed that the direct award to Consultancy+ through the YPO framework doesn't require the mandatory standstill period.	Head of Democratic Services and Monitoring Officer	Yes